



2022/2023

**DRAFT ANNUAL REPORT:
FINANCIAL PERFORMANCE
INFORMATION**

14 DECEMBER 2023

CHAPTER 5: FINANCIAL PERFORMANCE

Chapter 5 provides information on the financial performance of the Municipality for the 2022/2023 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2021/22 financial year:

Financial Summary						
Description	2021/2022	2022/2023		2022/2023 Variance		
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	5 428	6 240	7 190	5 125	-17,9%	-28,7%
Revenue cost of free services provided: Property rates	(1 048)	(1 271)	(65)	(52)	-95,9%	-20,0%
Services charges	37 255	39 417	52 075	37 577	-4,7%	-27,8%
Revenue cost of free services provided: Service charges	(6 702)	(5 967)	(5 409)	(5 808)	-2,7%	7,4%
Investment revenue	2 347	2 376	3 647	4 071	71,4%	11,6%
Transfers recognised - operational	33 159	34 260	36 492	37 290	8,8%	2,2%
Other own revenue	12 115	5 104	5 456	13 254	159,7%	142,9%
Total Revenue (excluding capital transfers and contributions)	82 553	80 160	99 386	91 457	14%	-8%
Employee costs	25 313	29 080	30 485	30 317	4,3%	-0,6%
Remuneration of councillors	3 226	3 456	3 228	3 018	-12,7%	-6,5%
Debt impairment	10 972	4 160	20 138	14 572	250,3%	-27,6%
Depreciation & asset impairment	5 354	5 474	5 474	9 081	65,9%	65,9%
Actuarial losses	171	100	100	-	-100,0%	-100,0%
Finance charges	1 940	489	489	2 099	329,6%	329,6%

