Module 3 Non-accredited *m*SCOA Training

Adopting a Funded Budget – Balance Sheet & Cash Flow Budgeting

7 November 2019

Training material developed by the National Treasury





National Treasury REPUBLIC OF SOUTH AFRICA



Ensuring a Budget is funded

Funded Budgets – National Position 2013/14 to 2018/19



2013/14: 169 out of 278 funded = 60,8%

2016/17: 157 out of 257 funded = 61,1% - New demarcations did not significantly assist to improve the funding position

2019/20: 128 out of 257 funded = 49,8%



Average Collection 2008/09 to 2017/18 - Audited Outcomes

| AVERAGE COLLECTION RATES & SERVICE CHARGES 10 YEAR AUDIT OUTCOMES | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 10 Year Average | TREND |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|-----------|
| Total Average Collection Rate: Rates & Service Charges: Category A - Metros | 98% | 83% | 101% | 92% | 92% | 95% | 95% | 96% | 94% | 95% | 94% | \bigvee |
| Total Average Collection Rate: Rates & Service Charges: Category B - Local Municipalities | 89,6% | 94,5% | 88,9% | 93,4% | 88,6% | 87,1% | 84,9% | 89,0% | 87,7% | 86,3% | 89% | \sim |
| Total Average Collection Rate: Rates & Service Charges - Category C - District Municipalities | 134,6% | 80,8% | 68,6% | 75,9% | 70,4% | 54,9% | 60,6% | 40,0% | 57,1% | 54,8% | 70% | L |

Metros -

- Maintained their collection rate at an average of 94% over the ten year period
- Average just below the norm of 95%
- Poor correlation between average collection rate of 94% and the annual increase in debtors

Local municipalities -

- Generally on a negative trendline especially last three financial years
- Average of 89% is 6% below the norm of 95%

District municipalities

- Follows a negative trendline
- At an average of 70% well below the norm of 95%

Water sector – average loss at \pm 35 %



Ensuring a Budget is funded – Funding Methodology

Funding Methodology -

- MFMA Circular No. 42 Act No. 56 of 2003 Funding a municipal budget (30 March 2007)
- MFMA Funding Compliance Guideline (10 March 2008)

Supporting Table SA10 - Funding measurement (14 measures - Intended as a self assessment)

- Cash/cash equivalents at the year end
- · Cash + investments at the year end less applications This is the final test for a funded position Table A8
- · Cash year end/monthly employee/supplier payments
- Surplus/(Deficit) excluding depreciation offsets
- Service charge rev % change macro CPIX target exclusive
- Cash receipts % of Ratepayer & Other revenue
- Debt impairment expense as a % of total billable revenue
- · Capital payments % of capital expenditure
- Borrowing receipts % of capital expenditure (excl. transfers)
- Grants % of Govt. legislated/gazetted allocations
- Current consumer debtors % change incr(decr)
- Long term receivables % change incr(decr)
- R&M % of Property Plant & Equipment
- Asset renewal % of capital budget

Ensuring a Budget is funded – Funding Methodology Cash + Investments at the Year-end Less Applications – Table A8

| XYZ - City of Batho Pele | Table A8 Cash I reserves/accum | backed nulated surplus | | c | 2 | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| Description | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2018/19 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 |
| Rthousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Treasury Calculation | Budget Year +0 | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation |
| Cash and investments available | | | | | | | | | | | | |
| Cash/cash equivalents at the year end Other current investments > 90 days Non current assets - Investments | 2 373 900 - - | 1 690 102 - - | 1 825 497 _ _ | 1 643 284 (0) _ | 1 551 516 _ _ | 1 539 824 _ _ | 1 854 632 | 1 730 009 _ _ | 2 125 056 | 1 999 201 _ _ | 2 433 788 _ _ | 2 310 806 |
| Cash and investments available: | 2 373 900 | 1 690 102 | 1 825 497 | 1 643 284 | 1 551 516 | 1 539 824 | 1 744 632 | 1 730 009 | 2 000 056 | 1 999 201 | 2 301 788 | 2 310 806 |
| Application of cash and investments Unspent conditional transfers Unspent borrowing Statutory requirements Other working capital requirements Other provisions Long term investments committed | 211 266 – (121 169) 185 113 – | 252 319 – (557 588) 176 492 – | 284 255 – (332 834) 212 216 – | 150 137 – (757 508) 336 095 – | 150 137 – (752 848) 336 095 – | 226 203 – (24 629) (80 777) 203 354 – | 312 670 – (484 163) 369 722 – | 226 203 (22 389) 29 332 364 572 - | 165 150 – (611 999) 405 059 – | 226 203 - (24 664) 165 054 269 272 - | 165 150 – (752 958) 405 059 – | 226 203 - (26 058) 305 820 296 199 - |
| Reserves to be backed by cash/investments | | | | | | - | | - | | - | | - |
| Total Application of cash and investments: | 275 211 | (128 776) | 163 636 | (271 276) | (266 616) | 324 151 | 198 229 | 597 717 | (41 789) | 635 864 | (182 748) | 802 163 |
| Surplus(shortfall) | 2 098 689 | 1 818 878 | 1 661 861 | 1 914 560 | 1 818 132 | 1 215 673 | 1 546 403 | 1 132 292 | 2 041 846 | 1 363 338 | 2 484 536 | 1 508 643 |
| <u>Other working capital requirements</u> Debtors | 1 202 258 | 1 322 879 | 1 361 001 | 1 667 386 | 1 662 726 | 1 138 883 | 1 615 146 | 1 040 652 | 1 856 081 | 928 152 | 2 121 448 | 809 352 |
| Creditors due | 1 081 089 | 765 291 | 1 028 167 | 909 878 | 909 878 | 1 058 106 | 1 130 983 | 1 069 984 | 1 244 082 | 1 093 206 | 1 368 490 | 1 115 172 |
| Total | 121 169 | 557 588 | 332 834 | 757 508 | 752 848 | 80 777 | 484 163 | (29 332) | 611 999 | (165 054) | 752 958 | (305 820) |
| Debtors collection assumptions Balance outstanding - debtors Estimate of debtors collection rate - Rates & Serv Charges Weighted Estimate of Other Debtors collection rate - Treasury | 1 321 895 90,9% | 1 267 318 104,4% | 1 374 069 99,0% | 1 818 077 91,7% | 1 817 717 91,5% | 1 246 086 90,0% | 1 766 270 91,4% | 1 136 086 90,0% | 2 029 695 91,4% | 1 011 086 90,0% | 2 319 461 91,5% | 879 086 90,0% |
| The second | ea.ouiuuoii | | | | | 00,170 | | 00,070 | | 00,070 | | 00,070 |

Importance of Application of Cash – Test for funding goes beyond the current year – Is cash at year-end adequate to cover all liabilities

Accuracy in calculation of assets & liabilities of utmost importance

- Unspent grant & borrowing should be included and available in cash
- Statutory requirements VAT & taxation payable/receivable
- Working capital requirements based on current debtors collectable within 30 days
- Other provisions municipalities annually needs to transfer the current portions of provisions from the noncurrent provision and include it on Table A8
- Any long term investments committed to debt repayment or otherwise should be disclosed
- All reserves (excluding re-valuation reserve should be disclosed on Table A8

Ensuring a Budget is funded – Funding Methodology – Collection Rate vs Debt Impairment on Tables A4 & A7

Cash receipts % of Ratepayer & Other revenue – Funding Compliance Guideline

- How much cash is expected to be collected from current billing, charges and arrear debtors
- The first part of the analysis is to compare the percentage with the current and prior year trends
- If percentage is much higher than recent trends highly probable that the cash collection rate assumptions do not comply with section 18 of the MFMA, and that the *"anticipated revenues to be collected"* are unrealistic
- MFMA (section 18(2)) is very definitive on the issue of realistic revenue collections, only allowing the budget to be formulated on the basis of proven collection rates in the current and previous years

Debt impairment expense as a % of total billable revenue

- This factor is to measure whether the provision for debt impairment is being adequately funded
- To understand whether there is an inconsistency it can be useful, although overly simplistic, to sum the collection percentage of individual years' and the debt impairment percentage
- In the medium term the sum of these percentages should be approximately 100 per cent
- A sum that is less than 100 per cent may indicate that there is an insufficient provision for debt impairment
- If the budgeted revenue collection rate is assumed to be 90 per cent and the debt impairment expense budget is 5 per cent of billable revenue, then this would be good evidence that the debt impairment expense budget was too low (except in the case where a previously funded provision was too high and is being adjusted)
- A total greater than 100 per cent may indicate that either the expense budget is too high or forecast collection levels are unrealistic
- Both Tables A4 & collections on Table A7 should be aligned to the collection rate



Ensuring a Budget is funded – Causes of Unfunded Budgets

Budgeting for operational deficits

- Operational deficits in the four major trading services and on Table A4
- Municipalities (more than 50%) are simply living beyond their means budget to spend more than what they
 raise in revenue
- Persistent operational deficits are not sustainable over the medium to longer term and in most cases will
 inevitably lead to the consumption and depletion of reserves and an un-funded budget position

Inadequate provision for non-payment

- Municipalities often do not adequately provide for non-payment on the Statement of Financial Performance as the argument is that outstanding debt may be collected in the future
- The National Treasury funding methodology is however clear to the extent that if the assumed collection rate is 80% the municipality needs to provide 20% for debt impairment on the Statement of Financial Performance irrespective if the debt will be collected in the future or not
- Provision has been made on the Cash Flow Statement for the collection of non-current debtors in future years



Ensuring a Budget is funded – Causes of Unfunded Budgets

Revenue value chain - Incomplete revenue sources – not optimising existing revenue sources

