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| --- | --- |
| **Department** | **Budget and Treasury Office** |
| **Document Name** | **Financial Management Report** |
| **Period** | **30 September 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 – QUARTER 1 OF 2021-22**

**PURPOSE**

To report to the management of Makhuduthamaga Local Municipality about the state of financial affairs and cash position of the municipality for the period ended 30 September 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 30 September 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 146 401 410** which makes about **146%** of the total budgeted annual revenue to the amount of **R 100 205 567**. The total capital revenue to date is **R 3 772 774** which makes about **12%** of the total budgeted capital revenue to the amount of **R 21 406 752**.The actual revenue for the month of September amounts to **R 7 623 959.**

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 operational expenditure amounts to **R 34 226 676** for the month of **September** and to-date actual operational expenditure amounts to **R 86 775 866** for the 2020/21 financial year. The capital expenditure amounts to **R 4 426 908** for the month of **September** and to-date- actual capital expenditure amounts to **R 16 280 367.**

The municipality’s bank balance as at 30 September 2021 was **R 68 352 158.**

**COMMUNICATION**

1. The report will serve in the Management Meeting to be held on the 07TH October 2021.

**RECOMMENDATION**

That the Audit committee notes the financial report as at 30 September of the 2021/22 financial year.

# Executive Summary

## Overall total revenue and expenditure

* 1. The municipality’s total actual operational revenue as at 30 September 2021 amounts to **R 146 401 410** and total actual operational expenditure of **R 85 291 019** translating in to an operational surplus of **R 41 457 001.** Capital expenditure as at the end of September 2021 amounted to **R 16 280 367.** The following table summarises the overall revenue and expenditure performance as at the end of September 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 | 100 206 | 146 410 | (46 204) |
| Total operational expenditure | (433 027) | (90 069) | (85 291) | (4 778) |
| **Operating Surplus/Deficit** | **(68 100)** | **10 137** | **41 457** | **( 31 320)** |
| Operating Capital transfers and grants | 62 122 | 21 407 | 3 773 | 17 634 |
| **Net Surplus/Deficit after capital transfers** | **(5 978)** | **31 544** | **37 684** | **(6 140)** |

## 2.2 Budgeted Revenue and Actual Revenue to date

The municipality’s total actual revenue as at 30 September is **R 150 174 184** which amounts to **123%** of the total budgeted annual revenue to the amount of **R 121 612 319**.

From the total actual revenue recorded as at the end of September 2021, **R 128 236 332** is from government grants and transfers and the remaining balance of **R 21 937 852** comes from the own revenue sources.

The municipality’s overall collection rate is **7%** as at the end of September 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 103 056 233** as at 30 September 2021. This amounts to **89%** of the total annual budgeted expenditure to the amount **of R 116 184 360**

### Operational Expenditure.

1. The total operational expenditure as at 30 September 2021 amounts to **R 86 775 866** which equates to **96%** of the total annual operational budget of **R 90 068 988.**
2. The following table indicates the operational expenditure per standard classification:



### Capital Expenditure

1. The total capital expenditure as at 30 September 2021 amounts to **R 16 280 367** which equates to **62%** of the **R 26 115 372** 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 30 September per grant:



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

|  |  |  |
| --- | --- | --- |
| Conditional Grant details | Received % | Spending % |
| FMG | 100% | 29% |
| EPWP | 25% | 100% |
| MIG | 25% | 23% |
| 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 30 September 2021.

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

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

|  |  |
| --- | --- |
| **2022** | **2021** |
| R 72 088: R 24 833  2.9: 1 | R 75 679: R 28 105  2.7 : 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 **2.9:1** 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) x 100**

|  |  |
| --- | --- |
| **2022** | **2021** |
| R 37 241 / R 390 664 X 100%  =9.53% | R 96 486 / R 395 543 X 100%  =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 9.53% in the current year and the means our debt ratio is sound.

* 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 150 174 184 – R 86 775 866)/ 150 174 184 x 100  **= 42%** | (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 **42%** for the period ended 30 September 2021 which shows a significant improvement from the prior of -14% net surplus.
   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 0 + R 114 994– R 24 833– R0 )/ R 114 994 x 100%  **= 78%** | (R404 262 + R82 517 ) – (R472 757 – R0)/R82 517 x 100%  **= 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 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 30 September 2021



# Statement of Financial Performance for the period ended 30 September 2021



# Cash Flow Statement as at 30 September 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 | 68 352 158 | 14 359 535 |
|  |  |  |
|  | **68 352 414** | **14 360 310** |