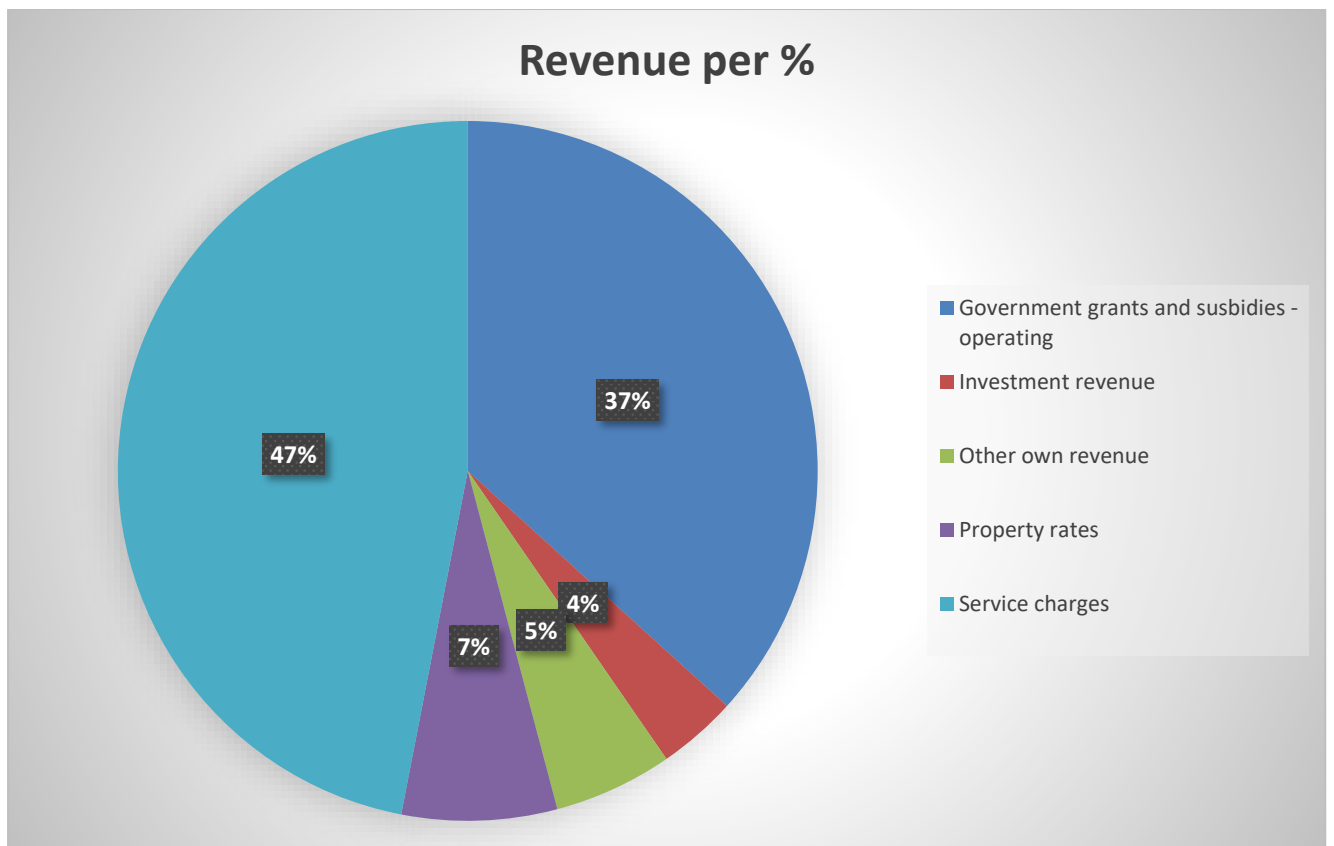
Financial Summary						
Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Bulk purchases	15 796	18 404	17 000	16 197	-12,0%	-4,7%
Inventory consumed	572	539	497	428	-20,6%	-13,8%
Contracted services	6 215	5 183	5 624	7 183	38,6%	27,7%
Transfers and grants	621	490	806	704	43,7%	-12,6%
Other expenditure	11 698	12 783	14 369	14 069	10,1%	-2,1%
Total Expenditure	81 879	80 158	98 209	97 668	22%	-1%
Surplus/(Deficit)	674	2	1 177	(6 211)	-317293%	-627%
Transfers recognised - capital	12 746	14 110	15 609	6 831	-51,6%	-56,2%
Contributions recognised - capital & contributed assets	174	-	-	-	#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	13 594	14 112	16 786	621	-96%	-96%
Capital expenditure & funds sources						
Transfers recognised - capital	11 197	13 142	15 779	6 840	-47,9%	-56,7%
Public contributions & donations	-	-	-	-	#DIV/0!	#DIV/0!
Borrowing	-	-	-	-	#DIV/0!	#DIV/0!
Internally generated funds	1 959	3 200	6 328	4 823	50,7%	-23,8%
Total sources of capital funds	13 155	16 342	22 107	11 664	-28,6%	-47,2%
Financial Position						
Total current assets	54 156	48 022	53 840	61 832	28,8%	14,8%
Total non current assets	191 542	209 081	207 789	195 337	-6,6%	-6,0%
Total current liabilities	12 631	37 307	35 473	20 323	-45,5%	-42,7%
Total non current liabilities	27 836	7 290	5 518	30 995	325,2%	461,7%
Community wealth/Equity	205 230	226 617	237 424	205 851	-9,2%	-13,3%
Cash Flows						
Net cash from (used) operating	7 279	27 585	19 573	18 296	-33,7%	-6,5%
Net cash from (used) investing	(13 263)	(16 342)	(21 957)	(11 663)	-28,6%	-46,9%
Net cash from (used) financing	(92)	-	-	(98)	100,0%	100,0%

Financial Summary						
Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Cash/cash equivalents at the year end	45 861	56 195	43 476	52 395	-6,8%	20,5%
Cash backing/surplus reconciliation						
Cash and investments available	45 861	62 270	45 417	52 395	-15,9%	15,4%
Application of cash and investments	16 362	36 438	13 768	25 102	-31,1%	82,3%
Balance - surplus (shortfall)	29 499	25 832	31 650	27 293	6%	-14%
Asset management						
Asset register summary (WDV)	191 542	187 420	199 395	195 337	4,2%	-2,0%
Depreciation & asset impairment	5 879	7 372	7 372	5 107	-30,7%	-30,7%
Renewal of Existing Assets	1 075	9 857	12 037	5 261	-46,6%	-56,3%
Repairs and Maintenance	13 885	14 112	15 907	15 304	8,5%	-3,8%
Free services						
Cost of Free Basic Services provided	-	-	-	-	#DIV/0!	#DIV/0!
Revenue cost of free services provided	7 750	7 238	5 474	5 860	-19,0%	7,1%
Households below minimum service level						
Water:	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-
Financial Performance 2022/23						

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2019/20	72 370	81 135	81 063	100%	73 288	69 154	(4 134)	-6%
2020/21	95 912	93 352	93 256	100%	73 854	80 434	6 580	8%
2021/22	86 090	95 473	9 383	10%	80 537	81 879	1 342	2%
2022/23	114 995	98 289	(16 706)	-17%	98 209	97 668	(541)	-1%

The following graph indicates the various types of revenue items in the municipal budget for 2022/2023:



The table below indicates the revenue collection performance by VOTE for the 2022/2023 financial year:

Vote Description	2021/22	2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
1.1 - MUNICIPAL MANAGER	24 540	26 946	27 063	27 255	1%	1%
1.2 - COUNCIL GENERAL EXPENSES	2 455	24	1 223	1 042	4209%	-15%
2.1 - FINANCIAL SERVICES	7 668	7 112	10 164	9 109	28%	-10%
2.2 - PROPERTY RATES	4 380	4 969	7 125	5 073	2%	-29%
3.1 - IDP	-	-	-	-	#DIV/0!	#DIV/0!
3.2 - STRATEGIC SERVICES	50	56	56	56	0%	0%
3.3 - CORPORATE SERVICES	1 634	746	746	1 820	144%	144%
4.1 - CEMETRIES	21	21	21	18	-16%	-16%
4.2 - LIBRARY	2 163	1 952	1 952	1 952	0%	0%
4.3 - DISASTER MANAGEMENT	354	100	10	74	-26%	643%
4.4 - COMMUNITY HALLS	270	309	309	468	51%	51%
4.5 - TRAFFIC CONTROL	7 328	1 375	1 553	9 954	624%	541%
4.6 - HOUSING	-	-	200	180	#DIV/0!	-10%
4.7 - SPORT AND RECREATION	12	12	312	19	61%	-94%
4.8 - TOURISM	-	-	-	-	#DIV/0!	#DIV/0!
5.1 - ELECTRICITY SERVICES	19 297	20 926	20 926	18 581	-11%	-11%
5.2 - WATER SERVICES	16 898	20 790	31 886	12 096	-42%	-62%
5.3 - SEWERAGE	4 349	5 096	6 640	6 234	22%	-6%
5.4 - REFUSE	2 239	2 547	3 123	2 846	12%	-9%
5.5 - PUBLIC WORKS	1 815	1 287	1 511	1 511	17%	0%
Total Revenue by Vote	95 473	94 270	114 820	98 289	4%	-14%
<p>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3. It should also be noted that the Equitable share was originally budgeted between the services revenue, but had to be taken out due to mSCOA and displayed under Council General expenses, 1.2 from now onwards.</p>						

The table below indicates the revenue collection performance by source for the 2022/2023 financial year:

Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Property rates	5 428	6 240	7 190	5 125	-17,9%	-28,7%
Property rates - penalties & collection charges	-	-	-	-	#DIV/0!	#DIV/0!
Service charges - electricity revenue	20 609	21 703	21 703	19 537	-10,0%	-10,0%
Service charges - water revenue	7 691	7 273	18 368	6 160	-15,3%	-66,5%
Service charges - sanitation revenue	5 871	6 894	8 000	7 877	14,3%	-1,5%
Service charges - refuse revenue	3 084	3 547	4 003	4 003	12,8%	0,0%
Less: Subsidy to Indigent Households	(7 750)	(7 238)	(5 474)	(5 860)	-19,0%	7,1%
Rental of facilities and equipment	591	551	551	680	23,3%	23,3%
Interest earned - external investments	2 347	2 376	3 647	4 071	71,4%	11,6%
Interest earned - outstanding debtors	1 933	2 011	2 011	1 317	-34,5%	-34,5%
Dividends received	-	-	-	-	0,0%	0,0%
Fines, penalties and forfeits	6 909	1 107	1 105	9 575	764,9%	766,3%
Licences and permits	137	153	153	89	-41,9%	-41,9%
Agency services	286	120	300	294	144,9%	-2,0%
Transfers and subsidies	33 159	34 260	36 492	37 290	8,8%	2,2%
Other revenue	541	621	716	593	-4,5%	-17,2%
Gains	1 718	540	619	707	0,0%	0,0%
Total Revenue (excluding capital transfers and contributions)	82 553	80 160	99 386	91 457	14,1%	-8,0%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						

5.1.2 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational Services performance for the 2022/2023 financial year:

Financial Performance of Operational Services						
Description	2021/22	2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Water Management	5 548	5 519	16 875	6 214	12,6%	-63,2%
Waste Water Management	4 038	4 359	7 606	4 688	7,5%	-38,4%
Energy Sources	17 592	20 907	19 442	19 126	-8,5%	-1,6%
Waste Management	4 285	3 097	2 892	9 219	197,6%	218,7%
Component A: sub-total	31 463	33 882	46 816	39 246	15,8%	-16,2%
Road Transport	9 611	9 181	10 907	12 015	30,9%	10,2%
Component B: sub-total	9 611	9 181	10 907	12 015	30,9%	10,2%
Planning and Development	722	106	258	239	125,8%	-7,3%
Housing	-	-	200	-	#DIV/0!	-100,0%
Component C: sub-total	722	106	458	239	125,8%	-47,8%
Community and Social Services	2 844	3 212	3 404	3 117	-3,0%	-8,4%
Executive and Council	7 074	7 125	7 563	7 264	2,0%	-3,9%
Finance and Administration	20 625	22 225	24 722	23 433	5,4%	-5,2%
Public Safety	7 882	2 257	2 210	10 279	355,5%	365,2%
Sport and Recreation	1 389	1 900	1 859	1 804	-5,1%	-3,0%
Corporate Policy Offices and Other	-	-	-	-	0,0%	0,0%
Tourism	270	270	270	270	0,0%	0,0%
Component D: sub-total	40 083	36 990	40 027	46 167	24,8%	15,3%
Total Expenditure	81 879	80 158	98 209	97 668	21,8%	-0,6%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 WATER MANAGEMENT

Description	2021/22	2022/23			Variance to Budget
	Actual	Original Budget	Adjustments Budget	Actual	
	R'000				
Total Operational Revenue	6 898	20 790	31 886	12 096	-62,06%
Expenditure:					
Employees	1 580	1 466	1 646	1 653	0,47%
Materials	168	120	120	92	-23,42%
Depreciation	1 270	1 416	1 416	1 328	-6,24%
Other	2 530	2 516	13 694	3 141	-77,07%
Total Operational Expenditure	5 548	5 519	16 875	6 214	-63,18%
Net Operational (Service)	11 351	15 272	15 010	5 883	-60,81%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.2 WASTEWATER MANAGEMENT

Description	2021/22	2022/23			Variance to Budget
	Actual	Original Budget	Adjustments Budget	Actual	
	R'000				
Total Operational Revenue	4 349	5 096	6 640	6 234	-6,11%
Expenditure:					
Employees	936	1 179	1 097	1 075	-2,03%
Materials	8	16	14	11	-21,71%
Depreciation	1 400	1 397	1 397	1 526	9,19%
Other	1 693	1 767	5 098	2 076	-59,27%
Total Operational Expenditure	4 038	4 359	7 606	4 688	-38,37%
Net Operational (Service)	311	738	(966)	1 546	-259,97%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.3 ENERGY SOURCES

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	19 123	20 926	21 101	18 581	-11,94%
Expenditure:					
Employees	379	388	450	449	-0,21%
Bulk purchases	15 796	18 404	17 000	16 197	
Materials	76	80	70	65	-7,37%
Depreciation	616	286	286	671	134,61%
Other	725	1 749	1 636	1 745	6,61%
Total Operational Expenditure	17 592	20 907	19 442	19 126	-1,62%
Net Operational (Service)	1 531	20	1 659	(545)	-132,87%

Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.

5.2.4 WASTE MANAGEMENT

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	2 239	2 547	3 123	2 846	-8,87%
Expenditure:					
Employees	1 152	1 213	1 008	894	-11,34%
Materials	198	205	190	176	-7,47%
Depreciation	(137)	123	123	2 993	2335,69%
Other	3 072	1 556	1 571	5 156	228,18%
Total Operational Expenditure	4 285	3 097	2 892	9 219	218,73%
Net Operational (Service)	(2 046)	(551)	231	(6 373)	-2859,56%

Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.

5.2.5 ROAD TRANSPORT

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 815	1 287	1 511	1 511	0,00%
Expenditure:					
Employees	6 085	6 203	7 396	7 066	-4,46%
Materials	–	–	–	–	#DIV/0!
Depreciation	865	1 040	1 040	1 445	38,93%
Other	2 660	1 937	2 471	3 503	41,80%
Total Operational Expenditure	9 611	9 181	10 907	12 015	10,16%
Net Operational (Service)	(7 796)	(7 893)	(9 396)	(10 504)	11,79%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.6 PUBLIC SAFETY

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	7 328	1 375	1 553	9 954	540,73%
Expenditure:					
Employees	1 037	1 480	1 435	1 244	-13,27%
Materials	–	–	–	–	#DIV/0!
Depreciation	177	191	191	70	-63,42%
Other	6 667	586	584	8 965	1435,88%
Total Operational Expenditure	7 882	2 257	2 210	10 279	365,21%
Net Operational (Service)	(554)	(882)	(656)	(326)	-50,37%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.7 SPORT AND RECREATION

