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

# 

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# Abbreviations and Acronyms

BPC Budget Planning Committee

CFO Chief Financial Officer

MM Municipal Manager

CPI Consumer Price Index

CRRF Capital Replacement Reserve Fund

DoRA Division of Revenue Act

EE Employment Equity

FBS Free basic services

GAMAP Generally Accepted Municipal Accounting Practice

GRAP General Recognised Accounting Practice

HR Human Resources

IDP Integrated Development Strategy

IT Information Technology

km kilometre

DFS Government Financial Statistics

KPA Key Performance Area

KPI Key Performance Indicator

LED Local Economic Development

MEC Member of the Executive Committee

MFMA Municipal Financial Management Act

Programme

MIG Municipal Infrastructure Grant

MPRA Municipal Properties Rates Act

MSA Municipal Systems Act

MTEF Medium-term Expenditure Framework

MTREF Medium-term Revenue and Expenditure Framework

NGO Non-Governmental organisations

NKPIs National Key Performance Indicators

OHS Occupational Health and Safety

OP Operational Plan

PMS Performance Management System

PPE Property Plant and Equipment

PPP Public Private Partnership

YTD Year To Date

SALGA South African Local Government Association

SDBIP Service Delivery Budget Implementation Plan

SMME Small Micro and Medium Enterprises

DOE Department of Energy

IGF Internally Generated Funds IYM In Year Monitoring

CY Current Year

PY Prior Year

# Summary of the report

**BTO FINANCIAL REPORT – 31 JULY 2021**

**PURPOSE**

To report to the Executive Committee of Makhuduthamaga Local Municipality about the state of financial affairs and cash position of the municipality for the period ended 31 June 2021 in terms of the applicable sections of the Municipal Finance Management Act No.56 of 2003.

**BACKGROUND**

The Municipal Finance Management Act No. 56 of 2003 set out certain responsibilities to the Accounting Officer of the municipality to regularly as requested in the sections indicated below to report on the state of financial affairs and cash position of the municipality to all relevant stakeholders of the municipality to ensure accountability transparency and effectiveness in the management of the municipal finances. The following sections of the MFMA informed the preparation of this report and therefore reports must be interpreted and analysed with reference to the relevant sections of the MFMA circulars and the regulations issued under the MFMA.

1. Section 52 of the MFMA
2. Section 63 of the MFMA
3. Section 64 of the MFMA
4. Section 65 of the MFMA
5. Section 66 of the MFMA
6. Section 71 of the MFMA
7. Section 74 of the MFMA
8. Section 75 of the MFMA

The report covers in detail the Budget implementation analysis Revenue and debtors Expenditure management Assets management Supply Chain Management the draft notes to the annual financial statements & C-Schedule supporting tables as at the 31 July 2021.

**LEGAL IMPLICATIONS**

1. Compliance with applicable sections of the Municipal Finance Management Act No.56 of 2003 (MFMA) and its regulations/circulars.
2. Compliance with all Budget related policies approved by council.

**FINANCIAL IMPLICATIONS**

The Municipality’s total original budgeted revenue for the 2021/22 financial year amounts to **R 486 449 267.92** which consists of **R 101 015 267** from own sources of revenue and **R 385 434 000** from government grants

The total operational revenue to date is **R 124 168 043** which makes about **306%** of the total budgeted annual revenue to the amount of **R 40 537 584**. The total capital revenue to date is **R 21 654 000** which makes about **208%** of the total budgeted capital revenue to the amount of **R10 431 121**.The actual revenue for the month of July amounts to **R 145 822 043.**

The Municipality’s total budgeted expenditure for the 2021/22 financial year to the amountsof **R 486 449 267.92** which is made of operational expenditure to the amount of **R 361 275 817** and capital expenditure to the amount of **R 125 173 450.92**.

The actual expenditure amounts to **R 18 487 140** or the month of **July** and to-date actual expenditure amounts to **R 18 487 140** for the 2020/21 financial year.

The municipality’s bank balance as at 30 June 2021 was **R 138 724 371.40**

**COMMUNICATION**

1. The report served in the Management Meeting held on the 20th August 2021.

**RECOMMENDATION**

That the Executive Committee notes the financial report as at 31 July of the 2021/22 financial year.

# Executive Summary

## Overall total revenue and expenditure

* 1. The municipality’s total actual operational revenue as at 31 July 2021 amounts to **R 124 168 043** and total actual operational expenditure of **R 18 487 140** translating in to an operational surplus of **R 105 680 903.** Capital expenditure as at the end of July 2021 amounted to **R 4 177 598.** The following table summarises the overall revenue and expenditure performance as at the end of July 2021:

**N.B. Amounts are in “R000”**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **2020/21 Pre-Audi outcome** | **2021/22 YTD Budget** | **2021/22**  **YTD Actual** | **2021/22 YTD Variance** |
| Total Operational revenue | 364 927 | 33 402 | 124 168 | (90 766) |
| Total operational expenditure | (432 961) | (30 023) | (18 487) | (11 536) |
| **Operating Surplus/Deficit** | **(68 034)** | **3 379** | **105 681** | **(79 230)** |
| Operating Capital transfers and grants | 62 122 | 7 136 | 0 | 7 136 |
| **Net Surplus/Deficit after capital transfers** | **(5 912)** | **10 515** | **105 681** |  |

## Budgeted Revenue and Actual Revenue to date

The municipality’s total actual revenue as at 31 July is **R 124 168 043** which amounts to **306%** of the total budgeted annual revenue to the amount of **R 40 537 584**.

From the total actual revenue recorded as at the end of July 2021 **R 123 472 000** is from government grants and transfers and the remaining balance of **R 696 043** comes from the own revenue sources.

The municipality’s overall collection rate is **31.6%** as at the end of July 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 **23.4%** in the prior year ended 30 June 2021. Collection on property rates and interests on outstanding debts are the highest contributors to the poor collection rate and the National Treasury was requested to intervene on the Government properties debts as they contribute the highest percentage to the municipality’s debt book.