**Short-term Investments**

The municipality had no short-term investments with any financial institution during the 2021/22 financial year and the municipality did not have any investment for the period ended 30 September 2021.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Details** | | | | |  |  | |
| ABSA | | | | |  | - | |
| **The municipality had the following bank accounts during the year under review** | | |  |  | | |  | |
| **Account number / description** | **Bank statement balances** | |  | **Cash book balances** | | | | |
|  | **30-Sep -21** | **30-Jun-21** |  | **30-Sep-21** | | | **30-Jun-21** | |
| ABSA BANK - 4050384145 - (Primary Cheque Account) | 66 887 006 | 13 298 999 |  | **67 266 772** | | | 13 278 846 | |
| ABSA BANK - 4076690079 - (Salaries) | 34 744 | 12 241 |  | **16 938** | | | 12 241 | |
| ABSA BANK - 4098981597 - (Solidarity Fund) | 205 798 | 205 798 |  | **205 798** | | | 205 798 | |
| ABSA BANK - 2078073033 Term Deposit Investment | 862 650 | 862 650 |  | **862 650** | | | 862 650 | |
|  | **67 990 198** | **14 379 688** |  | **68 352 158** | | | 1. **359 535** | |

## 7.2 Inventories

|  |  |  |
| --- | --- | --- |
| Inventories consists of: |  |  |
| Consumable stores | 1 833 892 | 954 893 |
|  | **1 833 892** | **954 893** | |

|  |  |  |
| --- | --- | --- |
| **Reconciliation of Inventory** |  |  |
| Opening Balance | 954 893 | 1 066 031 |
| Add: Receipts | 1 753 472 | 90 038 |
| Less: Issues | (874 472) | (201 176) |
| CLOSING BALANCE | **1 833 892** | 1. **3** |

## 7.3 Receivables from non-exchange transactions

|  |  |  |
| --- | --- | --- |
| Gross balances |  |  |
| Rates | 544 903 537 | 544 903 537 |
| Traffic fines | 1 168 997 | 1 168 997 |
|  |  |  |
|  | **546 072 534** | **546 072 534** |

|  |  |  |
| --- | --- | --- |
| **Less: Allowance for impairment** |  |  |
| Property Rates | (542 164 268) | (542 164 268) |
| Traffic Fines | (1 168 997) | (1 168 997) |
|  |  |  |
|  | **(543 333 265)** | **(543 333 265)** |

|  |  |  |
| --- | --- | --- |
| **Net balances** |  |  |
| Property Rates | 2 739 269 | 2 739 269 |
| Traffic Fines | - | 0 |
|  |  |  |
|  | **2 739 269** | **2 739 269** |

|  |  |  |
| --- | --- | --- |
| **Summary of receivables from non-exchange transactions by customer classification** |  |  |
| **Property rates (Industrial/Business)** |  |  |
| Current (0 -30 days) | 812 235 | 812 235 |
| 31 - 60 days | 818 143 | 818 143 |
| 61 - 90 days | 805 958 | 805 958 |
| 91 – Above | 51 595 363 | 51 595 363 |
|  |  |  |
|  | **54 031 699** | **54 031 699** |
| Less: Allowance for impairment | (**53 760 078**) | **(53 760 078)** |
|  | **271 621** | **271 621** |

|  |  |  |
| --- | --- | --- |
| **Property Rates (Provincial and National Departments)** |  |  |
| Current (0 -30 days) | 5 589 981 | 5 589 981 |
| 31 - 60 days | 5 759 533 | 5 759 533 |
| 61 - 90 days | 5 621 692 | 5 621 692 |
| 91 – Above | 473 900 631 | 473 900 631 |
|  | **490 871 837** | **490 871 837** |
| Less: Allowance for impairment | **(488 404 190)** | **(488 404 190)** |
|  | **2 467 648** | **2 467 648** |

|  |  |  |
| --- | --- | --- |
| **Traffic fines** |  |  |
| Current (0 -30 days) | - | - |
| 31 - 60 days | - | - |
| 61 - 90 days | - | 63 250 |
| 91 - 120 days | - | 9 350 |
| 121 - Above | 1 168 997 | 1 096 397 |
|  | **1 168 997** | **1 168 997** |
| Less: Allowance for impairment | **(1 168 997)** | **(1 102 975)** |
|  | **-** | **66 022** |

|  |  |  |
| --- | --- | --- |
| **Reconciliation of allowance for impairment** |  |  |
| Balance at beginning of the year | (471 525 228) | (471 525 228) |
| Contributions to allowance - current year | (71 808 037) | (71 808 037) |
| Debt impairment written off against allowance |  | - |
|  | **(543 333 265)** | **(543 333 265)** |

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

As of 30 September 2021, receivables from non-exchange transactions of **R 543 333 265** (**2021: R 471 525 228**) were impaired and provided for.