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	12	12	312	19	-93,83%
Expenditure:					
Employees	890	1 498	1 440	1 381	-4,09%
Materials	33	45	45	33	-26,64%
Depreciation	197	202	202	225	11,26%
Other	270	154	172	165	-4,24%
Total Operational Expenditure	1 389	1 900	1 859	1 804	-2,98%
Net Operational (Service)	(1 377)	(1 888)	(1 547)	(1 785)	15,34%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.8 EXECUTIVE AND COUNCIL

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	26 995	26 970	28 285	28 297	0,04%
Expenditure:					
Employees	2 091	2 057	1 815	1 819	0,18%
Materials	-	-	-	-	#DIV/0!
Depreciation	43	34	34	54	62,40%
Other	4 941	5 034	5 714	5 391	-5,64%
Total Operational Expenditure	7 074	7 125	7 563	7 264	-3,94%
Net Operational (Service)	19 921	19 845	20 723	21 033	1,50%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.9 FINANCE AND ADMINISTRATION

Description	2021/22	2022/23			Variance to Budget
	Actual	Original Budget	Adjustments Budget	Actual	
	R'000				
Total Operational Revenue	13 856	12 827	18 034	16 002	-11,27%
Expenditure:					
Employees	8 312	10 877	11 421	12 192	6,75%
Materials	22	40	40	40	-0,24%
Depreciation	311	561	561	416	-25,79%
Other	11 980	10 747	12 700	10 785	-15,08%
Total Operational Expenditure	20 625	22 225	24 722	23 433	-5,21%
Net Operational (Service)	(6 769)	(9 399)	(6 687)	(7 430)	11,11%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.10 PLANNING & DEVELOPMENT (IDP)

Description	2021/22	2022/23			Variance to Budget
	Actual	Original Budget	Adjustments Budget	Actual	
	R'000				
Total Operational Revenue	50	56	56	56	0,00%
Expenditure:					
Employees	623	-	182	170	-6,55%
Materials	-	-	-	-	#DIV/0!
Depreciation	-	-	-	-	#DIV/0!
Other	99	106	77	70	-9,22%
Total Operational Expenditure	722	106	258	239	-7,34%
Net Operational (Service)	(672)	(50)	(202)	(183)	-9,37%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.11 COMMUNITY AND SOCIAL SERVICES

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	2 808	2 383	2 293	2 512	9,56%
Expenditure:					
Employees	2 077	2 568	2 445	2 224	-9,04%
Materials	68	33	18	12	-34,48%
Depreciation	164	223	223	353	57,83%
Other	535	388	718	529	-26,32%
Total Operational Expenditure	2 844	3 212	3 404	3 117	-8,43%
Net Operational (Service)	(35)	(829)	(1 111)	(605)	-45,55%
Variances are calculated by dividing the difference between the actual and adjustment budget by the adjustment budget.					

5.2.12 OTHER

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	-	-	-	-	#DIV/0!
Expenditure:					
Employees	-	-	-	-	#DIV/0!
Materials	-	-	-	-	#DIV/0!
Depreciation	-	-	-	-	#DIV/0!
Other	270	270	270	270	0,00%
Total Operational Expenditure	270	270	270	270	0,00%
Net Operational (Service)	(270)	(270)	(270)	(270)	0,00%
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