- Un-realistic revenue (billing) projections
- Tariffs that are not cost reflective:
 - Tariffs for trading services are often set too low and are subsidised from rates, or if not subsidised, resulting in operational deficits.
 - Often depreciation and debt impairment is budgeted under the Budget Office instead of allocating these expenditure items to the relevant service for inclusion in tariff setting
 - Secondary costs are often not allocated to the relevant trading service resulting in under recovery of the total cost of rendering the service
- Not allocating the Equitable Share to the trading services to fund the cost of FBS resulting in the use of this resource for other purposes than supporting poor households
- Completeness of available revenue optimising the municipalities' revenue generation potential across all sources
- Reconciliation of rates and service charges in the billing system to the properties on the valuation roll and the deeds registry
- High levels of subsidised services revenue forgone by giving FBS above the norms of 6 kl of water and 50 kwh of electricity and rates rebates in excess of the impermissible values as prescribed in the Municipal Property Rates Act



Ensuring a Budget is funded – Causes of Unfunded Budgets

Poor collection of revenue combined with inadequate provision for debt impairment

- No or inadequate indigent management and use of the equitable share to fund other operations than indigent support
- No or poor credit control and debt collection strategies
- Focus only on payment toward current account whilst neglecting collection of long outstanding arrears



Ensuring a Budget is funded – Causes of Unfunded Budgets

Unrealistic expenditure projections

- Municipalities base their expenditure projections on un-realistic revenue collection projections
- Bloated staff structures combined with excessive use of consultants and other contracted services
- Not allocating indirect cost to the 4 main trading services services are not costed at the true cost of rendering the service
- Non-priority spending adequate provision should be made for operational expenditure, R&M, non-cash items and allowance should be made for the elimination of non-priority spending
- Inadequate implementation of austerity measures
- Inadequate provision for depreciation and debt impairment municipalities often under budget for these
 expenditure items to artificially improve the funding of the budget with the result that cash expenditure is
 aligned to revenue billing rather than revenue collection
- Not allocating non-cash items (debt impairment & depreciation) to the 4 main trading services
- Inadequate provision for repairs and maintenance



Ensuring a Budget is funded – Causes of Unfunded Budgets

Funding of internally generated capital expenditure whilst there are no cash backed reserves available for this purpose - deficit position on Table A8

Budgeting for operational surpluses on Table A4 is important to fund internally generated capital projects

Not addressing Inefficiencies in the system

- Unattended distribution losses municipalities tend to recover this from tariff increases rather than addressing the real problem
- Unreliable customer data
- No or incorrect meter reading and extended periods of estimating of water and electricity meters



Ensuring a Budget is funded – Moving Towards a Funded Budget - Funding Compliance (sect 18 of MFMA)

The process to move from an un-funded budget to a funded budget position require that all the above-mentioned issues be addressed adequately through specific strategies, processes and procedures The National Treasury funding methodology focus on three main trendlines:

Achieving at least break even or a surplus position on the Statement of Financial Performance and improving over the MTREF – *Table A4* – this is however not the final test for a funded budget (*scope - short term*)

- No or conservative funding of capital from internally generated funds
- Re-configuration of the funding mix to fund capital expenditure possible inclusion of additional borrowing to reduce the immediate impact on cash flow – This will however be subject to the liquidity position (ability to repay additional debt) and should be directed toward acquisition of revenue generating assets

Achieving a positive cash and cash equivalents position for the Cash Flow Statement and improving over the MTREF – *Table A7 (scope - short to medium term)*

Reconciliation of available cash and cash equivalents vs liabilities – achieving a positive cash position over the entire MTREF after offsetting liabilities against the available cash and cash equivalents – **Table A8 (scope -** *medium to longer term)*



A1 Schedule: Areas of Concern - Completion of Table A6 – Relationship to A4, A7 & A8

Common mistakes by Municipalities:

- □ Table A4
 - <u>Understatement of Debt Impairment</u> expense as percentage of Rates & service charges
 - Understatement of Depreciation & Asset Impairment
- **Table A6**
 - <u>Overstatement of Consumer Debtors (reduces working capital requirement on SA8)</u>
 - ✓ Overstatement of gross debtors on SA3
 - ✓ <u>Understating provision for debt impairment on SA3</u> by not adding contribution for current year or adding a lesser contribution to the provision thus increasing current debtors
 - <u>Understatement of Trade and Other Payables (reduces working capital requirement on</u> SA8)
 - ✓ Understating of <u>Trade and Other Creditors on SA3</u>
 - ✓ Understating of <u>Unspent Conditional Transfers on SA3</u>



A1 Schedule: Areas of Concern - Completion of Table A6 – Relationship to A4, A7 & A8

Common mistakes by Municipalities:

D Table A7

- Inflating cash & cash equivalents at beginning of financial year (Increase cash balance transferred to SA8
- Using better collection rate on SA30 than on A4 when calculating receipts from
 - ✓ Property rates, penalties & collection charges
 - ✓ Service charges
 - ✓ Unrealistic receipts from increase in consumer deposits, Decrease (Increase) in non-current debtors, other non-current receivables and non-current investments
- Ensure that <u>cash/cash equivalents at the year end on Tables A7 & SA30 reconcile</u>



A1 Schedule: Areas of Concern - Completion of Table A6 – Relationship to A4, A7 & A8

Common mistakes by Municipalities:

□ Table A8 –

- Understatement or exclusion of <u>unspent borrowing</u>
- Understatement or exclusion of <u>unspent conditional grants</u>
- Statutory requirements <u>VAT owed to SARS</u> not indicated as a asset/liability
- <u>Overstatement of current debtors</u> (as explained under Table A6)
- <u>Understatement of current creditors (as explained under Table A6)</u>
- <u>Understatement of provisions</u> to be cash backed
- <u>Understatement of reserves</u> to be cash backed
- Long term investments committed often not indicated as a commitment
- <u>Tables are often completed incorrect</u> debtor collection rate on Table A8 does not reconcile with current collection rate



A1 Schedule: Areas of Concern – Provision for Impairment Table A4 vs Table SA3

Example of bad budgeting

| Expenditure By Type | | | | | | | | | | | |
|--------------------------------------|---|---|---|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|
| Employee related costs | 2 | - | - | 1 855 761 | 1 947 214 | 1 993 312 | 1 993 312 | 1 479 893 | 1 971 175 | 2 083 720 | 2 201 471 |
| Remuneration of councillors | | - | - | 62 271 | 63 342 | 63 162 | 63 162 | 48 203 | 69 547 | 73 303 | 77 261 |
| Debt impairment | 3 | - | - | 447 578 | 353 964 | 353 964 | 353 964 | 265 527 | 390 477 | 421 265 | 499 481 |
| | ε | | • | £ | ۶ (۲ | 8 | | | 8 | 1 | |
| Debt impairment provision | | | | | | | | | | | |
| Balance at the beginning of the year | | - | - | (1 810 343) | (1 385 700) | (1 385 700) | (1 385 700) | (2 272 299) | (241 732) | (254 786) | (268 544) |
| Contributions to the provision | | - | - | (470 084) | (8 417) | (8 417) | (8 417) | (57 795) | (8 889) | (9 369) | (9 875) |
| Bad debts written off | | - | - | (89 914) | (498 237) | (498 237) | (498 237) | (171 213) | (8 449) | (8 906) | (9 387) |
| Balance at end of year | ſ | - | - | (2 370 340) | (1 892 354) | (1 892 354) | (1 892 354) | (2 501 308) | (259 070) | (273 060) | (287 805) |
| | I | | | | | | | | | | |

Example of bad budgeting - example for funding assessment included in the presentation

| Expenditure By Type Employee related costs Remuneration of councillors Debt impairment Debt impairment provision Balance at the beginning of the year Contributions to the provision Bad debts written off | 2 | 1 411 212 53 845 210 111 (899 745) (210 111) 12 544 | 1 627 383 55 482 203 883 (763 291) (132 723) 181 162 | 1 838 345 60 373 310 385 (714 853) (225 515) 240 827 | 1 961 118 65 035 343 696 (661 570) (160 595) 219 206 | 2 008 166 64 185 343 336 (661 570) (160 595) 219 206 | 2 008 166 64 185 343 336 (661 570) (160 595) 219 206 | 2 008 166 64 185 343 336 (661 570) (160 595) 219 206 | 2 235 469 68 485 366 124 (682 697) (272 873) 291 401 | 2 384 127 73 040 396 020 (664 169) (300 161) 320 541 | 2 542 672 77 897 424 543 (643 789 (330 177) 352 595 |
|---|--------|--|---|---|---|---|---|---|---|---|--|
| Balance at end of year | | (1 097 312) | (714 853) | (699 540) | (602 959) | (602 959) | (602 959) | (602 959) | (664 169) | (643 789) | (621 370) |
| Example of accurate budgeting | | I | | 1 | 1 | | | I | I | 8 | |
| Expenditure By Type Employee related costs Remuneration of councillors | 2 | 8 251 752 105 334 1 391 264 | 8 860 255 110 934 2 059 099 | 10 081 933 119 344 2 076 465 | 10 470 211 132 014 891 525 | 10 573 522 132 014 891 527 | 10 245 428 128 218 | - | 11 523 366 134 127 | 12 350 472 140 322 1 345 320 | 13 196 887 146 826 |
| | - | 1 331 204 | 2 03 033 | 2 070 405 | | | | | 1012 310 | | 1 317 014 |
| Debt impairment provision Balance at the beginning of the year Contributions to the provision Bad dobte written off | | 2 512 024 577 102 (81 600) | 3 007 526 1 028 132 (726 347) | 3 309 357 2 076 465 (728 798) | 3 651 925 891 442 (457 705) | 5 154 263 891 442 | 4 657 025 1 484 606 (475 500) | | 5 665 914 1 072 570 (499 275) | 6 238 925 1 345 320 (524 239) | 7 059 712 1 517 014 (550 451) |
| Balance at end of year | ****** | 3 007 526 | 3 309 311 | 4 657 024 | 4 085 662 | 5 588 000 | 5 666 131 | - | 6 239 208 | 7 060 006 | 8 026 276 |