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



## Budgeted Expenditure and Actual Expenditure to date

1. The municipality’s total actual expenditure amounts of **R 22 664 738** as at 31 July 2021. This amounts to **59%** of the total annual budgeted expenditure to the amount **of R 38 728 120**

### Operational Expenditure.

1. The total operational expenditure as at 31 July 2021 amounts to **R 18 487 140** which equates to **62%** of the total annual operational budget of **R 30 022 996.**
2. The following table indicates the operational expenditure per standard classification:



### Capital Expenditure

1. The total capital expenditure as at 31 July 2021 amounts to **R 4 177 598** which equates to **48%** of the **R 8 705 124** to-date budget**.**
2. The following table indicates the capital expenditure per functional classification:



### Grants expenditure.

* 1. The following table shows the expenditure on grants as at 31 July 2021 per grant:



* 1. The municipality’s spending per conditional grant is as follows as at the end of July 2021:

|  |  |  |
| --- | --- | --- |
| Conditional Grant details | Received % | Spending % |
| FMG | 0% | 0% |
| EPWP | 0% | 0% |
| MIG | 25% | 0% |
| INEP | 25% | 0% |

### Overall Spending per departments

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



# Going concern and Liquidity ratios.

* **Going concern**

1. After the assessment of the key factors to the going concern of the municipality it is assumed and concluded that the municipality shall continue operating as a Going Concern as at 31 July 2021.

* **Liquidity ratios**
  1. **Current ration**

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

|  |  |
| --- | --- |
| **2022** | **2021** |
| R 141 571: R 18 040  13.1: 1 | R 28 105 : R 75 679  37.1 : 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 **13.1** 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.

* 1. **Debt ratio**

**Total Liabilities/Total Assets**

|  |  |
| --- | --- |
| **2022** | **2021** |
| R 18 040: R 143 539  1 : 1.3 | R 96 486 : R 395 543  1: 4.10 |

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 creditors are covered by the total assets which improves from 4.10 in the prior year ended 30 June 2021.

* 1. **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 124 168 – R 18 487)/ 124 168 x 100  **= 85%** | (R 361 764 – R 441 555)/ 361 764 x 100  **= (14)%** |

1. The Ratio assesses the extent to which the Municipality generates Operating Surpluses. The above ratio indicates that the municipality reported a net surplus of **85%** for the period ended 31 July 2021.
   1. **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 R513 384 + R 0) – (R513 384 – R0)/R 0  **= 23.4%** | ((R404 262 + R82 517 ) – (R472 757 – R0)/R82 517  **= 16.9%** |

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 very 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.

The municipality has appointed a firm of debt collectors to assist the municipality in collecting all the outstanding amounts from the local businesses while CoGHSTA through Inter governmental debt forum is assisting the municipality to collecting the outstanding debts owed by government departments. A follow up letter was written to the National Treasury for intervention on the property rates outstanding debts of the Limpopo provincial government and to date no response was received.

# Statement of Financial Position as at 31 July 2021



# Statement of Financial Performance for the period ended 31 July 2021



# Cash Flow Statement as at 31 July 2021



|  |  |  |
| --- | --- | --- |
| Notes to the 1ST Quarter Financial Report (Statements).Cash and cash equivalents **Cash and cash equivalents consists of:** |  |  |
| Cash on hand | 256 | 775 |
| Bank balances | 139 730 772 | 14 289 635 |
| Call account investment | - | - |
|  | **139 731 028** | **14 290 410** |

**Short-term Investments**

The municipality had no short-term investments with any financial institution during month **one** of the 2021/22 financial year and the municipality did not have any investment for the period ended 31 July 2021.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Details** | | | | |  |  | |
| ABSA 2018/2019 (Account No.2077662190) | | | | |  | - | |
| **The municipality had the following bank accounts during the year under review** | | |  |  | | |  | |
| **Account number / description** | **Bank statement balances** | |  | **Cash book balances** | | | | |
|  | **31-July -21** | **30-Jun-21** |  | **31-July-21** | | | **30-Jun-21** | |
| ABSA BANK - 4050384145 - (Primary Cheque Account) | 138 288 535 | 13 278 846 |  | 134 836 139 | | | 13 278 846 | |
| ABSA BANK - 4069702429 - (Call Account) | - | - |  | - | | | - | |
| ABSA BANK - 4076690079 - (Salaries) | 435 836 | 12 241 |  | 427 491 | | | 12 241 | |
| ABSA BANK - 4098981597 - (Solidarity Fund) | 205 798 | 197 945 |  | 205 798 | | | 197 945 | |
| ABSA BANK - 2078073033 Term Deposit Investment | 800 603 | 800 603 |  | 800 603 | | | 800 603 | |
|  | **139 730 772** | **14 289 635** |  | **136 270 031** | | | **14 289 635** | |

## Inventories

|  |  |  |
| --- | --- | --- |
| Inventories consists of: |  |  |
| Consumable stores | 2 459 092 | 954 893 |
|  | **2 459 092** | **954 893** | |

|  |  |  |
| --- | --- | --- |
| **Reconciliation of Inventory** |  |  |
| Opening Balance | 954 892.67 | 1 066 030.99 |
| Add: Receipts | 1 562 949.59 | 90 038.00 |
| Less: Issues | (58 760.43) | (201 176.32) |
| CLOSING BALANCE | **2 459 091.83** | **954 892.67** |

## Receivables from non-exchange transactions

|  |  |  |
| --- | --- | --- |
| Gross balances |  |  |
| Rates | 544 903 537 | 471 239 436 |
| Traffic fines | 1 518 550 | 1 518 550 |
|  |  |  |
|  | **546 422 087** | **472 757 986** |

|  |  |  |
| --- | --- | --- |
| **Less: Allowance for impairment** |  |  |
| Property Rates | (254 283 390) | (470 206 883) |
| Traffic Fines | (1 156 200) | (1 156 200) |
|  |  |  |
|  | **255 439 590** | **471 363 083** |

|  |  |  |
| --- | --- | --- |
| **Net balances** |  |  |
| Property Rates | 290 620 147 | 1 032 553 |
| Traffic Fines | 362 350 | 362 350 |
|  |  |  |
|  | **290 982 497** | **1 394 903** |

|  |  |  |
| --- | --- | --- |
| **Summary of receivables from non-exchange transactions by customer classification** |  |  |
| **Property rates (Industrial/Business)** |  |  |
| Current (0 -30 days) | 812 235 | 1 106 616 |
| 31 - 60 days | 818 143 | - |
| 61 - 90 days | 805 958 | 724 075 |
| 91 – Above | 51 595 363 | 45 330 752 |
|  |  |  |
|  | **54 031 699** | **47 161 444** |
| Less: Allowance for impairment | (**36 221 316**) | (46 879 365) |
|  | **17 810 383** | **282 079** |