## Receivables from exchange transactions

|  |  |  |
| --- | --- | --- |
| Accrued Income (Interest on investment) | 26 409 | 146 894 |
| Other debtors  Waste collection | 21 764  34 200 | 290 398 |
| SALGA Levy | 1 062 900 | 1 062 900 |
|  | **1 145 273** | 1. **521 956** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| VAT | 12 816 453 | 16 075 778 | 7 947 468 |  |  |
|  | **12 816 453** | **16 075 778** | **7 947 468** |  |  |

|  |  |  |
| --- | --- | --- |
| **VAT Reconciliation** |  |  |
| Balance at the beginning of the year | 16 075 778 | 16 062 400 |
| Add: Net Refunds as per VAT receivable | 5 686 221 | 34 317048 |
| Add: Current year VAT suspense - Retention amount | 3 973 361 | 4 413 337 |
| Less: Prior year suspense - Retention amount | (4 413 338) | (5 163 934) |
| Less: VAT Payments by SARS - Current year | ( - ) | (25811 478) |
| Less: VAT payments by SARS - Previous year | (8 505 569) | (7 741 595) |
| Adjustments | ( - ) | ( - ) |
|  | **12 816 453** | **16 075 778** |

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** |  | **Cost/Valuation** | **Accumulated amortisation and accumulated impairment** |  |
| Computer software | 8 215 070 | (7 805 723) | Computer software | 8 215 070 | (7 805 723) | Computer software |
| Work In Progress | 0.00 | 0.00 | Work In Progress | 0.00 | 0.00 | Work In Progress |
|  | **8 215 070** | **(7 805 723)** |  | **8 215 070** | **(7 805 723)** |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reconciliation of intangible assets – 2022** | | | | | |
|  | **Opening balance** | **Additions** | **Transfers** | **Amortisation** | **Total** |
| Computer software | 582 796 | 0.00 | 0.00 | (173 448) | 409 347 |
| Work In Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
|  | 582 796 | **0.00** | **0.00** | **(173 448)** | **409 347** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reconciliation of intangible assets – 2021** | | | | | |
|  | **Opening balance** | **Additions** | **Transfers** | **Amortisation** | **Total** |
| Computer software | 1.706.589.61 | 0.00 | 0.00 | (7.632.274.42) | 582.795.85 |
| Work In Progress | 0.00 | 0.00 | 0.00 |  |  |
|  | **1.706.589.61** | **0.00** | **0.00** | **(7.632.274.42)** | **582.795.85** |

**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 | 0.00 | 265 000 | 265 000 | 0.00 | 265 000 |
| Land – Landfill Site | 14 757 795 | (5 767 445) | 10 704 250 | 16 471 695 | (5 199 916) | 11 271 780 |
| Buildings | 52 286 492 | (15 565 824) | 36 720 669 | 52 286 492 | (15 026 444) | 37 260 049 |
| Furniture and fixtures | 6 619 692 | (4 327 560) | 2 292 136 | 6 619 692 | (4 188 012) | 2 431 681 |
| Motor vehicles | 35 664 681 | (26 081 156) | 9 583 525 | 35 664 681 | (25 138 133) | 10 526 548 |
| Office equipment | 2 776 915 | (2 238 410) | 538 505 | 2 776 915 | (2 179 061) | 597 854 |
| IT equipment | 23 832 646 | (18 166 322) | 5 575 474 | 23 741 796 | (17 356 438) | 6 385 358 |
| Infrastructure | 350 013 747 | (131 460 003) | 220 377 284 | 350 013 747 | (124 913 199) | 225 100 548 |
| Loose tools | 3 611 961 | (3 103 339) | 508 622 | 3 611 961 | (3 025 396) | 586 565 |
| Community Halls | 14 402 779 | (2 889 355) | 11 513 424 | 14 402 779 | (2 728 038) | 11 674 741 |
| Capital work in progress | 19 123 899 | 0.00 | 19 123 899 | 13 188 060 | 0.00 | 13 188 060 |
|  | **520 866 363** | **(209 599 414)** | **317 956 969** | **520 866 363** | **(201 457 252)** | **319 409 111** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 0.00 | 265 000 |
| Land - Landfill site | 11 390 570 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (686 321) | 10 704 250 |
| Buildings | 37 260 048 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (539 380) | 36 720 669 |
| Furniture and fixtures | 2 433 971 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (141 839) | 2 292 136 |
| Motor vehicles | 10 526 548 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (943 023) | 9 583 525 |
| Office equipment | 597 853 | 0.00 | 0.0 | 0.0 | 0.00 | 0.0 | 0.0 | 0.0 | (59 349) | 538 505 |
| IT equipment | 6 385 359 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (809 884) | 5 575 474 |
| Infrastructure | 225 100 389 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ( 4 723 106) | 220 377 284 |
| Loose tools | 586 565 | 0.00 | 0.0 |  |  |  |  |  | (77 943) | 508 622 |
| Community Halls | 11 674 741 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (161 317) | 11 513 424 |
| Capital work in progress | 13 188 060 | 6 690 026 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 19 123 899 |
|  | **319 409 105** | **6 690 026** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **(8 142 162)** | **317 956 954** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 | 265.000 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | 0.00 | 265.000.00 |
| Land - Provision for rehabilitation of Landfill site (Depreciated) | 11.679.207.00 | 0.00 | 0.00 | 2.456.646.00 | 0.0 | 0.00 | 0.00 | 0.00 | (2.745.283.00) | 11.390.570.00 |
| Buildings | 36.405.426.00 | 0.00 | 0.00 | 0.0 | 2.900.000 | 0.00 | 0.00 | 0.00 | (2.045.378.00) | 37.260.048.00 |
| Furniture and fixtures | 1,184.426.00 | 1.760.430.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (510.885.00) | 2.433.971.00 |
| Motor vehicles | 14.611.726.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (4.085.178.00) | 10.526.548.00 |
| Office equipment | 642.919.00 | 210.450.00 | 0.00 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 | (255.516.00) | 597.853.00 |
| IT equipment | 6.982.853.00 | 2.650.202.00 | (90.850.00) | 0.0 | 0.0 | 0.00 | 0.00 | 60.047.00 | (3.216.893.00) | 6.385.359.00 |
| Infrastructure | 215.499.688.00 | 0.00 | 0.00 | 0.0 | 27.045.1777 | 0.0 | 0.0 | 0.0 | (17.444.476.00) | 225.100.389.00 |
| Loose tools | 857.207.00 | 46.000.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (316.642.00) | 586.565.00 |
| Community Halls | 12.320.009.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | (645.268.00) | 11.674.741.00 |
| Capital work in progress | 21.407.828.00 | 22.004.543.00 | 0.00 | 0.0 | (30.224.310.00) | 0.0 | 0.0 | 0.00 | 0.00 | 13.188.061.00 |
| **Total** | **321.856.289.00** | **26.671.625.00** | **(90.850.00)** | **2.456.646.00** | **0** | **0.00** | **0.00** | **60.047.00** | **(31.265.519.00)** | **319.409.105.00** |