5.2.13

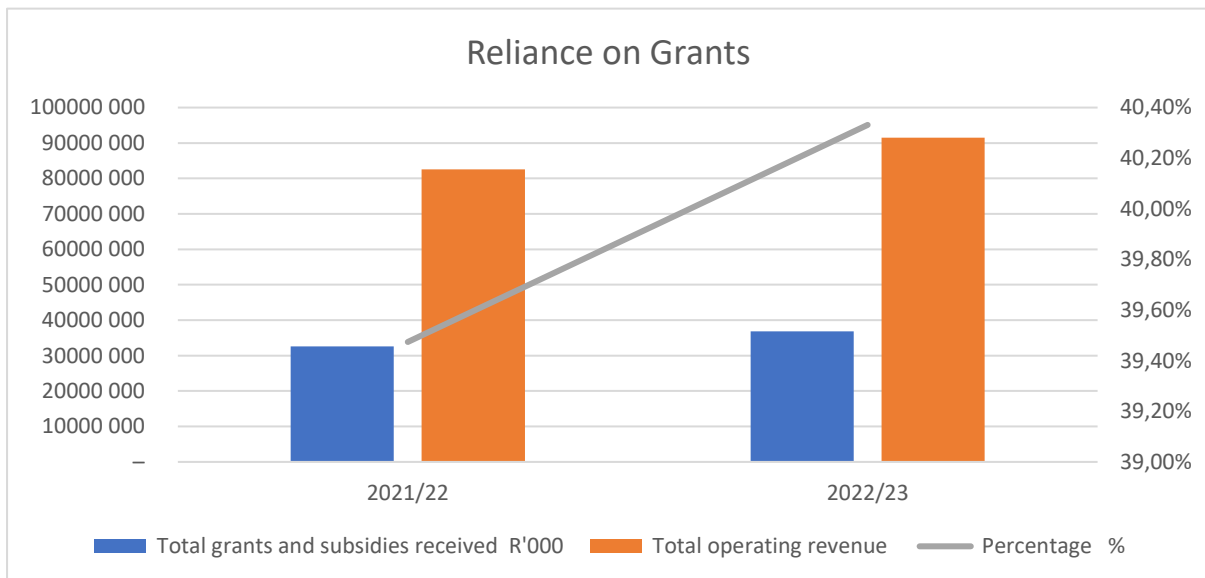
OPERATING TRANSFERS AND GRANTS

Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	27 333	29 833	29 625	29 596		
Local Government Equitable Share	24 054	26 548	26 548	26 548	0,0%	0,0%
Local Government Financial Management Grant	1 650	1 650	1 650	1 650	0,0%	0,0%
Expanded Public Works Programme	1 243	1 237	1 237	1 237	0,0%	0,0%
Municipal Infrastructure Grant	386	398	190	161	-59,5%	-15,0%
Water Services Infrastructure Grant	–	–	–	–		
COVID-19 Pandemic Grant	–	–	–	–	#DIV/0!	#DIV/0!
Provincial Government:	2 470	2 203	2 844	2 742	24,5%	-3,6%
Financial Management Support (WC_FMGS)	231	–	316	–	#DIV/0!	-100,0%
Library Grant	2 089	1 947	1 947	1 947	0,0%	0,0%
Community Development Workers	50	56	56	56	0,0%	0,0%
Capacity Building	100	–	325	539	#DIV/0!	65,9%
Thusong Service Centre	–	150	150	150	0,0%	0,0%
Road Maintenance	–	50	50	50	0,0%	0,0%
Infrastructure Skills Development Grant	–	–	–	–	#DIV/0!	#DIV/0!
Regional Socio-economic Project	–	–	–	–		
Public Employment Support Grant	572	–	224	224		
Human Settlements Development Grant	–	–	200	180		
Municipal Drought Relief Grant	–	–	–	–		
Development Sport Facilities	–	–	–	–		
Municipal Interventions Grant	–	–	1 200	–		
Load-Shedding Relief Grant	–	–	175	–		
District Municipality:	331	–	–	69	#DIV/0!	#DIV/0!
SKDM Disaster Relief Grant	331	–	–	69	#DIV/0!	#DIV/0!
Other grant providers:	2 453	2 224	2 224	4 478	101,4%	101,4%
Skills Development Fund Levy	36	24	24	42	73,2%	73,2%
Service in kind (Audit Fees)	1 462	2 200	2 200	1 932	-12,2%	-12,2%
Service in kind (DBSA - Revise water master plans)	–	–	–	1 026		
Service in kind (MISA)	956	–	–	1 040		
Service in kind (BE - development of apps)	–	–	–	438		
Total Operating Transfers and Grants	32 587	34 260	34 693	36 886	7,7%	6,3%

5.2.14 RELIANCE ON GRANTS

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		%
2019/20	30 980	67 962	45,58%
2020/21	30 947	78 575	39,39%
2021/22	32 587	82 553	39,47%
2022/23	36 886	91 457	40,33%

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



5.3 ASSET MANAGEMENT

The objectives of the Asset Management within the Prince Albert Municipality are to assist officials in understanding their legal and managerial responsibilities concerning assets and to ensure the effective and efficient control of the municipality's assets through:

- proper recording of assets from authorization to acquisition and to subsequent disposal;
- providing for safeguarding procedures;
- setting proper guidelines as to authorized utilization and;
- prescribing for proper maintenance.