|  |  |  |
| --- | --- | --- |
| **Property Rates (Provincial and National Departments)** |  |  |
| Current (0 -30 days) |  |  |
| 31 - 60 days | 5 589 981 | 10 908 582 |
| 61 - 90 days | 5 759 533 | 5 996 514 |
| 91 – Above | 5 621 692 | 5 644 741 |
|  | 473 900 631 | 400 371 955 |
|  |  |  |
| Less: Allowance for impairment | **490 871 838** | **422 921 792** |
|  | **(218 458 840)** | **(422 171 318)** |
|  | **272 412 998** | **750 474** |

|  |  |  |
| --- | --- | --- |
| **Traffic fines** |  |  |
| Current (0 -30 days) | 0 | 10 908 |
| 31 - 60 days | 0 | 33 008 |
| 61 - 90 days | 0 | 37 827 |
| 91 - 120 days | 0 | 51 285 |
| 121 - Above | 1 518 550 | 1 353 556 |
|  | **1 518 550** | **1 518 550** |
| Less: Allowance for impairment | **(1 156 200)** | **(1 156 200)** |
|  | **362 350** | **362 350** |

|  |  |  |
| --- | --- | --- |
| **Reconciliation of allowance for impairment** |  |  |
| Balance at beginning of the year | (470 206 883) | (399 635 382) |
| Contributions to allowance - current year | (255 439 590) | (70 571 501) |
| Debt impairment written off against allowance |  | - |
|  | **725 646 473** | **470 206 883** |

**Receivables from non - exchange transactions impaired.**

As of 31 July 2021, receivables from non-exchange transactions of **R 544 903 537** (**2020: R 470 206 883**) were impaired and provided for.

## Receivables from exchange transactions

|  |  |  |
| --- | --- | --- |
| Accrued Income (Interest on investment) | 46 407 | 56 674 |
| Other debtors  Waste collection | 14 399 | 122 346 |
| SALGA Levy & SAMEPA | 1 062 900 | 1 098 000 |
|  | **1 123 706** | **1 277 020** |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| VAT | 8 405 285 | 7 947 468 |  |  |
|  | **8 405 285** | **7 947 468** |  |  |

|  |  |  |
| --- | --- | --- |
| **VAT Reconciliation** |  |  |
| Balance at the beginning of the year |  |  |
| Add: Net Refunds as per VAT receivable | 7 947468 | 16 062 400 |
| Add: Current year VAT suspense - Retention amount | 6 519 804 | 34 317048 |
| Less: Prior year suspense - Retention amount | 4 064 547 | 4 026 623 |
| Less: VAT Payments by SARS - Current year | (4 026 623) | (5 163 934) |
| Less: VAT payments by SARS - Previous year | (6 519 804) | (33 553073) |
| Adjustments | (6 519 804) | (7 741 595) |
|  | **8 405 285** | **7 947 468** |

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

## Intangible assets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2022** | | | **2021** | | |
|  | **Cost/Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** | **Cost/Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** |
| Computer software | 8,215,070.26 | (7.690.090.56) | 524.979.70 | 8,215,070.26 | (7.632.274.41) | 582.795.85 |
| Work In Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
|  | **8,215,070.26** | **(7.690.090.56)** | **524.979.70** | **8,215,070.26** | **(7.632.274.41)** | **582.795.85** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reconciliation of intangible assets - 2022** | | | | | |
|  | **Opening balance** | **Additions** | **Transfers** | **Amortisation** | **Total** |
| Computer software | 582.795.85 | 0.00 | 0.00 | (57.816.15) | 524.979.70 |
| Work In Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
|  | 582.795.85 | **0.00** | **0.00** | **(57.816.15)** | **524.979.70** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reconciliation of intangible assets - 2021** | | | | | |
|  | **Opening balance** | **Additions** | **Transfers** | **Amortisation** | **Total** |
| Computer software | 2,697,117 | 393,600 | 0.00 | (1,384,127.67) | 1,706,589.61 |
| Work In Progress | 0.00 | 0.00 | 0.00 |  |  |
|  | **2,697,117** | **393,600** | **0.00** | **(1,384,127.67)** | **1,706,589.61** |