## 7.9 Payables from exchange transactions

|  |  |  |
| --- | --- | --- |
| Trade payables | 1 557 152 | 5 206 407 |
| Income received in advance | 658 004 | 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 | 32 481 | 32 481 |
| Retentions | 19 792 343 | 20 215 864 |
|  | **37 240 674** | 1. **579 307** |

## 7.10 Unspent Conditional grants and receipts

|  |  |  |
| --- | --- | --- |
| LG SETA Discretionary Grant | 53 350 | 98 051 |
| Financial Management Grant | - | - |
| DOE(Department of Mineral and Energy ) | - | - |
| EPWP Grant  Award (Department of Economic Development) | - | 25 000 |
| Municipal Infrastructure Grant | - | - |
|  | **53 350** | **123 051** |

|  |  |  |
| --- | --- | --- |
| **Movement during the year** |  |  |
| Balance at the beginning of the year | 42 051 | 42 051 |
| Amounts paid back to National Treasury | - | - |
| Income recognition during the year | (42 051) | (42 051) |
| Roll Over current year | 23 572 | 123 051 |
|  | **23 572** | **123 051** |

## 7.11 Defined benefit obligation

|  |  |  |
| --- | --- | --- |
| Post-employment Medical Aid Benefits | 5 008 000 | 3 230 000 |
|  | **5 008 000** | **3 230 000** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Changes in the present value of the defined benefit obligation are as follows:** | | | | |  | | |
| Opening balance | | 3 230 000 | | | 2 486 000 | | |
| Current service cost | | 482 000 | | | 490 000 | | |
| Interest cost | | 167 000 | | | 254 000 | | |
|  |  | |  | | |
|  |  | |
|  | **3 879 000** | | | **3 230 000** | | |
|  |
|  |

|  |  |  |
| --- | --- | --- |
| **Net expense recognised in the statement of financial performance** |  |  |
| Current service cost | 482 000 | 490 000 |
| Interest cost | 167 000 | 254 000 |
| Actuarial (gains) losses | 1 129 000 | - |
|  | **1 778 000** | **744 000** |

|  |  |  |
| --- | --- | --- |
| **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 September 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 | 0 | 63 010 |
| Long service awards - Non-current liability | 3 693 000 | 3 629 990 |
|  | **0.00** | **3 693 000** |

|  |  |  |
| --- | --- | --- |
| **Movements in the long service awards liability** |  |  |
| Opening balance | 2 984 000 | 2 844 000 |
| Current service cost | 347 000 | 366 000 |
| Interest cost | 298 000 | 296 000 |
| Benefits paid | (273 015) | (189 477) |
| Actuarial Gain/Loss | 337 015 | (332 523) |
|  | **3 693 000** | **2 984 000** |

|  |  |  |
| --- | --- | --- |
| **Expense and income recognition in surplus for the year.** |  |  |
| Current service cost | 347 000 | 366 000 |
| Interest cost | 298 000 | 296 000 |
| Actuarial Gain/Loss | 337 015 | (332 523) |
|  | **982 015** | **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 | 364 000 | 430 000 |
| Effect on the interest cost | 337 000 | 394 000 |
| Effect on defined benefit obligation | 3 427 000 | 3 988 000 |
|  | **4 128 000** | **4 812 000** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Amounts for the current and previous years are as follows** | **2021** | **2020** | **2019** | **2018** |
| Long service awards | **3 693 000** | **2 984 000** | **2 844 000** | 1. **73 000** |