A1 Schedule: Areas of Concern – Cash Flow

| XYZ - Batho Pele Municipality | | Table B6 Audited Financial Position | XYZ - Batho Pele Municipality | | (| CURRENT YEA | R |
|---|----------|--|---|---------------|----------|-------------|-------------|
| Description | AFS Note | 2018/19 | Table B7 Adjustments Budget Cash Flows | | | | |
| R thousand | | Audited Outcome | Table B7 - Aujustments Buuget Cash Flows | | | | |
| ASSETS | | | De so sistés | 2042/40 | 2040/20 | 2040/20 | 0040/00 |
| Current assets | | | Description | 2018/19 | 2019/20 | 2019/20 | 2019/20 |
| Cash | | 43 577 | | | | | _ |
| Call investment deposits | | 84 409 | | AFS Totals | Original | Adjusted | Treasury |
| Gross Consumer debtors (use notes to AFS) | | 5 361 615 | R thousands | Al O l'Otalis | Budget | Budget | Calculation |
| Accumulated Debt Impairment Consumer debtors (use notes to AFS) | | (3 133 552) | Other revenue | | _ | 318 415 | 262 116 |
| Other debtors | | 132 074 | Outer revenue | - | | 510415 | 202 110 |
| VAT/Income Tax | | - | Government - operating | 2 000 543 | | 952 495 | 1 172 479 |
| Total Other Debtors | | 132 074 | | | | | |
| Current portion of long-term receivables | | 275 | Government - capital | - | - | 892 355 | 969 452 |
| Inventory | | 619 077 | Interest | 307 888 | _ | 33 169 | 26.006 |
| Total current assets | | 3 107 475 | interest | 307 000 | _ | 00 100 | 20 000 |
| Non current assets | | | Dividends | 1 | - | - | 1 |
| I ong-term receivables | | 4 070 | Payments | | | | |
| Investments (If this investment is committed include in Table A8-ResRecon) | | - | | | | | |
| Investment property - Cost (Use notes to AFS) | | 1 570 114 | Suppliers and employees | (5 211 079) | | (6 578 584) | (5 500 023) |
| Investment property - Accumulated Depreciation (Use notes to AFS) | | - | Finance charges | (14 625) | _ | (202 303) | (144 334) |
| Investment in associate | | - | i manoo onalgoo | (| | (202 000) | (|
| Property, plant and equipment - Cost (Use notes to AFS) | | 22 851 226 | Transfers and Grants | (6 660) | | (7 774) | (7 774) |
| Property, plant and equipment - Accumulated Depreciation (Use notes to AFS) | | (6 449 779) | NET CASH FROM/(USED) OPERATING ACTIVITIES | 836 478 | _ | (188 841) | 1 152 936 |
| Agricultural assets | | - | <u>·····································</u> | | | (, | |
| Intendible assets - Cost (Lise notes to AES) | | 135.831 | CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Intangible assets Accumulated Depreciation (Lise notes to AFS) | | (34 332) | Descipte | | | | |
| Other non current assets (Including Heritage Assets) | | 662 586 | Receipts | | | | |
| Total non current assets | | 18 739 717 | Proceeds on disposal of PPE | - | - | - | _ |
| TOTAL ASSETS | | 21 847 192 | Decrease (Increase) in non-current debtors | _ | _ | 239 985 | 239 985 |
| | | | Decrease (increase) other pap our out to block | | | 200 000 | 200 000 |
| | | | Decrease (increase) other non-current receivables | - | _ | - | 2/5 |
| | | | Decrease (increase) in non-current investments | 54 623 | | 879 994 | - |

Payments

Capital assets

NET CASH FROM/(USED) INVESTING ACTIVITIES



(1 353 110)

(1 112 849)

(1 020 856)

99 123

_

_

(761 125)

(706 502)

Ensuring a Budget is funded – Impact of Good/Bad Budgeting Practices

| XYZ - City of Batho Pele | Table A4 Budg (revenue and e | jeted Finan expenditure | d Financial Performance CURRENT YEAR enditure) | | | | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | | | | |
|---|---|----------------------------|--|------------------------------------|----------------------------|-------------------------|---|-------------------|----------------------------|---------------|----------------------------|---------------------|-----------------------------|---------------------|-------------------------|
| Description | 2015/16 | 2016/1 | 7 2017/1 | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 201 | 19/20 | 2019/20 | 0 2020/2 | 2020/21 | 2021/22 | 2021/22 |
| R thousand | Audited Outcome | Audite Outcom | d Audite ne Outcom | l Original e Budget | Adjusted Budget | Treasury Calculation | Full Year Forecast | Pre-aud outcom | t Budge | et Year +0 | Treasur Calculati | y Budget 1 on +1 | /ear Treasury Calculatio | Budget Year n +2 | Treasury Calculation |
| Total Revenue (excluding capital transfers and contributions) | 5 462 201 | 5 277 | 747 5 497 | 405 6 517 22 | 2 6 550 819 | 6 550 819 | 6 550 819 | 6 550 8 | 319 6 9 | 972 008 | 6 972 | 2 008 7 549 | 115 7 549 1 | 15 8 129 533 | 8 129 533 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Debt impairment | 210 111 | 203 | 883 310 | 385 343 69 | 6 343 336 | 479 805 | 343 336 | 343 : | 336 3 | 366 124 | 510 | 469 396 | 020 552 0 | 92 424 543 | 591 422 |
| Depreciation & asset impairment | 857 419 | 807 | 459 992 | 860 896 42 | 6 896 290 | 896 290 | 896 290 | 896 2 | 290 9 | 931 709 | 931 | 709 1 027 | 428 1 027 4 | 28 1 132 582 | 1 132 582 |
| Loss on disposal of PPE | 500 | 36 | 365 2 | 499 | | - | | | | | | - | | - | - |
| Total Expenditure | 5 517 949 | 5 587 | 617 6 062 | 6 513 29 | 6 546 861 | 6 683 330 | 6 546 861 | 6 546 | 861 6 9 | 971 215 | 7 115 | 5 561 7 548 | 243 7 704 3 | 16 8 128 575 | 8 295 454 |
| | | | | | | 763 779 | | | | | 788 | 8 156 | 872 2 | 27 | 966 662 |
| Surplus/(Deficit) | (55 748) | (309 | 870) (565 | 590) 3 92 | 4 3 958 | (132 511) | 3 958 | 3 9 | 958 | 792 | (143 | ³ 553) | 872 (155 2 | 01) 959 | (165 921) |
| XYZ - City of Batho Pele | | Ta vo | ble A5 Budg te, standard | eted Capital Ex lassification a | penditure by nd funding | | CUR | RENT YE | AR | | ' | MEDIUM TERI | M REVENUE & | | |
| Description | 2015/16 Audited | | | 2016/17 | 2017/18 | 2018/19 | 2018/19 | 20 | 018/19 | 201 | 8/19 | 2019/20 | 2020/21 | 2021/22 | |
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjuste Budge | d Fu t Fo | II Year precast | Pre- outo | audit E come | Budget Year +0 | Budget Year +1 | Budget Year +2 | _ |
| Total Capital Expenditure - Functional | | | 1 184 089 | 1 281 272 | 1 330 245 | 1 753 142 | 1 912 | 300 | 912 300 | 19 | 912 300 | 1 736 481 | 1 903 674 | 2 024 448 | |
| Funded by: National Government Provincial Government District Municipality Other transfers and grants | | | 670 394 _ _ _ | 669 780 - - - | 834 431 _ _ _ | 803 900 - - | 807 : 9 (| 216 036 - | 807 216 9 036 – – | | 807 216 9 036 - - | 1 003 899 | 1 014 322 | 1 097 581 | |
| Transfers recognised - capital | | | 670 394 | 669 780 | 834 431 | 803 900 | 816 | 252 | 816 252 | 1 | 816 252 | 1 003 899 | 1 014 322 | 1 097 581 | - |
| Borrowing | | | 512 605 | 611 402 | 405 914 | 69 000 | 1.006 | - | - | | - | 69 582 | 189 352 | 176 867 | |
| Total Capital Funding | | | 1 184 089 | 1 281 272 | 1 330 245 | 1 753 142 | 1 912 | 300 ⁻ | 912 300 | 19 | 912 300 | 1 736 481 | 1 903 674 | 2 024 448 | |
| XYZ - City of Batho Pele | Table A7 Budgeted Cash Flows CURRENT YEAR MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORI | | | | | | | FRAMEWORK | | | | | | | |
| Description | 2015/16 | 2016/1 | 7 2017 | 18 2017/1 | 8 2018/ | 9 2018/ | 19 20 ⁻ | 18/19 | 2019/20 | | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 |
| R thousand | Audited Outcome | Audite Outcon | ed Audi ne Outco | ed AFS To | tals Origin Budg | al Adjust et Budg | ed Tre et Calc | asury ulation | Budget Ye +0 | ear T Ca | reasury Iculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | • | | | |
| Cash/cash equivalents at the year end: | 2 373 900 | 1 690 1 | 102 1 825 | 497 1 825 | 749 1 643 | 284 1 551 | 516 15 | 39 824 | 1 744 63 | 32 1 | 620 009 | 2 000 056 | 1 764 201 | 2 301 788 | 1 943 806 |