The key elements of the Asset Management Policy represent:

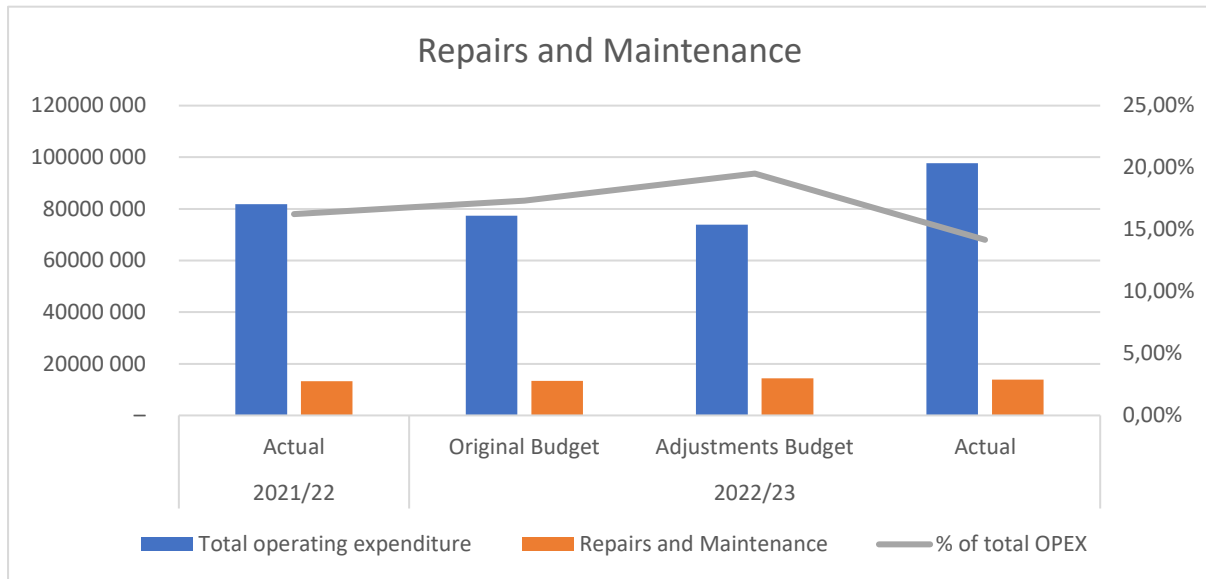
- Statutory and Regulatory Framework / Responsibilities and Accountabilities
- Financial Management / Internal Controls / Management of Control Items
- Management and Operation of Assets / Classification & Components
- Accounting for Assets / Financial Disclosure
- Regular Asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding Asset Register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place.

5.3.1 REPAIRS AND MAINTENANCE

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustments Budget	Actual	Variance to Budget
Total operating expenditure	81 879	80 158	98 209	97 668	-0,6%
Repairs and Maintenance	13 885	14 112	15 907	15 304	-3,8%
% of total OPEX	16,96%	17,61%	16,20%	15,67%	

Repairs & Maintenance as % of total Operating Expenditure. The following graph indicates the percentage of the budget that was spent on Repairs & Maintenance in relation to the operational expenditure:

The following graph indicates the percentage of the budget that was spent on Repairs & Maintenance in relation to the operational expenditure:



5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.4.1 FINANCIAL VIABILITY INDICATORS

5.4.1.1 LIQUIDITY RATIO

Description	Basis of calculation	2020/21	2021/22	2022/23
		Audited outcome	Audited outcome	Audited outcome
Current Ratio	Current Assets / Current Liabilities	2,63	4,29	3,04
Current Ratio adjusted for aged debtors	Current Assets less debtors > 90 days / Current Liabilities	2,67	4,33	3,01
Liquidity Ratio	Monetary Assets / Current Liabilities	2,60	4,24	3,01

5.4.1.2 FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2020/21	2021/22	2022/23
		Audited outcome	Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments – Unspent Grants)/monthly fixed operational expenditure	7,63	6,29	5,17
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,45	0,59	0,71
Debt Coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) X 365	143215,73	171516,71	451419,54

5.4.1.3 EMPLOYEE COSTS

Description	Basis of calculation	2020/21	2021/22	2022/23
		Audited outcome	Audited outcome	Audited outcome
Employee costs	Employee costs / (Total Expenditure)	34%	31%	31%

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 SOURCES OF FINANCE

Source of Finance	2021/22	2022/23
Total Revenue	82 553 021	91 457 277
Government Grants and Subsidies - Operating	33 158 746	37 289 813
Investment Revenue	2 346 796	4 071 462
Other Own Revenue	12 114 732	13 254 416
Property Rates	4 380 380	5 073 221
Services Charges	30 552 368	31 768 365
	82 553 021	91 457 277

The total revenue for the 2022/23 financial year equates to R 91, 457, 277 in comparison to the 2021/22 financial year which reflects an amount of R 82, 553, 021.