## 7.12 Revenue

|  |  |  |
| --- | --- | --- |
| **The amount included in revenue arising from exchanges of goods or services are as follows:** |  |  |
| Rental of facilities and equipment | 19 281 | 114 166 |
| Licences and permits | 1 534 467 | 5 480 633 |
| Gains on disposal of PPE | - | - |
| Other income | 23 861 | 158 262 |
| Interests earned on Bank & Investment accounts | 577 708 | 1 501 620 |
| Refuse removal | 28 956 | 134 867 |
|  | **2 184 669** | **7 389 548** |

|  |  |  |
| --- | --- | --- |
| **The amount included in revenue arising from non-exchange transactions is as follows:** |  |  |
| Property rates | 10 409 439 | 45 068 875 |
| Interest on outstanding debtors | 9 214 995 | 43 292 634 |
| Traffic fines | 4 650 | - |
| Transfers and subsidies | 4 764 332 | 333 417 980 |
| Actuarial Gains | - | - |
|  |  |  |
|  | **24 393 416** | **421 779 489** |
|  |  |  |
|  | **26 578 085** | 1. **169 037** |

## 7.13 Government grants and subsidies

|  |  |  |
| --- | --- | --- |
| Equitable share | 123 472 000 | 341 931 00 |
| Municipal Infrastructure Grant (MIG) | 16 654 000 | 70 953 000 |
| Finance Management Grant (FMG) | 1 650 000 | 1 700 000 |
| Integrated National Electrification ( DOE Grant) | 5 000 000 | - |
| Municipal Disaster Grant Management | - | - |
| EPWP Grant | 457 000 | 1 168 000 |
| LG SETA - Discretionary Grant | 53 350 | 152 097 |
|  | **147 286 350** | **415 904 097** |
| **Conditional and Unconditional** |  |  |
| Included in the below are the following conditional grants and subsidies received: |  |  |
| **Finance Management Grant** |  |  |
| Opening balance | - | - |
| Current-year receipts | 1 650 000 | 1 700 000 |
| Conditions met - transferred to revenue | (474 558) | (1 700 000) |
|  | **1 175 442** | - |

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 | (3 772 774) | (70 953 000) |
|  | **12 881 226** | **-** |

|  |  |  |
| --- | --- | --- |
| **Expanded Public Works Programme** |  |  |
| Opening balance | - | - |
| Current-year receipts | 457 000 | 1 168 000 |
| Conditions met - transferred to revenue | (457 000) | (1 168 000) |
|  | **-** | **-** |

|  |  |  |
| --- | --- | --- |
| **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 | 113 350 | 23 572 |
| Current-year receipts | - | 241 875 |
| Conditions met - transferred to revenue | (60 000) | (152 097) |
|  | **53 350** | **113 350** |

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

|  |  |
| --- | --- |
| **577 708** | **1 501 620** |

Bank & Investments 577 708 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 | 9 214 995 | 43 292 634 |
|  | **9 214 995** | **43 292 634** |

NB. All interests relates to property rates outstanding debts.

## Property rates

|  |  |  |
| --- | --- | --- |
| **Rates – revenue** |  |  |
| Commercial | 1 561 416 | 4 505 888 |
| State | 8 327 551 | 38 308 543 |
| Agricultural | 520 472 | 2 253 444 |
|  | **10 409 439** | **45 068 875** |
| **Valuations** |  |  |
|  |  |  |
| Residential | 22 640 000 | 22 640 000 |
| Commercial | 743 391 000 | 748 176 000 |
| 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 10 409 439** as at 30 September 2021 and collected is **R 1 442 137**. The total amount collected as at 30 September 2021 is 14**%** 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 have challenges to uploading new valuation roll on the financial system, and the matter has 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 | 850 | 2 100 |
|  | **850** | **2 100** |