Ensuring a Budget is funded – Impact of Good/Bad Budgeting Practices

| XYZ - City of Batho Pele | Table A8 Cash I reserves/accum reconciliation | oacked ulated surplus | | C | URRENT YEAF | 8 | | MEDIUM TERM | /I REVENUE & E | XPENDITURE | FRAMEWORK | | |
|--|---|--------------------------|-----------|-----------|-------------|-------------|-------------|-------------|----------------|-------------|-------------|-------------|--|
| Description | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2018/19 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 | |
| | Audited | Audited | Audited | Original | Adjusted | Treasury | Budget Year | Treasury | Budget Year | Treasury | Budget Year | Treasury | |
| R thousand | Outcome | Outcome | Outcome | Budget | Budget | Calculation | +0 | Calculation | +1 | Calculation | +2 | Calculation | |
| Cash and investments available | | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 2 373 900 | 1 690 102 | 1 825 497 | 1 643 284 | 1 551 516 | 1 539 824 | 1 744 632 | 1 620 009 | 2 000 056 | 1 764 201 | 2 301 788 | 1 943 806 | |
| Total Application of cash and investments: | 275 211 | (128 776) | 163 636 | (271 276) | (266 616) | 324 151 | 198 229 | 498 717 | (41 789) | 424 364 | (182 748) | 471 863 | |
| Surplus(shortfall) | 2 098 689 | 1 818 878 | 1 661 861 | 1 914 560 | 1 818 132 | 1 215 673 | 1 546 403 | 1 121 292 | 2 041 846 | 1 339 838 | 2 484 536 | 1 471 943 | |
| | | | | | | | | | | | | | |



Ensuring a Budget is funded – Impact of Good/Bad Budgeting Practices





BALANCE SHEET & CASH FLOW BUDGETING

Presented by National Treasury: Chief Directorate Local Government Budget Analysis – December 2018





Department: National Treasury REPUBLIC OF SOUTH AFRICA

Methodology

Presented by National Treasury: Chief Directorate Local Government Budget Analysis – December 2018





Department: National Treasury

Uniform Budget Assessment Methodology

Funding Assessment on Table A8 reliant on accurate information on tables A4, A5, A6, A7 & A8 Currently - <u>un-reliable information on Tables A6, A7 & A8</u>

LGBA – need to:

- Provide a consistent assessment methodology and approach
- Provide a <u>methodology that eliminates incorrect information disclosed in A1 schedules</u> submitted by Municipalities – development of assessment tool

Methodology

- Start with audit info of previous financial year <u>audited AFS</u>
- Determine impact of current year adjustment budget on:
 - ✓ Financial Position (Table A6)
 - ✓<u>Cash Flow</u> (Table A7)
 - ✓ <u>Reconciliation of reserves/accumulated surplus</u> (Table A8)
- From this base then determine impact of MTREF on
 - ✓ Financial Position (Table A6)
 - ✓<u>Cash Flow</u> (Table A7)
 - ✓ <u>Reconciliation of reserves/accumulated surplus</u> (Table A8)



Tool uses a transaction matrix for each financial year to assess the impact of:

□ Table A4

Table A5

□ Table SA30 (Table A7) on the financial and cash flow positions of the municipality

| | 5 | | - | - | | | | | | | - | | | |
|--|------------|---------------------|-------------|----------|--------------------------------|------------------------------|------------------------|------------------|-------------------|------------------------|---|-----------|--------------------------|-----------|
| XYZ - Batho Pele Municipality | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | Curre | nt Assets F | 2'000 | | | | | |
| DETAIL CALCULATION OF CHANGES IN FINANCIAL POSITION AND CASH FLOW | Schedule | Financial Period | Calculation | Cash | Call investment deposits | Gross Consumer Debtors | Acc Debt Impairment | Other Debtors | VAT Receivable | Total Other Debtors | Current Portion of LT Receivables | Inventory | Long-term Receivables | LT Invest |
| Closing Balances AFS | | 2016/17 | | 13 | 173 123 | 3 580 517 | (3 165 499) | 52 855 | 80 190 | 133 045 | 169 | 142 291 | _ | 8 |
| Revenue by Source | | | | | | | (0.00.00) | | | | | | | |
| Property rates | B4 | 2017/18 | | | | 319 434 | | | | - | | | | |
| Service charges - electricity revenue | B4 | 2017/18 | | | | 2 032 113 | | | | - | | | | |
| Service charges - water revenue | B4 | 2017/18 | | | | 341 497 | | | | - | | | | |
| Service charges - sanitation revenue | B4 | 2017/18 | | | | 118 305 | | | | - | | | | |
| Service charges - refuse revenue | B4 | 2017/18 | | | | 114 755 | | | | - | | | | |
| Service charges - other | B4 | 2017/18 | | | | 239 | | 1 | | - | | | | |
| Rental of facilities and equipment | B4 | 2017/18 | | | | | | 10 333 | | 10 333 | | | | |
| Interest earned - external investments | B4 | 2017/18 | | 16 114 | | | | 1 | | - | | | | |
| Interest earned - outstanding debtors | B4 | 2017/18 | | | | 208 006 | | | | - | | | | |
| Dividends received | B4 | 2017/18 | | - | | | | | | - | | | | |
| Fines, penalties and forfeits | B4 | 2017/18 | | | | | | 1 713 | | 1 713 | | | | |
| Licences and permits | B4 | 2017/18 | | | | | | 9 115 | | 9 115 | | | | |
| Agency services | B4 | 2017/18 | | | | | | 20 453 | | 20 453 | | | | |
| Transfers and subsidies | B4 | 2017/18 | | 647 265 | | | | | | - | | | | |
| Other revenue | B4 | 2017/18 | | | | | | 92 665 | | 92 665 | | | | |
| Gains on disposal of PPE | B4 | 2017/18 | | | | | | | | - | | | | |
| Expenditure By Type | | | | | | | | | | | | | | |
| Employee related costs | B4 | 2017/18 | | | | | | | | - | | | | |
| Remuneration of councillors | B4 | 2017/18 | | | | | | | | - | | | | |
| Debt impairment | B4 | 2017/18 | | | | | (564 183) | (8 325) | | (8 325) | | | | |
| Depreciation & asset impairment | B4 | 2017/18 | | | | | | | | - | | | | |
| Finance charges | B4 | 2017/18 | | (61 565) | | | | | | - | | | | |
| Bulk purchases | B 4 | 2017/18 | | | | | | | | - | | | | |
| Other materials | B4 | 2017/18 | | | | | | | | - | | | | |
| Contracted services | B4 | 2017/18 | | | | | | | | - | | | | |
| Transfers and subsidies | B4 | 2017/18 | | (16 021) | | | | | | - | | | | |
| | | | | | | | 1 | | | | | | | |



Expansion of some columns in the transaction matrix:

Current assets

- Consumer debtors split into
 - Gross consumer debtors
 - Accumulated debt impairment
- □ Other Debtors split into three columns:
 - Other Debtors
 - VAT
 - Total other debtors

Non-current assets

- Investment property split into
 - Investment Property (Cost)
 - Accumulated Depreciation (Investment Property)
- PPE
 - PPE (Cost)
 - Accumulated Depreciation (PPE)
- Intangible Assets
 - Intangible Assets (Cost)
 - Accumulated Depreciation (Intangible Assets)



- First four columns consists of
 - Description of the various budget components that will have an impact on the Financial Position (horizontal dimension)
 - Appropriate schedule number
 - Financial year
 - Calculation/comment/information
- Budget schedules used are:
 - Table A4 & B4
 - Table A5 & B5
 - Table SA30 (Table A7) & Table SB15 (Table B7)
- □ Each column after the first four represents a line in the Financial Position (vertical dimension)
 - □ Each column starts with the opening balance from the audited AFS
 - Determine the impact of each budget component on assets and liabilities & cash (ensure application of double entry principle at all times)
 - After considering the impact of all budget components calculate the closing balance for each asset & liability Closing balance = opening balance + movement
 - □ Closing balance for assets & liabilities becomes the opening balance for the next financial year
 - Similar process is followed for each financial year
 - □ Funding tool re-calculate assets and liabilities



| XYZ - City of Batho Pele | | Table A6 Budgeted |
|---|---------|-------------------|
| | AFS | |
| Description | Note No | 2017/18 |
| R thousand | | Audited Outcome |
| ASSETS | | |
| Current assets | | |
| Cash | 16 | 165 104 |
| Call investment deposits | 16 | 1 660 393 |
| Gross Consumer debtors (use notes to AFS) | 13,15 | 1 868 293 |
| Accumulated Debt Impairment Consumer debtors (use notes to AFS) | 15 | (1 090 976) |
| Other debtors | 13,12 | 468 769 |
| VAT/Income Tax | 14 | 127 982 |
| Current partian of long form reasivables | | 590 / 52 |
| Inventory | 11 | 42 700 |
| Total current assats | | 3 242 355 |
| | | 5 242 555 |
| Non current assets | | |
| Long-term receivables | | - |
| Investments (If this investment is committed include in Table A8-ResRecon |) | - |
| Investment property - Cost (Use notes to AFS) | 3 | 427 563 |
| Investment property - Accumulated Depreciation (Use notes to AFS) | | - |
| Investment in associate | 7 | 121 008 |
| Property, plant and equipment - Cost (Use notes to AFS) | 4 | 37 470 840 |
| Property, plant and equipment - Accumulated Depreciation (Use notes to AFS) | | (19 280 113) |
| Biological assets | | - |
| Intangible assets - Cost (Use notes to AFS) | 5 | 49 659 |
| Intangible assets Accumulated Depreciation (Use notes to AFS) | | (30 775) |
| Other non current assets (Including Heritage Assets) | 6,8 | 50 382 |
| Total non current assets | | 18 808 564 |
| TOTAL ASSETS | | 22 050 919 |
| | | |
| | | |
| Current liabilities | | |
| Bank overdran | 10 | - E0 E70 |
| Consumer deposite | 19 | 52 572 |
| Pavables From Exchange Transactions | 20 | 1 028 167 |
| VAT Pavable | 24 | 1 020 107 |
| Unspent grants | 18 | 284 255 |
| Taxation | 49 | 204 200 |
| Other Pavables | 10 | , or |
| Total Trade & Other Pavables | | 1 313 124 |
| Provisions | | 223 387 |
| Total current liabilities | | 1 649 095 |
| | | |
| Non current liabilities | | |
| Borrowing | 19 | 345 554 |
| Provisions | 10,20 | 526 803 |
| Total non current liabilities | | 872 357 |
| TOTAL LIABILITIES | | 2 521 453 |
| | | |
| NET ASSETS | | 19 529 467 |
| | | |
| Accumulated surplus/(deficit) | | 10 /70 000 |
| Reserves | | 9 050 458 |
| Minorities' interests | | |
| TOTAL COMMUNITY WEALTH/EQUITY | | 19 529 466 |