**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

## 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

## Property Plant and Equipment

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2022** | | | **2021** | | |
|  | **Cost / Valuation** | **Accumulated depreciation and accumulated impairment** | **Carrying value** | **Cost/Valuation** | **Accumulated depreciation and accumulated impairment** | **Carrying value** |
| Land | 265.000.00 | 0.00 | 265.000.00 | 265.000.00 | 0.00 | 265.000.00 |
| Land – Landfill Site | 14.757.795.00 | (2.659.176.71) | 12.068.618.29 | 14.727.795.00 | (2.454.632.52) | 12.273.162.48 |
| Buildings | 52.286.492.19 | (15.150.304.49) | 37.136.187.70 | 49.386.492.19 | (12.981.066.16) | 36.405.426.03 |
| Furniture and fixtures | 6.619.692.41 | (4.235.291.30) | 2.384.401.11 | 4.859.261.94 | (3.674.835.79) | 1.184.426.15 |
| Motor vehicles | 35.664.680.64 | (25.475.413.69) | 10.189.266.95 | 35.664.680.63 | (21.066.500.89) | 14.598.179.74 |
| Office equipment | 2.776.915.07 | (2.198.844.20) | 578.070.87 | 2.566.465.05 | (1.923.779.63) | 642.685.42 |
| IT equipment | 23.832.645.63 | (17.692.567.62) | 6.140.078.01 | 21.182.444.20 | (14.203.370.53) | 6.979.073.67 |
| Infrastructure | 350.013.747.00 | (126.469063.10) | 223.544.683.90 | 324.792.109.04 | (109.186.173.21) | 215.605.935.83 |
| Loose tools | 3.611.961.46 | (3.051.377.39) | 560.584.07 | 3.266.081.46 | (2.701.940.82) | 564.140.76 |
| Community Halls | 14.402.779.38 | (2.781.810.83) | 11.620.968.25 | 14.402.779.38 | (2.041.544.45) | 12.361.234.93 |
| Capital work in progress | 13.188.060.41 | 0.00 | 13.188.060.41 | 21.407.827.26 | 0.00 | 21.407.827.26 |
|  | **517.389.768.89** | **(199.713.849.33)** | **317.675.994.13** | **492.520.936.15** | **(167,779.211.49)** | **324.741.724.66** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Reconciliation of property, plant and equipment – 2022** | | | | |  |  |  |  |  |  |
|  | **Opening balance** | **Additions** | **Disposals - Cost** | **Donations received** | **Transfers** | **Provision for Rehabilitation of Landfill Site** | **Impairment loss** | **Disposals Accumulated depreciation** | **Depreciation** | **Total** |
| Land | 265.000.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 0.00 | 265.000.00 |
| Land - Landfill site | 12.273.162.48 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (204.552.71) | 12.068.618.29 |
| Buildings | 37.326.109.34 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (189.921.71) | 37.136.187.63 |
| Furniture and fixtures | 2.431.681.13 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (47.279.71) | 2.384.401.42 |
| Motor vehicles | 10.526.547.62 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (337.280.68) | 10.189.266.94 |
| Office equipment | 598.087.49 | 0.00 | 0.0 | 0.0 | 0.00 | 0.0 | 0.0 | 0.0 | (19.783.04) | 578.304.25 |
| IT equipment | 6.406.620.15 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (266.542.02) | 6.140.078.13 |
| Infrastructure | 225.100.389.21 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ( 1.555.864.10) | 223.544.525.11 |
| Loose tools | 586.564.28 | 0.00 | 0.0 |  |  |  |  |  | (25.981.13) | 560.583.16 |
| Community Halls | 11.674.740.94 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (53.772.34 | 11.620.968.60 |
| Capital work in progress | 13.188.060.41 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 13.188.060.41 |
|  | **322.831.595.57** | **0.00** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **(2.700.977.44)** | **317.675.994.13** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Reconciliation of property, plant and equipment – 2021** | | | | |  |  |  |  |  |  |
|  | **Opening balance** | **Additions** | **Disposals - Cost** | **Donations received** | **Transfers** | **Provision for Rehabilitation of Landfill Site** | **Impairment loss** | **Disposals Accumulated depreciation** | **Depreciation** | **Total** |
| Land | 14.992.795.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 0.00 | 14,992,795.00 |
| Land - Provision for rehabilitation of Landfill site (Depreciated) | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 0.00 |  |
| Buildings | 32,162,015.44 | 6.093.791.65 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (1.850.381.08) | 36.405.426.57 |
| Furniture and fixtures | 1,617,475.95 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (433.049.81) | 1.184.426.19 |
| Motor vehicles | 18,134,537.28 | 789,995.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (4.326.352.59) | 14.598.179.74 |
| Office equipment | 912,332.06 |  | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (269.646.65) | 642.685.41 |
| IT equipment | 7,439,472.36 | 2.603.760.52 | (125.583.80) | 0.0 | 0.0 | 0.00 | 0.00 | 104.853.60 | (3.013.174.92) | 6.979.073.67 |
| Infrastructure | 207,996,408 | 24.506.198.39 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (16.896.669.83) | 215.605.936.56 |
| Loose tools | 689,881.00 | 159.338.1 |  |  |  |  |  |  | (285.078.34) | 564.140.76 |
| Community Halls | 3,606,734 | 8.990.258.06 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | (235.757.25) | 12.361.234.81 |
| Capital work in progress | 27,552,531 | 33.706.692.75 | 0.00 | 0.0 | (39.851.396.49) | 0.0 | 0.0 | 0.00 | 0.00 | 21.407.827.26 |
|  | **315.104.183.00** | **76.850.033.80** | **(125.583.80)** | **0.00** | **(39.851.396.49)** | **0.00** | **0.00** | **104.853.60** | **(27.310.110.47)** | **324.741.725.91** |

## Payables from exchange transactions

|  |  |  |
| --- | --- | --- |
| Trade payables | 388 339 | 4 894 632 |
| Income received in advance |  | 636 062 |
| Creditor: Ward committee | 13 201 | 13 201 |
| Leave provision | 9 976 131 | 9 976 131 |
| Bonus provision | 2 779 508 | 2 465 652 |
| Unknown deposits |  | 30 108 |
| Retentions | 20 215 864 | 20 215 864 |
|  | **33 373 304** | **38 231 650** |

## Unspent Conditional grants and receipts

|  |  |  |
| --- | --- | --- |
| Unspent conditional grants and receipts comprises of: |  |  |
| LG SETA Discretionary Grant | 99 270 | 119 270 |
| Financial Management Grant | - | - |
| Award (Department of Economic Development) | 5 000 000 | - |
| Municipal Infrastructure Grant | 16 454 990 | - |
|  | **21 554 260** | **119 270** |

|  |  |  |
| --- | --- | --- |
| **Movement during the year** |  |  |
| Balance at the beginning of the year | 119 270 | 123 051 |
| Amounts paid back to National Treasury | - | - |
| Income recognition during the year | (219 010) | 73 967 177) |
| Roll Over current year | - | 119 270 |
|  | **99 740** | **119 270** |

## Defined benefit obligation

|  |  |  |
| --- | --- | --- |
| Post-employment Medical Aid Benefits | 3 112 000 | 3 112 000 |
|  | **3 112 000** | **3 112 000** |

|  |  |  |
| --- | --- | --- |
| **Changes in the present value of the defined benefit obligation are as follows:** | |  |
| Opening balance | 3 112 000 | 2 312 000 |
| Current service cost | - | 490 000 |
| Interest cost | - | 254 000 |

|  |  |  |
| --- | --- | --- |
| **Net expense recognised in the statement of financial performance** |  |  |
| Current service cost | - | 551 000 |
| Interest cost | - | 336 000 |
| Actuarial (gains) losses | - | (769 000) |
|  | **-** | **118 000** |

|  |  |  |
| --- | --- | --- |
| **Key assumptions used** |  |  |
| **Assumptions used at the reporting date:** |  |  |
| Expected retirement age | 63 | 63 |

The nominal and real zero curves were used as at 30 June 2021 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date we used the prevailing yield at the time of performing our calculations. The methodology has changed from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years:

\*\*The net effective discount rate is different for each relevant time period of the yield curves’ various durations and therefore the net effective discount rate is based on the relationship between the yield curve based discount rate for each relevant time period and the yield curve based salary inflation for each relevant time period.