## Employee related costs

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Basic | 12 321 099 |  | 46 602 580 |  |
| Bonus | 1 323 809 |  | 3 706 927 |  |
| Medical aid - company contributions | 1 298 150 |  | 5 098 739 |  |
| UIF | 88 238 |  | 300 274 |  |
| SDL | 181 677 |  | 563 943 |  |
| Leave pay provision charge | 330 193 |  | 2 594 884 |  |
| Pension contribution | 2 215 011 |  | 9 291 131 |  |
| Overtime payments | 194 064 |  | 672 827 |  |
| Post-employment benefits costs | 829 000 |  | 829 000 |  |
| Car allowance | 2 876 731 |  | 11 228 574 |  |
| Housing benefits and allowances | 715 076 |  | 2 834 159 |  |
| Bargaining Council | 5 181 |  | 20 692 |  |
| Clothing allowance | 15 015 |  | 53 363 |  |
| Cell phone allowance | 514 129 |  | 1 939 009 |  |
|  | **22 907 373** |  | **85 736 030** |  |

|  |  |  |
| --- | --- | --- |
| **Municipal Manager (Ms Rampedi MN)** |  |  |
| Basic salary | 160 138 | 640 552 |
| Travel allowance | 65 422 | 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 | 21 362 | 85 447 |
| Contributions to UIF | 531 | 1 813 |
| SDL | 3 026 | 12 482 |
| SALGBE | 30 | 119 |
| Remote allowance | 10 385 | 41 540 |
| Retirement annuity contributions | 19 501 | 78 003 |
|  | **280 395** | **1 130 211** |

|  |  |  |
| --- | --- | --- |
| **Chief Financial Officer (Mr Moganedi R.M)** |  |  |
| Basic salary | 95 833 | 536 668 |
| Travel allowance | 382 78 | 178 498 |
| Cell phone allowance | 5541 | 31 302 |
| Housing allowance | 5 712 | 68 538 |
| Travel claims | 0.00 | 0.00 |
| Contributions to medical aid | 13218 | 77 544 |
| Contributions to UIF | 354 | 1 813 |
| SDL | 1838 | 9 454 |
| SALGBE | 21 | 119 |
| Remote allowance | 6389 | 35 778 |
|  | **167 184** | **939 714** |
| **Acting Chief Financial officer for BTO 2021/22 (Mr Makgalemane T.M.)** |  |  |
| Acting allowance | 36 571 |  |
|  | **36 571** |  |

|  |  |  |
| --- | --- | --- |
| **Senior manager: Corporate services (Ms Mahlare M.A)** |  |  |
| Basic salary | 134 167 | 536 668 |
| Travel allowance | 57 822 | 231 286 |
| Medical aid contributions | 31 149 | 124 596 |
| UIF | 531 | 1 813 |
| SALGBE | 30 | 119 |
| SDL | 3 026 | 9 368 |
| Travel claims | 0.00 | 6 350 |
| Remote | 8 944 | 35 778 |
|  | **235 669** | **945 979** |

|  |  |  |
| --- | --- | --- |
| **Senior manager: Community services (Ms Marishane M.E)** |  |  |
| Basic salary | 134 167 | 536 668 |
| Travel allowance | 49 239 | 196 956 |
| Cell phone allowance | 6 586 | 26 343 |
| Housing allowance | 17 890 | 71 560 |
| Travel claims | 0.00 | 0.00 |
| Pension contributions | 15 256 | 61 022 |
| UIF | 531 | 1 813 |
| SALGBE | 30 | 119 |
| SDL | 3 026 | 9 383 |
| Remote allowance | 8 944 | 35 778 |
|  | **235 669** | **939 644** |

|  |  |  |
| --- | --- | --- |
| **Senior Manager: Infrastructure Development (Mr Segale M.A)** |  |  |
| Basic salary | 134 167 | 536 668 |
| Travel allowance | 48 623 | 194 493 |
| Cell phone allowance | 6 863 | 27 450 |
| Medical contribution | 33 485 | 133 939 |
| UIF | 531 | 1 813 |
| SALGBE | 30 | 119 |
| SDL | 3 026 | 10 585 |
| Remote allowance | 8 944 | 35 778 |
| Acting allowance: Mr Segale M.A |  | - |
|  | **235 669** | **940 845** |

|  |  |  |
| --- | --- | --- |
| **Senior manager Economic Development and Planning (Mr Thabela A.P)** | |  |
| Basic salary | 134 167 | 536 668 |
| Travel allowance | 33 542 | 134 167 |
| Cell phone allowance | 4 780 | 19 119 |
| Pension contribution | 29 517 | 118 067 |
| Medical aid contribution | 21 132 | 84 529 |
| UIF | 531 | 1 813 |
| SALGBE | 30 | 119 |
| SDL | 3 026 | 10 832 |
| Travel claim | 0.00 | 3 376 |
| Remote allowance | 8 944 | 35 778 |
|  | **235 669** | **944 469** |