| XYZ - City of Batho Pele | Cash Flow |
|---|-----------------------|
| Description R thousand | 2017/18 AFS Totals |
| CASH FLOW FROM OPERATING ACTIVITIES | |
| Receipts | |
| Property rates, penalties & collection charges | 972 680 |
| Service charges | 2 999 946 |
| Other revenue | |
| Government - operating | 888 572 |
| Government - capital | 930 588 |
| Interest | 176 012 |
| Dividends | - |
| Payments | |
| Suppliers and employees | (4 424 494) |
| Finance charges | (43 960) |
| Transfers and grants | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 1 499 345 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Receipts | |
| Proceeds on disposal of PPE | 14 288 |
| Decrease (increase) in non-current debtors | - |
| Decrease (increase) other non-current receivables | - |
| Decrease (increase) in non-current investments | - |
| Payments | |
| Capital assets | (1 330 344) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (1 316 056) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Receipts | |
| Short term loans | - |
| Borrowing long term/refinancing | - |
| Increase (decrease) in consumer deposits | - |
| Payments | |
| Repayment of borrowing | (47 642) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (47 642) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 135 647 |
| Cash/Cash equivalents at the year begin | 1 690 102 |
| Cash/Cash equivalents at the year end | 1 825 749 |

| XYZ - City of Batho Pele | Table A4 Budge (revenue and e | ated Financial P xpenditure) | erformance | | | CURRENT YEAR | | | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | | ASSUMPTIONS & CALCULATIONS | | | | | |
|--|----------------------------------|---------------------------------|--------------------|--------------------|--------------------|-------------------------|-----------------------|----------------------|---|-------------------------|-------------------|-------------------------|-------------------|-------------------------|----------------------------|--------------------|----------|----------|--|--|
| Description | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2021/22 | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Treasury Calculation | Full Year Forecast | Pre-audit outcome | Budget Year +0 | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation | % Change | Budget Assump % | % Change | % Change | % Change | |
| Revenue By Source | | | | | | | | | Ē | | | | | | | | | | | |
| Property rates | 872 354 | 858 852 | 972 680 | 1 421 961 | 1 417 161 | 1 417 161 | 1 417 161 | 1 417 161 | 1 552 051 | 1 552 051 | 1 676 215 | 1 676 215 | 1 766 731 | 1 766 731 | 45,7% | 9,00% | 9,5% | 8,0% | 5,4% | |
| Service charges - electricity revenue | 1 681 921 | 1 695 665 | 1 682 962 | 1 992 712 | 1 971 508 | 1 971 508 | 1 971 508 | 1 971 508 | 2 071 884 | 2 071 884 | 2 245 715 | 2 245 715 | 2 434 130 | 2 434 130 | 17,1% | 8,39% | 5,1% | 8,4% | 8,4% | |
| Service charges - water revenue | 494 638 | 452 690 | 440 830 | 563 043 | 563 043 | 563 043 | 563 043 | 563 043 | 583 149 | 583 149 | 629 800 | 629 800 | 691 836 | 691 836 | 27,7% | 9,40% | 3,6% | 8,0% | 9,8% | |
| Service charges - sanitation revenue | 295 347 | 233 728 | 304 905 | 322 143 | 322 143 | 322 143 | 322 143 | 322 143 | 363 587 | 363 587 | 392 674 | 392 674 | 413 878 | 413 878 | 5,7% | 9,40% | 12,9% | 8,0% | 5,4% | |
| Service charges - refuse revenue | 286 783 | 211 459 | 249 497 | 294 388 | 294 388 | 294 388 | 294 388 | 294 388 | 310 978 | 310 978 | 335 856 | 335 856 | 353 992 | 353 992 | 18,0% | 9,35% | 5,6% | 8,0% | 5,4% | |
| Rental of facilities and equipment | 16 583 | 16 424 | 15 882 | 17 563 | 17 563 | 17 563 | 17 563 | 17 563 | 19 214 | 19 214 | 20 732 | 20 732 | 21 851 | 21 851 | 10,6% | | 9,4% | 7,9% | 5,4% | |
| Interest earned - external investments | 154 706 | 148 011 | 126 690 | 140 961 | 140 631 | 140 631 | 140 631 | 140 631 | 109 196 | 109 196 | 113 564 | 113 564 | 120 378 | 120 378 | 11,0% | | -22,4% | 4,0% | 6,0% | |
| Interest earned - outstanding debtors | 32 661 | 50 425 | 49 322 | 41 807 | 54 405 | 54 405 | 54 405 | 54 405 | 59 465 | 59 465 | 64 162 | 64 162 | 67 627 | 67 627 | 10,3% | | 9,3% | 7,9% | 5,4% | |
| Dividends received | - | | | | - | - | - | - | í | - | | - | | - | | | | , | - | |
| Fines, penalties and forfeits | 5 594 | 16 896 | 23 698 | 16 591 | 16 591 | 16 591 | 16 591 | 16 591 | 18 134 | 18 134 | 19 567 | 19 567 | 20 624 | 20 624 | -30,0% | | 9,3% | 7,9% | 5,4% | |
| Licences and permits | 12 612 | 14 225 | 14 250 | 14 597 | 14 597 | 14 597 | 14 597 | 14 597 | 15 955 | 15 955 | 17 215 | 17 215 | 18 145 | 18 145 | 2,4% | | 9,3% | 7,9% | 5,4% | |
| Agency services | - | - | 25 683 | 31 270 | 30 528 | 30 528 | 30 528 | 30 528 | 33 096 | 33 096 | 35 711 | 35 711 | 37 639 | 37 639 | 18,9% | | 8,4% | 7,9% | 5,4% | |
| Transfers and subsidies | 1 334 131 | 1 304 827 | 1 359 944 | 1 471 673 | 1 508 546 | 1 508 546 | 1 508 546 | 1 508 546 | 1 654 549 | 1 654 549 | 1 802 873 | 1 802 873 | 1 977 140 | 1 977 140 | 10,9% | | 9,7% | 9,0% | 9,7% | |
| Other revenue | 274 870 | 274 544 | 231 063 | 188 513 | 199 716 | 199 716 | 199 716 | 199 716 | 180 751 | 180 751 | 195 030 | 195 030 | 205 562 | 205 562 | -13,6% | | -9,5% | 7,9% | 5,4% | |
| Gains on disposal of PPE | ↓ ↓ | ł | | ⊢ | | - | \vdash | ⊢ | └─── ┤ | - | i] | | └───┤ | - | | | | · | <u>· </u> | |
| Total Revenue (excluding capital transfers and contributions) | 5 462 201 | 5 277 747 | 5 497 405 | 6 517 222 | 6 550 819 | 6 550 819 | 6 550 819 | 6 550 819 | 6 972 008 | 6 972 008 | 7 549 115 | 7 549 115 | 8 129 533 | 8 129 533 | 19,2% | | 6,4% | 8,3% | 7,7% | |
| Expenditure By Type | | | | | | | | 1 | i | | | | | | | | | | | |
| Employee related costs | 1 411 212 | 1 627 383 | 1 838 345 | 1 961 118 | 2 008 166 | 2 008 166 | 2 008 166 | 2 008 166 | 2 235 469 | 2 235 469 | 2 384 127 | 2 384 127 | 2 542 672 | 2 542 672 | 9.2% | 6.7% | 11.3% | 6.7% | 6.7% | |
| Remuneration of councillors | 53 845 | 55 482 | 60 373 | 65 035 | 64 185 | 64 185 | 64 185 | 64 185 | 68 485 | 68 485 | 73 040 | 73 040 | 77 897 | 77 897 | 6.3% | 0,170 | 6.7% | 6.7% | 6.6% | |
| Debt impairment | 210 111 | 203 883 | 310 385 | 343 696 | 343 336 | 479 805 | 343 336 | 343 336 | 366 124 | 510 469 | 396 020 | 552 092 | 424 543 | 591 422 | 10.6% | | 6.6% | 8.2% | 7.2% | |
| Depreciation & asset impairment | 857 419 | 807 459 | 992 860 | 896 426 | 896 290 | 896 290 | 896 290 | 896 290 | 931 709 | 931 709 | 1 027 428 | 1 027 428 | 1 132 582 | 1 132 582 | -9.7% | | 4.0% | 10.3% | 10.2% | |
| Finance charges | 63 335 | 49 359 | 43 960 | 59 818 | 39 013 | 39 013 | 39 013 | 39 013 | 41 000 | 41 000 | 57 000 | 57 000 | 73 000 | 73 000 | -11,3% | | 5,1% | 39,0% | 28,1% | |
| Bulk purchases | 1 426 744 | 1 558 514 | 1 552 488 | 1 698 510 | 1 694 310 | 1 694 310 | 1 694 310 | 1 694 310 | 1 847 572 | 1 847 572 | 1 996 596 | 1 996 596 | 2 110 321 | 2 110 321 | 9,1% | | 9,0% | 8,1% | 5,7% | |
| Other materials | - | - | 83 309 | 86 376 | 81 054 | 81 054 | 81 054 | 81 054 | 71 639 | 71 639 | 75 765 | 75 765 | 79 894 | 79 894 | -2,7% | | -11,6% | 5,8% | 5,4% | |
| Contracted services | _ | 1 036 | 681 242 | 857 589 | 809 265 | 809 265 | 809 265 | 809 265 | 833 397 | 833 397 | 930 254 | 930 254 | 1 046 947 | 1 046 947 | 18,8% | | 3,0% | 11,6% | 12,5% | |
| Transfers and subsidies | 240 922 | 43 173 | 41 840 | 60 526 | 62 426 | 62 426 | 62 426 | 62 426 | 51 875 | 51 875 | 54 294 | 54 294 | 56 896 | 56 896 | 49,2% | | -16,9% | 4,7% | 4,8% | |
| Other expenditure | 1 253 861 | 1 204 962 | 455 693 | 484 205 | 548 816 | 548 816 | 548 816 | 548 816 | 523 946 | 523 946 | 553 720 | 553 720 | 583 822 | 583 822 | 20,4% | | -4,5% | 5,7% | 5,4% | |
| Loss on disposal of PPE | 500 | 36 365 | 2 499 | | | - | | 1 | | - | | - | | - | -100,0% | | | | - | |
| Total Expenditure | 5 517 949 | 5 587 617 | 6 062 994 | 6 513 298 | 6 546 861 | 6 683 330 | 6 546 861 | 6 546 861 | 6 971 215 | 7 115 561 | 7 548 243 | 7 704 316 | 8 128 575 | 8 295 454 | 8,0% | | 6,5% | 8,3% | 7,7% | |
| | | | | | | 763 779 | | 1 | 1 | 788 156 | | 872 227 | | 966 662 | | | | | | |
| Surplus/(Deficit) | (55 748) | (309 870) | (565 590) | 3 924 | 3 958 | (132 511) | 3 958 | 3 958 | 792 | (143 553) | 872 | (155 201) | 959 | (165 921) | -100,7% | | -80,0% | 10,0% | 10,0% | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 670 394 | 669 780 | 930 588 | 803 900 | 816 252 | 816 252 | 816 252 | 816 252 | 1 004 399 | 1 003 899 | 1 014 322 | 1 014 322 | 1 097 581 | 1 097 581 | -12,3% | | 23,1% | 1,0% | 8,2% | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) Transfers and subsidies - capital (in-kind - all) Surplus/(Deficit) after capital transfers & contributions | - 614 646 | - 359 911 | - 364 998 | - 807 825 | - 820 210 | 683 741 | - 820 210 | - 820 210 | - 1 005 191 | - - 860 346 | - 1 015 193 | _ _ 859 121 | - 1 098 540 | - - 931 660 | - - 124,7% | | | · · | - | |