The Medical aid inflation rate was set with reference to the past relationship between the yield curve based and discount rate for each relevant time period and the yield curve based medical aid contribution inflation for each relevant time period.

|  |  |  |
| --- | --- | --- |
| **Long service awards** |  |  |
| **Long Service Awards Liability** |  |  |
| Long service awards - current liability | 138 126 | 129 614 |
| Long service awards - Non-current liability | 2 705 874 | 2 854 386 |
|  | **2 844 000** | **2 984 000** |

|  |  |  |
| --- | --- | --- |
| **Movements in the long service awards liability** |  |  |
| Opening balance | 2 844 000 | 2 844 000 |
| Current service cost | - | 366 000 |
| Interest cost | - | 296 000 |
| Benefits paid | - | (189 477) |
| Actuarial Gain/Loss | - | (332 523) |
|  | **2 844 000** | **2 984 000** |

|  |  |  |
| --- | --- | --- |
| **Expense and income recognition in surplus for the year.** |  |  |
| Current service cost | - | 366 00 |
| Interest cost | - | 296 000 |
| Actuarial Gain/Loss | - | (332 523) |
|  | **-** | **329 477** |

**Key assumptions used - Long service awards**

Long service benefits are awarded in a form of a number of leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee’s long service award is projected to the next interval by allowing for future salary growth. The table below contains a summary of the benefits:

|  |  |  |
| --- | --- | --- |
| **Average retirement age** |  |  |
| Expected retirement age | 63 | 63 |

Other assumptions

A one percentage point change in the normal salary inflation assumption would have the following effect:

|  |  |  |
| --- | --- | --- |
| **Other assumptions** |  |  |
| **A one percentage point change in the normal salary inflation assumption would have the following effect:** | **-1% Normal salary inflation** | **+1% Normal salary inflation** |
| Effect on the current service cost | 334 000 | 378 000 |
| Effect on the interest cost | 272 000 | 323 000 |
| Effect on defined benefit obligation | 2 616 000 | 3 225 000 |
|  | **3 222 000** | **3 222 000** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amounts for the current and previous years are as follows** | **2020** | **2019** | **2018** | **2017** |
| Long service awards | **2 844 000** | **2 844 000** | **2 273 000** | **1 737 000** |

## Revenue

|  |  |  |
| --- | --- | --- |
| **The amount included in revenue arising from exchanges of goods or services are as follows:** |  |  |
| Rental of facilities and equipment | 9 769 | 114 166 |
| Licences and permits | 469 332 | 5 480 633 |
| Gains on disposal of PPE | - | - |
| Other income | 487 | 158 262 |
| Interests earned on Bank & Investment accounts | 207 721 | 1 501 620 |
| Refuse removal | 9 652 | 134 867 |
|  | **696 961** | **7 389 548** |

|  |  |  |
| --- | --- | --- |
| **The amount included in revenue arising from non-exchange transactions is as follows:** |  |  |
| Property rates | 3 469 813 | 45 068 875 |
| Interest on outstanding debtors | 3 071 665 | 43 292 634 |
| Traffic fines | - |  |
| Transfers and subsidies | 219 010 | 333 417 980 |
| Actuarial Gains | - | - |
|  |  | - |
|  | **6 760 488** | **421 779 489** |
|  |  |  |
|  | **7 457 449** | **429 169 037** |

## Government grants and subsidies

|  |  |  |
| --- | --- | --- |
| Equitable share | 123 472 000 | 341 931 000 |
| Municipal Infrastructure Grant (MIG) | 16 654 000 | 70 953 000 |
| Finance Management Grant (FMG) | - | - |
| Integrated National Electrification | 5 000 000 | - |
| Municipal Disaster Grant Management | - | - |
| EPWP Grant | - | 1 168 000 |
| LG SETA - Discretionary Grant | - | 119 270 |
|  | **145 126 000** | **414 317 447** |
| **Conditional and Unconditional** |  |  |
| Included in above are the following conditional grants and subsidies received: |  |  |
| **Finance Management Grant** |  |  |
| Opening balance |  | - |
| Current-year receipts | - | 1 770 000 |
| Conditions met - transferred to revenue | (-) | (1 770 000) |
|  | **-** | **-** |

All conditions as per the DoRA were met and the grant was transferred to Revenue.

The Financial Management Grant was spend under Budget and Treasury vote for Financial management interns programme, Financial management systems maintenance and training of Budget and Treasury officials.

|  |  |  |
| --- | --- | --- |
| **Municipal Infrastructure Grant** |  |  |
| Opening balance | - | - |
| Current-year receipts | 16 654 000 | 70 953 000 |
| Conditions met - transferred to revenue | (199 010) | (70 953 000) |
|  | **16 454 990** | **-** |

|  |  |  |
| --- | --- | --- |
| **Expanded Public Works Programme** |  |  |
| Opening balance | - | - |
| Current-year receipts | - | 1 004 000 |
| Conditions met - transferred to revenue | (-) | (1 004 000) |
|  | **-** | **-** |

|  |  |  |
| --- | --- | --- |
| **Municipal Disaster Management Grant** |  |  |
| Opening balance | - | - |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | (-) |
|  | **-** | **-** |

|  |  |  |
| --- | --- | --- |
| **Environmental Awareness Award** |  |  |
| Opening balance | - | - |
| Current-year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
|  | **-** | **-** |
|  |
| **Integrated National Electrification (DOE GRANT)** |  |  |
| Opening balance | - | - |
| Current-year receipts | 5 000 000 | - |
| Conditions met - transferred to revenue | - | (-) |
|  | **5 000 000** | **-** |

|  |  |  |
| --- | --- | --- |
| **LG SETA Discretionary Grant** |  |  |
| Opening balance | 119 270 | 23 572 |
| Current-year receipts | - | 241 875 |
| Conditions met - transferred to revenue | (20 000) | (146 177) |
|  | **99 270** | **119 270** |

All conditions as per DoRA were met and the grant was transferred to Revenue.

The Municipal Infrastructure Grant was used to fund construction of access roads approved by Cogta and municipal council under the Infrastructure Development vote.

## Interest on investments

|  |  |
| --- | --- |
| **207 720** | **1 501 620** |

Bank & Investments 207 720 1 501 620

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.

## Interest on outstanding debtors

|  |  |  |
| --- | --- | --- |
| Interest charged on trade and other receivables | 3 071 665 | 43 292 634 |
|  | **3 071 665** | **43 292 634** |

NB. All interests relates to property rates outstanding debts.

## Property rates

|  |  |  |
| --- | --- | --- |
| **Rates – revenue** |  |  |
| Commercial | 2 949 341 | 4 506 888 |
| State | 346 981 | 38 308 543 |
| Agricultural | 173 491 | 2 253 444 |
|  | **3 469 813** | **45 068 875** |
| **Valuations** |  |  |
|  |  |  |
| Residential | 22 640 000 | 22 640 000 |
| Commercial | 743 391 000 | 743 391 000 |
| 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** | **2 839 425 861** |

* In terms of section 5 of the credit control and debt collection policy the Municipality has billed **R 3 469 813** as at 31 July 2021 and collected **R 396 766**. The total amount collected as at 31 July 2021 is 11**%** 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 2021 and it ends on the 30th of June 2026, the municipality is currently having challenges in uploading new valuation roll on the financial system, and the matter has been referred to our financial administrator (Sage Evolution) for assistance.