5.6 CAPITAL SPENDING ON THREE LARGEST PROJECTS

Projects with the highest capital expenditure in 2022/23:

Name of Project	2022/23				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Road Transport	3 104	3 104	2 935	-5%	-5%
Finance and Administration (RSEP)	6 569	6 569	2 492	-62%	-62%
Finance and Administration (ICT)	-	1 630	1 417	100%	-13%
<i>* Projects with the highest capital expenditure in Year 1</i>					

5.7 BASIC SERVICE AND INFRASTRUCTURE

5.7.1 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro-enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2022/23 on Service backlogs					
Details	Budget	Adjustment Budget	Actual	Variance	
				Budget	Adjustment Budget
	R'000			%	
Infrastructure - Road transport	3 885	4 390	3 012	-22%	-31%
<i>Roads, Pavements & Bridges</i>	2 604	3 109	2 596	0%	-17%
<i>Storm water</i>	1 281	1 281	416	-68%	-68%
Infrastructure - Sanitation	506	-	-	-100%	0%
<i>Waste Water Treatment Works</i>	506	-	-	-100%	0%
Other Specify:	1 803	1 984	214	-88%	-89%
<i>Upgrading of sports fields</i>	1 803	1 984	214	-88%	-89%
Total	6 194	6 375	3 226	-48%	-49%

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.8 CASH FLOW

Description	2021/22	2022/23		
	Audited Outcome	Original Budget	Adjustment Budget	Actual
R'000				
Cash flow from operating activities				
Receipts				
Property rates	4 185	5 798	4 996	4 914
Service charges	25 651	39 417	30 227	25 882
Other revenue	1 616	2 552	1 836	2 280
Government - operating	30 931	32 258	34 790	34 627
Government - capital	10 361	14 110	15 110	14 522
Interest	2 347	2 376	3 647	4 071
Payments				
Suppliers and employees	(67 177)	(68 927)	(71 034)	(67 290)
Finance charges	(13)			(6)
Transfers and Grants	(621)			(704)
Net cash from/(used) operating activities	7 279	27 585	19 573	18 296
Cash flow from investing activities				
Receipts				
Purchase of Property, Plant and Equipment				
Purchase of Intangible Assets				
Disposal of Fixed Assets				
Payments				
Capital assets	(13 263)	(16 342)	(21 957)	(11 663)
Net cash from/(used) investing activities	(13 263)	(16 342)	(21 957)	(11 663)
Cash flow from financing activities				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(92)			(98)
Net cash from/(used) financing activities	(92)	-	-	(98)
Net increase/(decrease) in cash held	(6 076)	11 244	(2 385)	6 534
Cash/cash equivalents at the year begin:	51 937	47 860	45 861	45 861
Cash/cash equivalents at the year end:	45 861	59 104	43 476	52 395

Source: MBRR SA7

5.9 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial Year	Property Rates	Trading Services	Economic Services	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)		
R'000					
2021/22	2 408	19 810	10 196	6 045	38 459
2022/23	2 753	9 885	8 256	6 717	27 612
Difference	346	(9 925)	(1 940)	672	(10 847)
% movement year on year	14,35%	-50,10%	-19,02%	11,12%	-28,20%

5.10 TOTAL DEBTORS AGE ANALYSIS

Financial Year	Current (0 - 30 days)	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
	R'000				
2020/21	2 606	1 233	1 134	27 624	32 597
2021/22	3 012	3 286	884	31 276	38 459
2022/23	5 098	1 274	1 349	19 890	27 612
Difference	2 086	(2 011)	465	(11 386)	(10 847)
% growth year on year	69,24%	-61,22%	52,54%	-36,41%	-28,20%
Note: Figures exclude provision for bad debt					

5.11 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.11.1 ACTUAL BORROWINGS

Instrument	2020/21	2021/22	2022/23
	R'000		
Finance Leases	233	141	43

5.11.2 MUNICIPAL INVESTMENTS

Instrument	2020/21	2021/22	2022/23
	R'000		
Deposits - Bank	51 937	45 861	52 395

5.12 OTHER FINANCIAL MATTERS

5.12.1 GRAP COMPLIANCE

GRAP and GAMAP are accounting practices that Municipalities need to abide by. The Public Finance Management Act, 1999 and the MFMA prescribes the standards of Generally Accepted Municipal Accounting Practice (GAMAP). The Accounting Standards Board (Board) is required in terms of the Public Finance Management Act (PFMA) and the MFMA to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (**GRAP**). The Board must determine **GRAP** for:

- departments (national and provincial);
- public entities;
- constitutional institutions;
- IT
- municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- Parliament and the provincial legislatures.

The Board considers that the Standards of GAMAP constitute GRAP for municipalities. GAMAP is an interim solution until such time as it is replaced by a Standard. IMQS understands that the minimum compliance requirement as this point in time is a GIS enabled GRAP compliant Asset Register.