| XYZ - City of Batho Pele | Table A6 Budg | geted Financial | Position | | | | CURRENT YEAR | | | | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | |
|--|--------------------|--------------------|--------------------|------------|--------------------|--------------------|-------------------------|-----------------------|----------------------|-------------------|---|-------------------|-------------------------|-------------------|-------------------------|--|
| Deceristics | 2015/16 | 2016/17 | 2047/49 | 2017/19 | 2018/10 | 2018/10 | 2018/10 | 2049/40 | 2018/10 | 2010/20 | 2010/20 | 2020/24 | 2020/21 | 2024/22 | 2021/22 | |
| Description | 2013/10 | 2010/11 | 2017/10 | 2017/10 | 2010/19 | 2010/19 | 2010/15 | 2010/15 | 2010/13 | 2013/20 | 2013/20 | 2020/21 | 2020/21 | LVLIILL | 2021/22 | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | AFS Totals | Original Budget | Adjusted Budget | Treasury Calculation | Full Year Forecast | Pre-audit outcome | Budget Year +0 | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation | |
| ASSETS | | | | | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | | | | | |
| Cash | 222 736 | 24 591 | 165 104 | 165 104 | 80 155 | 80 155 | - | 80 155 | 80 155 | 80 155 | 80 185 | 80 500 | 224 378 | 80 700 | 403 983 | |
| Call investment deposits | 2 151 164 | 1 665 511 | 1 660 393 | 1 660 393 | 1 563 129 | 1 471 362 | 1 539 824 | 1 471 362 | 1 471 362 | 1 664 478 | 1 539 824 | 1 919 556 | 1 539 824 | 2 221 088 | 1 539 824 | |
| Consumer debtors | 448 053 | 456 548 | 508 985 | 777 317 | 937 997 | 937 637 | 777 317 | 937 637 | 937 637 | 798 270 | 777 317 | 964 895 | 777 317 | 1 148 181 | 777 317 | |
| Other debtors | 804 824 | 810 770 | 865 083 | 596 752 | 880 000 | 880 000 | 468 769 | 880 000 | 880 000 | 968 000 | 468 769 | 1 064 800 | 468 769 | 1 171 280 | 468 769 | |
| Current portion of long-term receivables | 2 930 | - | - | _ | 19 | 19 | _ | 19 | 19 | | _ | | _ | | - | |
| Inventory | 36 030 | 38 570 | 42 790 | 42 790 | 128 841 | 128 841 | 42 790 | 128 841 | 128 841 | 47 069 | 42 790 | 51 775 | 42 790 | 56 953 | 42 790 | |
| Total current assets | 3 665 738 | 2 995 990 | 3 242 355 | 3 242 355 | 3 590 140 | 3 498 013 | 2 828 699 | 3 498 013 | 3 498 013 | 3 557 971 | 2 908 885 | 4 081 526 | 3 053 077 | 4 678 202 | 3 232 682 | |
| | | | | | | | | | | | | | | | | |
| Non current assets | | | | | | | | | | | | | | | | |
| l ong-term receivables | 69.018 | - | _ | _ | 80 | 80 | _ | 80 | 80 | | - | | _ | | _ | |
| Investments | - | - | _ | _ | - | - | _ | - | - | | _ | | _ | | _ | |
| Investment property | 342 030 | 396 276 | 427 563 | 427 563 | 486 233 | 486 233 | 427 563 | 486 233 | 486 233 | 534 856 | 427 563 | 588 342 | 427 563 | 647 176 | 427 563 | |
| Investment in Associate | 112 292 | 109 474 | 121 008 | 121 008 | 109 020 | 109 020 | 121 008 | 109 020 | 109 020 | 133 109 | 121 008 | 146 420 | 121 008 | 161 062 | 121 008 | |
| Property plant and equipment | 12 974 903 | 15 705 107 | 18 190 726 | 18 190 726 | 19 381 893 | 19 541 187 | 19 206 736 | 19 541 187 | 19 541 187 | 20 042 719 | 20 011 508 | 20 899 683 | 20 887 754 | 21 772 750 | 21 779 619 | |
| r lopoly, plant and equipmont | 12 01 4 000 | 10 100 101 | 10 100 120 | 10 100 120 | 10 001 000 | 10 041 101 | 10 200 100 | 10 041 101 | 10 041 101 | 20 042 110 | 20 011 000 | 20 000 000 | 20 001 104 | 21112100 | 21110010 | |
| Biological | - | - | | - | - | - | - | - | - | | - | | - | | - | |
| Intangible | 85 956 | 7 073 | 18 884 | 18 884 | 12 029 | 12 029 | 18 884 | 12 029 | 12 029 | 20 773 | 18 884 | 22 850 | 18 884 | 25 135 | 18 884 | |
| Other non-current assets | 49 633 | 49 844 | 50 382 | 50 382 | 100 038 | 100 038 | 50 382 | 100 038 | 100 038 | 55 420 | 50 382 | 110 042 | 50 382 | 110 042 | 50 382 | |
| Total non current assets | 13 633 832 | 16 267 774 | 18 808 564 | 18 808 564 | 20 089 293 | 20 248 587 | 19 824 574 | 20 248 587 | 20 248 587 | 20 786 878 | 20 629 346 | 21 767 337 | 21 505 592 | 22 716 166 | 22 397 457 | |
| TOTAL ASSETS | 17 299 570 | 19 263 763 | 22 050 919 | 22 050 919 | 23 679 433 | 23 746 600 | 22 653 273 | 23 746 600 | 23 746 600 | 24 344 849 | 23 538 231 | 25 848 863 | 24 558 669 | 27 394 368 | 25 630 139 | |
| LIABILITIES | | | | | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | | | | | |
| Bank overdraft | | | | - | | | - | | | | - | | - | | - | |
| Borrowing | 50 709 | 47 642 | 52 572 | 52 572 | 59 667 | 57 974 | 56 849 | 57 974 | 57 974 | 56 849 | 51 256 | 51 256 | 59 023 | 59 023 | _ | |
| Consumer deposits | 53 708 | 57 321 | 60 013 | 60 013 | 71 941 | 71 941 | 60 013 | 71 941 | 71 941 | 79 135 | 60 013 | 87 048 | 60 013 | 95 753 | 60 013 | |
| Trade and other payables | 1 292 355 | 1 018 313 | 1 313 124 | 1 313 124 | 1 060 015 | 1 060 015 | 1 284 309 | 1 060 015 | 1 060 015 | 1 443 654 | 1 296 187 | 1 409 232 | 1 319 409 | 1 533 640 | 1 341 374 | |
| Provisions | 191 830 | 186 724 | 223 387 | 223 387 | 203 354 | 203 354 | 203 354 | 203 354 | 203 354 | 244 792 | 244 792 | 269 272 | 269 272 | 296 199 | 296 199 | |
| Total current liabilities | 1 588 602 | 1 310 000 | 1 649 095 | 1 649 095 | 1 394 977 | 1 393 284 | 1 604 525 | 1 393 284 | 1 393 284 | 1 824 430 | 1 652 248 | 1 816 808 | 1 707 715 | 1 984 615 | 1 697 586 | |
| | | | | | | (20 033) | | | | 41 438 | | 24 479 | | 26 927 | | |
| Non current liabilities | | | | | | (, | | | | | | | | | | |
| Borrowing | 445 768 | 398 126 | 345 554 | 345 554 | 355 516 | 287 581 | 288 705 | 287 581 | 287 581 | 246 225 | 307 031 | 421 514 | 437 360 | 563 321 | 614 226 | |
| Provisions | 498 372 | 517 066 | 526 803 | 526 803 | 797 489 | 797 489 | 546 836 | 797 489 | 797 489 | 579 483 | 505 398 | 637 432 | 480 919 | 701 175 | 453 992 | |
| Total non current liabilities | 944 139 | 915 192 | 872 357 | 872 357 | 1 153 005 | 1 085 069 | 835 541 | 1 085 069 | 1 085 069 | 825 708 | 812 429 | 1 058 946 | 918 278 | 1 264 496 | 1 068 218 | |
| TOTAL LIABILITIES | 2 532 742 | 2 225 192 | 2 521 453 | 2 521 453 | 2 547 982 | 2 478 353 | 2 440 066 | 2 478 353 | 2 478 353 | 2 650 138 | 2 464 677 | 2 875 754 | 2 625 994 | 3 249 110 | 2 765 804 | |
| | | | 2 021 100 | | 2011 002 | 2 | | 2 | 2 | 2 000 100 | | 20.0.01 | | 02.0.10 | 2.0000 | |
| NET ASSETS | 14 766 828 | 17 038 571 | 19 529 466 | 19 529 467 | 21 131 451 | 21 268 247 | 20 213 208 | 21 268 247 | 21 268 247 | 21 694 711 | 21 073 554 | 22 973 109 | 21 932 675 | 24 145 258 | 22 864 335 | |
| | | | | | | | | | | | | | | | | |
| | 10 100 000 | 10.110.175 | 10 170 000 | 10 170 000 | 17 000 000 | 17 507 655 | 00.040.007 | 17 507 007 | 17 507 607 | 11 700 000 | 04 070 | 10,000,000 | 04 000 077 | 10 000 000 | 00.004.000 | |
| Accumulated Surplus/(Deficit) | 10 152 888 | 10 113 472 | 10 479 009 | 10 479 009 | 17 390 299 | 17 527 095 | 20 213 207 | 17 527 095 | 17 527 095 | 11 739 208 | 21 073 554 | 12 022 056 | 21 932 675 | 12 099 099 | 22 864 335 | |
| Reserves | 4 613 941 | 6 925 099 | 9 050 458 | 9 050 458 | 3 741 152 | 3 741 152 | - | 3 741 152 | 3 741 152 | 9 955 503 | - | 10 951 054 | - | 12 046 159 | - | |
| Minority Interest | | | | _ | | | _ | | | | _ | | _ | | _ | |
| TOTAL COMMUNITY WEALTH/EQUITY | 14 766 828 | 17 038 571 | 19 529 466 | 19 529 466 | 21 131 451 | 21 268 247 | 20 213 207 | 21 268 247 | 21 268 247 | 21 694 711 | 21 073 554 | 22 973 109 | 21 932 675 | 24 145 258 | 22 864 335 | |