## Remuneration and allowances of councillors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Mayor | 227 461 | 910 772 |  |  |
| Council speaker | 184 211 | 737 602 |  |  |
| Executive Committee Members | 1 129 877 | 4 525 300 |  |  |
| Other councillors basic salary | 2 405 052 | 9 620 209 |  |  |
| Councillors pension contribution | 424 421 | 1 697 683 |  |  |
| Travel allowance | 943 158 | 3 772 632 |  |  |
| Travel claims | 2 266 | 14 015 |  |  |
| Cell phone allowance | 520 200 | 2 080 800 |  |  |
| Skills development levy | 21 952 | 54 019 |  |  |
| Data cards (61 councillors) | 45 900 | 183 600 |  |  |
|  | **5 904 498** | **23 596 632** |  |  |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances of selected members of the council** |  |  |
| **Remuneration and allowances for the mayor Cllr Maitula B.M** |  |  |
| Basic salary | 137 199 | 548 798 |
| Travel allowance | 0.00 | 0.00 |
| Cell phone allowance | 10 200 | 40 800 |
| Contributions to pension fund | 78 015 | 312 061 |
| SDL and Data card | 2 046 | 7 421 |
|  | **227 461** | **909 080** |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances for the council speaker Cllr Tala M.A** |  |  |
| Basic salary | 109 760 | 439 039 |
| Travel allowance | 0.00 | - |
| Cell phone allowance | 10 200 | 40 800 |
| Contributions to pension | 62 412 | 249 649 |
| SDL and Data card | 1 839 | 6 731 |
|  | **184 211** | **736 219** |

|  |  |  |
| --- | --- | --- |
| **Remuneration and allowances of members of the executive committee** | |  |
| Basic salary | 653 134 | 2 612 536 |
| Travel allowance | 256 131 | 1 024 524 |
| Cell phone allowance | 91 800 | 367 200 |
| Pension fund Medical & SDL | 120 712 | 461 036 |
| Travel claims and Data card | 8 100 | 50 576 |
|  | **1 129 877** | **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.

## Depreciation and amortisation

|  |  |  |
| --- | --- | --- |
| Property, plant and equipment | 8 142 162 | 31 265 519 |
| Intangible assets | 173 448 | 1 123 794 |
|  | **8 315 610** | **32 389 313** |

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

## 7.24 Debt Impairment

|  |  |  |
| --- | --- | --- |
| Current year doubt Debts allowance | - | 543 333 265 |
| less: Previous doubtful debts | - | (471 525 228) |
|  | **-** | 1. **08 037** |

## 7.25 Contracted Services

|  |  |  |
| --- | --- | --- |
| Repairs and Maintenance: Other Assets | 2 196 728 | 17 849 289 |
| Repairs and Maintenance: Infrastructure Assets | 7 936 935 | 51 026 872 |
| Operating Lease and Cash collection | 534 183 | 3 356 259 |
| Solid waste collection | 8 351 197 | - |
| Development of valuation roll | - | 558 012 |
| Cleaning and Security services | 5 321 365 | 49 845 119 |
| Publications VAT recovery services Spatial Planning & GIS | 1 845 000 | 499 087 |
|  | **26 185 408** | **123 134 638** |

## Grants and subsidies paid

|  |  |  |
| --- | --- | --- |
| Indigents grants (Free Basic Electricity) | 470 753 | 2 895 169 |
|  | **470 753** | 1. **895 169** |

## 7.27 Capital expenditure written-off (D Roads)

|  |  |  |
| --- | --- | --- |
| Property Plant and Equipment | 13 577 320 | 63 333 076 |
|  | **13 577 320** | **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 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 13 577 320** (2022) and **R 63 333 076** (2021)

## General expenses

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.Advertising | 96 918 | | 746 145 | |
| 2.Bank charges | 38 494 | | 257 799 | |
| 3.Consulting and professional fees | - | | 2 550 254 | |
| 4.Consumables | - | | 2 334 128 | |
| 5.Entertainment | - | | 57 950 | |
| 6.Insurance | 1 275 453 | | 685 249 | |
| 7.IT operating expenses | - | | 1 484 700 | |
| 8.Marketing | 245 200 | | 721 066 | |
| 9.Promotions and sponsorships | 91 750 | | 875 878 | |
| 10.Fleet Management & System | - | | 2 766 | |
| 11.Fuel and oil | 1 222 603 | | 4 362 625 | |
| 12.Printing and stationery | - | | - | |
| 13.Protective clothing | - | | - | |
| 14.Environmental care expense | - | | - | |
| 15.Telephone and fax | 309 007 | | 1 078 976 | |
| 16.Training | - | | 1 669 303 | |
| 17.Travel and accommodation | 20 664 | | 1 23763 | |
| 18.LED forum and summit | - | | - | |
| 19.Spatial planning - demarcation of sites | - | | 1 284 778 | |
| 20.Water and electricity | 622 870 | | 2 093 396 | |
| 21.Sitting allowance ex-officio | 44 000 | | 360 000 | |
| 22.Publications | 3 460 000 | | 5 202 000 | |
| 23.Audit committee support | 103 170 | | 499 087 | |
| 24.Bursary fund | 878 501 | | 6 249 794 | |
| 25.Legal costs and Development of by-laws | 480 769 | | 11 420 | |
| 26.Customer care | - | | 467 887 | |
| 27.Financial System support | 235 054 | | 5 617 478 | |
| 28.Vehicle tracking | 24 154 | | 82 403 | |
| 29.Stipend | - | | 4 998 | |
| 30.Disaster relief fund | | 867 815 | | 1 534 747 | |
| 31.EPWP | | 1 113 410 | | 3 451 202 | |
|  | | **11 129 832** | | **47 925 958** | |