## Actuarial gain/ (Loss)

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

## Traffic fines

|  |  |  |
| --- | --- | --- |
| Traffic fines | - | - |
|  | **-** | **-** |

The municipality issued traffic fines to a total value of **R 0** as at May 2021, which is **0%** of the annual budget. The amount collected for the traffic fines as at 31 May 2021 **R 0** which is 0.47**%** of the value amount of tickets issued as at end of the 31 July 2021**.**

## Employee related costs

|  |  |  |  |
| --- | --- | --- | --- |
| Basic | 3 996 850 | 47 278 332 |  |
| Bonus | 578 891 | 3 526 190 |  |
| Medical aid - company contributions | 437 076 | 5 113 438 |  |
| UIF | 29 609 | 301 146 |  |
| SDL | 62 025 | 582 665 |  |
| Leave pay provision charge | 268 878 | 237 852 |  |
| Pension contribution | 718 968 | 8 609 038 |  |
| Overtime payments | 48 975 | 713 806 |  |
| Post-employment benefits costs |  | 262 103 |  |
| Car allowance | 930 311 | 11 784 040 |  |
| Housing benefits and allowances | 238 190 | 2 831 078 |  |
| Bargaining Council | 1 730 | 19 820 |  |
| Clothing allowance | 4 836 | 53 363 |  |
| Cell phone allowance | 166 191 | 1 939 009 |  |
|  | **7 482 530** | **83 524 895** |  |

|  |  |  |
| --- | --- | --- |
| **Municipal Manager (Ms Rampedi MN)** |  |  |
| Basic salary | 53 379 | 640 552 |
| Travel allowance | 21 807 | 261 687 |
| Cell phone allowance | 0.00 | 0.00 |
| Housing allowance | 0.00 | 0.00 |
| Travel claims | 0.00 | 8 568 |
| Contributions to medical aid | 7 121 | 85 447 |
| Contributions to UIF | 177 | 1 813. |
| SDL | 1009 | 12 482 |
| SALGBE | 10 | 119 |
| Remote allowance | 3 462 | 41 540 |
| Retirement annuity contributions | 6 500 | 78 003 |
|  | **93 465** | **1 130 213** |

|  |  |  |
| --- | --- | --- |
| **Chief Financial Officer (Mr Moganedi R.M)** |  |  |
| Basic salary | 44 722 | 536 668 |
| Travel allowance | 14 875 | 178 498 |
| Cell phone allowance | 2 609 | 31 302 |
| Housing allowance | 5 712 | 68 538 |
| Travel claims | 0.00 | 0.00 |
| Contributions to medical aid | 6 462 | 77 544 |
| Contributions to UIF | 177 | 1 813 |
| SDL | 1009 | 9 454 |
| SALGBE | 10 | 119 |
| Remote allowance | 2 982 | 35 778 |
|  | **78 558** | **939 714** |

|  |  |  |
| --- | --- | --- |
| **Senior manager: Corporate services (Ms Mahlare M.A)** |  |  |
| Basic salary | 44 722 | 536 668 |
| Travel allowance | 19 274 | 231 286 |
| Medical aid contributions | 10 383 | 124 596 |
| UIF | 177 | 1 813 |
| SALGBE | 10 | 119 |
| SDL | 1009 | 9 368 |
| Travel claims | 0.00 | 6 350 |
| Remote | 2 982 | 35 778 |
|  | **78 557** | **945 979** |

|  |  |  |
| --- | --- | --- |
| **Senior manager: Community services (Ms Marishane M.E)** |  |  |
| Basic salary | 44 722 | 536 668 |
| Travel allowance | 16 413 | 196 956 |
| Cell phone allowance | 2 195 | 26 343 |
| Housing allowance | 5963 | 71 560 |
| Travel claims | 0.00 | 0.00 |
| Pension contributions | 5 085 | 61 022 |
| UIF | 177 | 1 813 |
| SALGBE | 10 | 119 |
| SDL | 1009 | 9 383 |
| Remote allowance | 2 982 | 35 778 |
|  | **78 556** | **939 644** |

|  |  |  |
| --- | --- | --- |
| **Senior Manager: Infrastructure Development (Mr Segale M.A)** |  |  |
| Basic salary | 44 722 | 536 668 |
| Travel allowance | 16 208 | 194 493 |
| Cell phone allowance | 2 288 | 27 450 |
| Medical contribution | 11 162 | 133 939 |
| UIF | 177 | 1 813 |
| SALGBE | 10 | 119 |
| SDL | 1009 | 10 585 |
| Remote allowance | 2 982 | 35 778 |
| Acting allowance: Mr Segale M.A |  | - |
|  | **78 558** | **940 845** |

|  |  |  |
| --- | --- | --- |
| **Senior manager Economic Development and Planning (Mr Thabela A.P)** | |  |
| Basic salary | 44 722 | 536 668 |
| Travel allowance | 11 181 | 134 167 |
| Cell phone allowance | 1 593 | 19 119 |
| Pension contribution | 9 839 | 118 067 |
| Medical aid contribution | 7 044 | 84 529 |
| UIF | 177 | 1 813 |
| SALGBE | 10 | 119 |
| SDL | 1009 | 10 832 |
| Travel claim | 0.00 | 3 376 |
| Remote allowance | 2982 | 35 778 |
|  | **78 557** | **944 469** |

|  |  |  |
| --- | --- | --- |
| **Acting Senior Manager for Economic Development(2019/20) and Corporate Services(2018/19) (Mr Matsimela M.J)** |  |  |
| Acting allowance | - | 48 117 |
|  | **-** | **48 117** |

|  |  |  |
| --- | --- | --- |
| **Acting Senior Manager for Infrastructure Development 2018/19 ( Mr Senong P.A)** | |  |
| Acting allowance | - | 12 029 |
|  | **-** | **12 029** |