| XYZ - City of Batho Pele | Table A7 Budg | jeted Cash Flov | vs | | | CURRENT YEAF | 2 | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | |
|---|--------------------|--------------------|--------------------|-------------|--------------------|--------------------|-------------------------|---|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
| Description | 2015/16 | 2016/17 | 2017/18 | 2017/18 | 2018/19 | 2018/19 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | AFS Totals | Original Budget | Adjusted Budget | Treasury Calculation | Budget Year +0 | Treasury Calculation | Budget Year +1 | Treasury Calculation | Budget Year +2 | Treasury Calculation |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | | |
| Property rates | 872 354 | 858 852 | 972 680 | 972 680 | 1 315 314 | 1 310 874 | 1 275 445 | 1 435 647 | 1 396 846 | 1 550 499 | 1 508 594 | 1 634 226 | 1 590 058 |
| Service charges | 2 758 689 | 2 593 542 | 2 678 192 | 2 999 946 | 2 934 363 | 2 914 750 | 2 884 937 | 3 079 877 | 3 050 156 | 3 333 742 | 3 301 387 | 3 601 799 | 3 565 317 |
| Other revenue | (17 288) | 540 205 | 321 754 | - | 248 395 | 258 070 | 261 455 | 247 114 | 250 793 | 266 636 | 270 605 | 281 034 | 285 218 |
| Government - operating | 963 670 | 894 796 | 888 572 | 888 572 | 1 471 673 | 1 508 546 | 1 508 546 | 1 654 549 | 1 654 549 | 1 802 873 | 1 802 873 | 1 977 140 | 1 977 140 |
| Government - capital | 670 394 | 669 780 | 930 588 | 930 588 | 803 900 | 816 252 | 803 900 | 1 004 399 | 1 003 899 | 1 014 322 | 1 014 322 | 1 097 581 | 1 097 581 |
| Interest | 187 368 | 198 437 | 176 012 | 176 012 | 182 768 | 195 036 | 140 631 | 168 661 | 109 196 | 177 726 | 113 564 | 188 005 | 120 378 |
| Dividends | - | - | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | | |
| Suppliers and employees | (3 736 460) | (5 071 556) | (4 385 163) | (4 424 494) | (5 152 832) | (5 205 796) | (5 222 259) | (5 580 508) | (5 568 630) | (6 013 502) | (5 990 280) | (6 441 553) | (6 419 587) |
| Finance charges | (63 335) | (49 359) | (43 960) | (43 960) | (59 818) | (39 013) | (39 013) | (41 000) | (41 000) | (57 000) | (57 000) | (73 000) | (73 000) |
| Transfers and Grants | (240 922) | (43 173) | (39 330) | - | (60 526) | (62 426) | (62 426) | (51 875) | (51 875) | (54 294) | (54 294) | (56 896) | (56 896) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 1 394 471 | 591 524 | 1 499 345 | 1 499 345 | 1 683 238 | 1 696 293 | 1 551 216 | 1 916 864 | 1 803 933 | 2 021 002 | 1 909 771 | 2 208 335 | 2 086 208 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | | |
| Proceeds on disposal of PPE | 10 928 | 56 169 | 14 288 | 14 288 | - | _ | _ | _ | - | _ | _ | _ | _ |
| Decrease (Increase) in non-current debtors | _ | _ | | _ | - | _ | 127 982 | 110 000 | 110 000 | 125 000 | 125 000 | 132 000 | 132 000 |
| Decrease (increase) other non-current receivables | 27 | - | | - | - | _ | _ | _ | - | - | - | _ | _ |
| Decrease (increase) in non-current investments | - | - | | - | - | _ | - | - | - | - | - | - | _ |
| Payments | | | | | | | | | | | | | |
| Capital assets | (1 180 721) | (1 280 782) | (1 330 596) | (1 330 344) | (1 753 142) | (1 912 300) | (1 912 300) | (1 736 481) | (1 736 481) | (1 903 674) | (1 903 674) | (2 024 448) | (2 024 448) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (1 169 766) | (1 224 613) | (1 316 308) | (1 316 056) | (1 753 142) | (1 912 300) | (1 784 318) | (1 626 481) | (1 626 481) | (1 778 674) | (1 778 674) | (1 892 448) | (1 892 448) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | | |
| Short term loans | - | - | | - | - | _ | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | - | - | | - | 69 000 | - | - | 69 582 | 69 582 | 189 352 | 189 352 | 176 867 | 176 867 |
| Increase (decrease) in consumer deposits | - | - | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | | |
| Repayment of borrowing | (49 602) | (50 709) | (47 642) | (47 642) | (59 667) | (57 974) | (52 572) | (56 849) | (56 849) | (51 256) | (51 256) | (59 023) | (59 023) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (49 602) | (50 709) | (47 642) | (47 642) | 9 333 | (57 974) | (52 572) | 12 733 | 12 733 | 138 096 | 138 096 | 117 844 | 117 844 |
| NET INCREASE/ (DECREASE) IN CASH HELD | 175 103 | (683 798) | 135 395 | 135 647 | (60 571) | (273 980) | (285 673) | 303 116 | 190 185 | 380 424 | 269 193 | 433 732 | 311 605 |
| Cash/cash equivalents at the year begin: | 2 198 797 | 2 373 900 | 1 690 102 | 1 690 102 | 1 703 855 | 1 825 497 | 1 825 497 | 1 551 516 | 1 539 824 | 1 744 632 | 1 730 009 | 2 000 056 | 1 999 201 |
| Cash/cash equivalents at the year end | 2 373 900 | 1 690 102 | 1 825 497 | 1 825 749 | 1 643 284 | 1 551 516 | 1 530 824 | 1 854 632 | 1 730 009 | 2 1 2 5 0 5 6 | 1 000 201 | 2 433 788 | 2 310 806 |