## 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 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 | 19 677 | 114 166 |
|  | **19 677** | **114 166** |

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 Velaphanda Trading & Projects for Photocopier machines for a period of three years.
* The total future minimum operating lease payments payable under existing operating lease arrangements are categorised in the following categories:

|  |  |  |
| --- | --- | --- |
| Within one year of the operating date | 1 546 473 | 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** |

## 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 | 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** | **172393 113** | **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 September 2021 amount to **99 423 223** for capital commitments and **72 969 890** 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) | 280 395 | 1 130 213 |
| Senior Manager: Corporate Services (Ms. Mahlare M.A | 235 669 | 945 979 |
| Senior Manager: Community Services (Ms. Marishane M.E) | 235 669 | 939 644 |
| Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M ) | 167 184 | 939 714 |
| Senior Manager: Economic Development & Planning (Mr. Thabela A.P) 235 669 | | 944 469 |
| Senior Manager: Infrastructure Development (Mr. Segale M.A) | 235 669 | 940 845 |
|  | **891 923** | **5 840 864** |
|  |  |  |
| **South African Local Government Association** |  |  |
| Annual membership fee | 302 750 | 1 062 900 |
|  | **302 750** | **1 217 880** |
|  |  |  |
| **Sekhukhune District Municipality** |  |  |
| Donations received - Landfill Site | - | - |
|  | **-** | **-** |
|  |  |  |
| **62 Councillors** |  |  |
| Remuneration of Councillors | 5 904 498 | 23 596 632 |
|  | **5 904 498** | **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 | 2 739 269 | 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** |

## Unauthorised expenditure

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

## Fruitless and wasteful expenditure.

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

## Irregular expenditure

|  |  |  |  |
| --- | --- | --- | --- |
| Opening balance | 178 866 762 | 124 876 332 | |
| Add: Irregular Expenditure - current year | 5 326 953 | 53 990 430 | |
| Less: Amounts written-off by council | (-) | (0.00) | |
|  | **184 193 715** | **178 866 762** |

## Additional disclosure in terms of Municipal Finance Management Act

|  |  |  |
| --- | --- | --- |
| **Audit fees** |  |  |
| Amount incurred current year |  |  |
| Amount paid - current year | 1 038 120 | 4 429 665 |
|  | **1 038 120** | **4 425 032** |

|  |  |  |
| --- | --- | --- |
| **PAYE and UIF** |  |  |
| Amount incurred current year | 4 264 149 | 16 142 848 |
| Amount paid - current year | (4 264 149) | (16 142 848) |
|  | **-** | **0.00** |

|  |  |  |
| --- | --- | --- |
| **Pension and Medical Aid funds deductions** |  |  |
| Amount incurred current year | 6 000 913 | 23 089 581 |
| Amount paid - current year | (6 000 913) | (23 089 581) | |
|  | **0.00** | **0.00** |

|  |  |  |
| --- | --- | --- |
| **Supply chain management regulations** |  |  |
| **Deviations** |  |  |
| Deviation as per section 36(1)(a)(i) of the SCM regulation | 0 | 1 189 594 |
| Deviation as per section 36(1)(a)(ii) of the SCM regulation | 0 | 767 535 |
| Deviation as per section 36(1)(a)(v) of the SCM regulation | 374 338 | 7 091 524 |
|  | **374 338** | **9 048 653** |

**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 192 481.54 |
| **2.** | BP | Fuel for Municipal Vehicle | R 101 029.18 |
| **3.** | Bapedi Filling Station | Fuel for Municipal Vehicle | R 3 253.15 |
| **4.** | Engen | Fuel for Municipal Vehicle | R 71 553.00 |
| **5.** | Shell | Fuel for Municipal Vehicle | R 6 021.50 |
|  | **TOTAL** |  | **R 374 338.37** |

# Other Supporting tables (SC tables)

# 8.1 Table SC 3 – Aged Debtors M03 September

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**8.2 Table SC 6 – Transfers & Grant Receipts M03 September**



**8.3 Table SC 8 – Councillors & Staff Benefits M03 September**



**8.4 Table SC 9 – Cash Flow M03 September**