## Remuneration and allowances of councillors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Mayor | 75 820 | 910 772 |  |  |
| Council speaker | 61 404 | 737 602 |  |  |
| Executive Committee Members | 376 626 | 4 525 300 |  |  |
| Other councillors basic salary | 801 684 | 9 620 209 |  |  |
| Councillors pension contribution | 141 474 | 1 697 683 |  |  |
| Travel allowance | 314 386 | 3 772 632 |  |  |
| Travel claims | 0.00 | 14 015 |  |  |
| Cell phone allowance | 173 400 | 2 080 800 |  |  |
| Skills development levy | 7 316 | 105 351 |  |  |
| Data cards (61 councillors) | 15 300 | 183 600 |  |  |
|  | **1 967 410** | **23 647 964** |  |  |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances of selected members of the council** |  |  |
| **Remuneration and allowances for the mayor Cllr Maitula B.M** |  |  |
| Basic salary | 45 733 | 548 798 |
| Travel allowance | 0.00 | 0.00 |
| Cell phone allowance | 3 400 | 40 800 |
| Contributions to pension fund | 26 005 | 312 061 |
| SDL and Data card | 682 | 9 113 |
|  | **75 820** | **910 772** |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances for the council speaker Cllr Tala M.A** |  |  |
| Basic salary | 36 589 | 439 039 |
| Travel allowance | 0.00 | - |
| Cell phone allowance | 3 400 | 40 800 |
| Contributions to pension | 20 804 | 249 649 |
| SDL and Data card | 613 | 8 114 |
|  | **61 406** | **737 602** |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances of members of the executive committee** | |  |
| Basic salary | 217 711 | 2 612 536 |
| Travel allowance | 85 377 | 1 024 524 |
| Cell phone allowance | 30 600 | 367 200 |
| Pension fund Medical & SDL | 40 237 | 487 233 |
| Travel claims and Data card | 2 700 | 33 808 |
|  | **376 625** | **4 525 301** |

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.

## Depreciation and amortisation

|  |  |  |
| --- | --- | --- |
| Property, plant and equipment | 27.310.110.47 | 2.681.182.44 |
| Intangible assets | 1.384.127.67 | 57.816.15 |
|  | **28.694.238.14** | **2.738.998.59** |

## Impairment of assets

|  |  |  |
| --- | --- | --- |
| Property, plant and equipment | 0.00 |  |
| Intangible Assets | 0.00 | 0.00 |
| Investment Property | 0.00 | 0.00 |
|  | **0.00** | **0.00** |

The municipality has completed an asset verification process for the period ended 31 January 2020 and no impairment loss identified and reported.

## Finance Costs

|  |  |  |
| --- | --- | --- |
| Interest on overdue accounts (Telkom and Eskom) | - | 8 |
| Interest cost: Employee benefit obligations | - | 1 838 907 |
|  | **-** | **1 838 915** |

## Contracted Services

|  |  |  |
| --- | --- | --- |
| Repairs and Maintenance: Other Assets | 57 181 | 13 222 056 |
| Repairs and Maintenance: Infrastructure Assets | - | 45 232 604 |
| Operating Lease and Cash collection | 3 582 | 3 338 883 |
| Solid waste collection | - | 24 900 126 |
| Development of valuation roll | - | - |
| Cleaning and Security services | 1 773 788 | 20 944 993 |
| Publications VAT recovery services Spatial Planning & GIS | 1 845 000 | 10 810 978 |
|  | **3 679 551** | **118 449 640** |

## Grants and subsidies paid

|  |  |  |
| --- | --- | --- |
| Indigents grants (Free Basic Electricity) | 142 973 | 5 394 256 |
|  | **142 973** | **5 394 256** |

## Capital expenditure written-off (D Roads)

|  |  |  |
| --- | --- | --- |
| Property Plant and Equipment | 62 605 013.40 | 35 673 685 |
|  | **62 605 013.40** | **35 673 685** |

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 first seven months ended 31 January 2020 and 30 June 2020. The roads cannot be capitalised and have been written off and a loss on disposal of capital expenditure was incurred to the amount of **R 62 605 013** (2021) and **R 35 673 685** (2020).

## General expenses

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Advertising | 629 949 | | 998 818 | |
| Bank charges | 154 232 | | 189 696 | |
| Consulting and professional fees | 1 278 600 | | 4 382 446 | |
| Entertainment | - | | 26 880 | |
| Insurance | 671 888 | | 569 327 | |
| IT operational expenses | 841 506 | | 521 739 | |
| Marketing | 711 586 | | 801 516 | |
| Promotions and sponsorships | 528 524 | | 2 316 108 | |
| Fleet Management & System | - | | 109 031 | |
| Fuel and oil | 3 087 600 | | 3 173 003 | |
| Printing and stationery | 3 005 351 | | 2 571 812 | |
| Protective clothing | - | | - | |
| Development of HR policies | - | | - | |
| Environmental care expenses | - | | 130 000 | |
| Telephone and fax | 694 863 | | 1 013 978 | |
| Training | 917 797 | | 2 441 221 | |
| Travel and accommodation | 941 690 | | 2 503 623 | |
| LED forum and summit | - | | 35 020 | |
| Spatial planning - demarcation of sites | 434 783 | | 210 870 | |
| Electricity | 1 427 420 | | 2 013 989 | |
| Sitting allowance ex-officio | 214 000 | | 342 000 | |
| Publications | 3 011 500 | | 5 202 000 | |
| Audit committee support | 301 502 | | 488 060 | |
| Bursary fund | 1 052 057 | | 3 823 672 | |
| Legal costs and Development of by-laws | 1 160 552 | | - | |
| Customer care | - | | 467 887 | |
| Financial System support | 725 906 | | 4 688 487 | |
| Vehicle tracking | 64 410 | | 66 300 | |
| Stipend | - | | 4 998 | |
| Fencing of cemeteries | - | | 1 070 211 | |
| Disaster relief fund | | 1 761 225 | | 1 385 478 | |
| Electricity Infrastructure: Expensed | | - | | - | |
| EPWP | | 3 516 726 | | 3 451 202 | |
| Administration Expenses | | 795 006 | | 795 006 | |
| Council logistics | | 486 380 | | 486 380 | |
| Special programmes (Mayor's office) | | 280 310 | | 5 886 287 | |
| Outreach programmes ( Mayor's office) | | 531 624 | | 3 904 208 | |
| Ward committee Incentives | | - | | 2 757 000 | |
| Risk management programmes | | - | | - | |
| Whippery support | | - | | - | |
| OHS | | - | | 305 111 | |
|  | | **30 113 031** | | **48 996 168** | |

## Provision - Rehabilitation of Landfill Site

|  |  |  |
| --- | --- | --- |
| Provision | 15 480 947 | 14 727 795 |
|  | **15 480 947** | **14 727 795** |

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 14 727 795** 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.

## Rental of facilities and equipment

|  |  |  |
| --- | --- | --- |
| **Advertising Billboards** |  |  |
| Site rentals | 83 009 | 94 029 |
|  | **83 009** | **94 029** |

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

## Operating lease

* The Municipality has entered in to an operating lease with ANAKA Group for Photocopier machines for a period of three years.
* The total future minimum operating lease payments payable under existing operating lease arrangements are categorised in the following categories:

|  |  |  |
| --- | --- | --- |
| Within one year of the operating date | - | 253 592 |
| More than one year but less than five years of the reporting date | - | - |
|  | **-** | **253 592** |

## Loss on disposal of assets

|  |  |  |
| --- | --- | --- |
| Loss on disposal of computer equipment (two laptops were lost in the previous financial year) | - | - |
| Loss on disposal of a traffic vehicle that was involved in an accident and was declared a write off. | - | - |
|  | **-** | **-** |

## Commitments

|  |  |  |
| --- | --- | --- |
| **Authorised operating and capital expenditure** |  |  |
| **Operational commitments** |  |  |
| Approved and contracted | 38 402 860 | 120 068 987 |
|  | **38 402 860** | **120 068 987** |
|  |  |  |
| **Capital commitments** |  |  |
| Approved and contracted | 17 456 298 | 58 181 586 |
|  | **17 456 298** | **58 181 586** |
|  |  |  |
|  |  |  |
| **Total commitments** | **55 859 158** | **178 250 573** |

The municipality still has future commitments to service providers for services still to be rendered. The minimum payments still due to the service providers as at 30 April 2021 amount to **17 456 298** for capital commitments and **38 402 860** for Operational commitments. The capital commitments are mainly for projects that are implemented over multi years. The operational commitments include three year contracts of which the amount disclosed is for more than one financial year.

## Related parties

|  |  |  |
| --- | --- | --- |
| **Related party transactions** |  |  |
| **Section 57 Employees** |  |  |
| Municipal Manager ( Ms Rampedi M.N) | 93 465 | 1 130 213 |
| Senior Manager: Corporate Services (Ms. Mahlare M.A | 78 557 | 945 979 |
| Senior Manager: Community Services (Ms. Marishane M.E) | 78 556 | 939 644 |
| Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M ) | 78 558 | 939 714 |
| Senior Manager: Economic Development & Planning (Mr. Thabela A.P) 78 557 | | 944 469 |
| Senior Manager: Infrastructure Development (Mr. Segale M.A) | 78 558 | 940 845 |
|  | **314 229** | **3 764 672** |
|  |  |  |
| **South African Local Government Association** |  |  |
| Annual membership fee | 302 750 | 1 217 880 |
|  | **302 750** | **1 217 880** |
|  |  |  |
| **Sekhukhune District Municipality** |  |  |
| Donations received - Landfill Site | - | - |
|  | **-** | **-** |
|  |  |  |
| **62 Councillors** |  |  |
| Remuneration of Councillors | 1 967 410 | 23 647 964 |
|  | **1 967 410** | **23 647 964** |

## 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 | 2 285 836 | 4 267 389 |
| Receivables from exchange transactions | 511 853 | 919 240 |
| Cash & Cash equivalents | 66 218 043 | 9 052 239 |
| VAT Receivable | 22 969 733 | 18 436 425 |
| **Maximum exposure** | **102 611 395** | **33 035 293** |

## Unauthorised expenditure

|  |  |  |
| --- | --- | --- |
| Opening balance | 155 823 806 | 167 846 156 |
| Current year | - | 48 175 022 |
| Less amounts: written-off by council | - | ( 60 197 372) |
|  | **155 823 806** | **155 823 806** |

## Fruitless and wasteful expenditure.

|  |  |  |
| --- | --- | --- |
| Opening balance | 571 999 | 571 991 |
| Current year | - | - |
| Paid/written off by council | - | - |
|  | **571 999** | **571 999** |

## Irregular expenditure

|  |  |  |  |
| --- | --- | --- | --- |
| Opening balance | 95 385 171 | 108 272 280 | |
| Add: Irregular Expenditure - current year | 1 350 592 | 38 408 335 | |
| Less: Amounts written-off by council | (-) | (51 295 444) | |
|  | **96 735 763** | **95 385 171** |

## Additional disclosure in terms of Municipal Finance Management Act

|  |  |  |
| --- | --- | --- |
| **Audit fees** |  |  |
| Amount incurred current year |  |  |
| Amount paid - current year | - | 4 425 032 |
|  | **-** | **4 425 032** |

|  |  |  |
| --- | --- | --- |
| **PAYE and UIF** |  |  |
| Amount incurred current year | 8 175 065 | 14 005 881 |
| Amount paid - current year | (8 175 065) | (12 780 179) |
|  | **-** | **1 225 702** |

|  |  |  |
| --- | --- | --- |
| **Pension and Medical Aid funds deductions** |  |  |
| Amount incurred current year | 11 664 621 | 19 624 022 |
| Amount paid - current year | (11 664 621) | (17 944 450) | |
|  | **-** | **1 679 572** |

|  |  |  |
| --- | --- | --- |
| **Supply chain management regulations** |  |  |
| **Deviations** |  |  |
| Deviation as per section 36(1)(a)(i) of the SCM regulation | 0 | 0.00 |
| Deviation as per section 36(1)(a)(ii) of the SCM regulation | 0 | 4 860 |
| Deviation as per section 36(1)(a)(v) of the SCM regulation | 298 559 | 435 251 |
|  | **298 559** | **440 111** |

**Details of Deviations current year:**

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

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

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **NO** | **COMPANY NAME** | **DESCRIPTION** | **AMOUNT** |
| **1.** | Moloi Filling Station | Fuel for Municipal Vehicle | R 168 881.81 |
| **2.** | BP | Fuel for Municipal Vehicle | R 34 623.44 |
| **3.** | Bapedi Filling Station | Fuel for Municipal Vehicle | R 95 053.85 |
| **4.** |  |  |  |
| **5.** |  |  |  |
| **6.** |  |  |  |
|  | **TOTAL** |  | **R 298 559.10** |

# Other Supporting tables (SC tables)

# 11.1 Table SC 3 – Aged Debtors M01 July

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**11.3 Table SC 6 – Transfers & Grant Receipts M01 July**



**11.4 Table SC 8 – Councillors & Staff Benefits M01 July**



**11.5 Table SC 9 – Cash Flow M01 July**