| XYZ - City of Batho Pele | Table A8 Cash backed reserves/accumulated surplus reconciliation | | | CURRENT YEAR | | MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK | | | | | | |
|---|--|-----------|------------|--------------|-----------|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Description | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2018/19 | 2018/19 | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 |
| | Audited | Audited | Audited | Original | Adjusted | Treasury | Budget Year | Treasury | Budget Year | Treasury | Budget Year | Treasury |
| R thousand | Outcome | Outcome | Outcome | Budget | Budget | Calculation | +0 | Calculation | +1 | Calculation | +2 | Calculation |
| Cash and investments available | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 2 373 900 | 1 690 102 | 1 825 497 | 1 643 284 | 1 551 516 | 1 539 824 | 1 854 632 | 1 730 009 | 2 125 056 | 1 999 201 | 2 433 788 | 2 310 806 |
| Other current investments > 90 days | - | - | - | (0) | - | - | - | - | - | - | - | - |
| Non current assets - Investments | - | - | - | _ | - | - | - | - | - | - | - | - |
| Cash and investments available: | 2 373 900 | 1 690 102 | 1 825 497 | 1 643 284 | 1 551 516 | 1 539 824 | 1 744 632 | 1 730 009 | 2 000 056 | 1 999 201 | 2 301 788 | 2 310 806 |
| | | | | | | | | | | | | |
| Application of cash and investments | | | | | | | | | | | | |
| Unspent conditional transfers | 211 266 | 252 319 | 284 255 | 150 137 | 150 137 | 226 203 | 312 670 | 226 203 | 165 150 | 226 203 | 165 150 | 226 203 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | (101.100) | (557 500) | (000.00.0) | (757 500) | (750.040) | (24 629) | (101.100) | (22 389) | (044.000) | (24 664) | (750.050) | (26 058) |
| Other working capital requirements | (121 169) | (557 588) | (332 834) | (757 508) | (752 848) | (80 777) | (484 163) | 29 332 | (611 999) | 165 054 | (752 958) | 305 820 |
| Other provisions | 185 113 | 176 492 | 212 216 | 336 095 | 336 095 | 203 354 | 369 722 | 364 572 | 405 059 | 269 272 | 405 059 | 296 199 |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 075.044 | (400 770) | 400.000 | (074.070) | (000.040) | - | 400.000 | - | (44 700) | - | (400 740) | - |
| Total Application of cash and investments: | 275 211 | (128 776) | 163 636 | (271 276) | (266 616) | 324 151 | 198 229 | 597 717 | (41 789) | 635 864 | (182 748) | 802 163 |
| Surplus(snortfall) | 2 098 689 | 1 818 878 | 1 661 861 | 1 914 560 | 1 818 132 | 1 215 6/3 | 1 546 403 | 1 132 292 | 2 041 846 | 1 363 338 | 2 484 536 | 1 508 643 |
| | | | | | | | | | | | | |
| <u>Other working capital requirements</u> Debtors | 1 202 258 | 1 322 879 | 1 361 001 | 1 667 386 | 1 662 726 | 1 138 883 | 1 615 146 | 1 040 652 | 1 856 081 | 928 152 | 2 121 448 | 809 352 |
| Creditors due | 1 081 089 | 765 291 | 1 028 167 | 909 878 | 909 878 | 1 058 106 | 1 130 983 | 1 069 984 | 1 244 082 | 1 093 206 | 1 368 490 | 1 115 172 |
| Total | 121 169 | 557 588 | 332 834 | 757 508 | 752 848 | 80 777 | 484 163 | (29 332) | 611 999 | (165 054) | 752 958 | (305 820) |
| Debtors collection assumptions | | | | | | | | | | | | |
| Balance outstanding - debtors | 1 321 895 | 1 267 318 | 1 374 069 | 1 818 077 | 1 817 717 | 1 246 086 | 1 766 270 | 1 136 086 | 2 029 695 | 1 011 086 | 2 319 461 | 879 086 |
| Estimate of debtors collection rate - Rates & Serv Charges | 90,9% | 104,4% | 99,0% | 91,7% | 91,5% | 90,0% | 91,4% | 90,0% | 91,4% | 90,0% | 91,5% | 90,0% |
| Weighted Estimate of Other Debtors collection rate - Treasury | Calculation | | | | | 93,7% | | 93,9% | | 93,9% | | 93,9% |

Methodology – Balance Sheet Budgeting: Working Capital - Debtors

| XYZ - City of Batho Pele | 2018/19 | | 2019/20 | | 2020/21 | | 2021/22 | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| CONSUMER DEBTORS | | | | | | | | |
| Consumer Debtors & Collection Rate | 90,0% | 10,0% | 90,0% | 10,0% | 90,0% | 10,0% | 90,0% | 10,0% |
| Gross Consumer debtors Opening Balance | 1 868 293 | | 2 330 558 | | 2 714 669 | | 3 124 111 | |
| Accumulated Debt Impairment Consumer debtors Opening Balance | | (1 090 976) | | (1 553 241) | | (2 047 352) | | (2 581 794) |
| Property rates | 1 417 161 | | 1 552 051 | | 1 676 215 | | 1 766 731 | |
| Service charges - electricity revenue | 1 971 508 | | 2 071 884 | | 2 245 715 | | 2 434 130 | |
| Service charges - water revenue | 563 043 | | 583 149 | | 629 800 | | 691 836 | |
| Service charges - sanitation revenue | 322 143 | | 363 587 | | 392 674 | | 413 878 | |
| Service charges - refuse revenue | 294 388 | | 310 978 | | 335 856 | | 353 992 | |
| Interest earned - outstanding debtors | 54 405 | | 59 465 | | 64 162 | | 67 627 | |
| Debt impairment | | (462 265) | | (494 111) | | (534 442) | | (572 819) |
| Receipts - Property rates | (1 275 445) | | (1 396 846) | | (1 508 594) | | (1 590 058) | |
| Receipts Service charges | (2 884 937) | | (3 050 156) | | (3 301 387) | | (3 565 317) | |
| Decrease /Increase in non-current debtors (Info from Table A7) | - | | (110 000) | | (125 000) | | (132 000) | |
| Closing Balance - Consumer Debtors | 2 330 558 | (1 553 241) | 2 714 669 | (2 047 352) | 3 124 111 | (2 581 794) | 3 564 931 | (3 154 614) |
| OTHER DEBTORS | | | | | | | | |
| Other Debtors & Collection Rate (Weighted Average Collection) | 93,7% | 6,3% | 93,9% | 6,1% | 93,9% | 6,1% | 93,9% | 6,1% |
| Gross debtors Opening Balance | 468 769 | | 486 310 | (17 540) | 502 667 | (33 898) | 520 317 | (51 547) |
| Fines, penalties and forfeits | 16 591 | | 18 134 | | 19 567 | | 20 624 | |
| Other Revenue | 262 404 | | 249 016 | | 268 688 | | 283 197 | |
| Debt Impairment | | (17 540) | | (16 357) | | (17 650) | | (18 603) |
| Receipts | (261 455) | | (250 793) | 1 | (270 605) | | (285 218) | |
| Closing Balance - Other Debtors | 486 310 | (17 540) | 502 667 | (33 898) | 520 317 | (51 547) | 538 919 | (70 150) |
| Long Term Receivables | | | | | | | | |
| Long Term Receivables Opening Balance | - | | - | | - | | - | |
| Decrease (increase) other non-current receivables (Info from Table A7) | - | | - | | - | | - | |
| Closing Balance - Long Term Receivables | | | - | | - | | - | |
| | | | | | | | | |
| Debtors for Working Capital Calculation - Summary | | | | | | | | |
| Net Consumer Debtors | 777 317 | | 667 317 | | 542 317 | | 410 317 | |
| Other Debtors | 468 769 | | 468 769 | | 468 769 | | 468 769 | |
| Long Term Receivables | - | | - | | - | | - | |
| Short Term Portion of LT Receivables (From Table A6) | - | | - | | - | | - | |
| Debtors Balance - Net debtors after provision for debt impairment | 1 246 086 | | 1 136 086 | | 1 011 086 | | 879 086 | |
| Debtors for Working Capital (adjusted by collection Rate) | 1 138 883 | | 1 040 652 | | 928 152 | | 809 352 | |

Methodology – Balance Sheet Budgeting: Working Capital - Creditors

| Creditors due | | | | | |
|--|-------------|-------------|-------------|---------------|--|
| Trade and other payables Opening Balance | 1 028 167 | 1 058 106 | 1 069 984 | 1 093 206 | |
| Employee related costs | 2 008 166 | 2 235 469 | 2 384 127 | 2 542 672 | |
| Remuneration of councillors | 64 185 | 68 485 | 73 040 | 77 897 | |
| Bulk purchases | 1 694 310 | 1 847 572 | 1 996 596 | 2 110 321 | |
| Other materials | 81 054 | 71 639 | 75 765 | 79 894 | |
| Contracted services | 809 265 | 833 397 | 930 254 | 1 046 947 | |
| Other expenditure | 548 816 | 523 946 | 553 720 | 583 822 | |
| Payment of Creditors (100% payment within 30 Day - Max Accrual 30 days = 8.33% included) | (5 175 857) | (5 568 630) | (5 990 280) |) (6 419 587) | |
| Payment towards arrear creditors/Accrual Adjustments | - | - | - | - | |
| Closing Balance | 1 058 106 | 1 069 984 | 1 093 206 | 1 115 172 | |
| Adjustment for % To Be Cash Backed | - | - | - | - | |
| Adjusted Closing Balance | 1 058 106 | 1 069 984 | 1 093 206 | 1 115 172 | |
| Other Payables Closing Balance | _ | - | - | - | |
| Creditors for Working Capital | 1 058 106 | 1 069 984 | 1 093 206 | 1 115 172 | |

| CALCULATION OF PAYMENTS SUPPLIERS & EMPLOYEES - TABLE A7 | | | | |
|--|-------------|-------------|-------------|-------------|
| Employee related costs | (2 008 166) | (2 235 469) | (2 384 127) | (2 542 672) |
| Remuneration of councillors | (64 185) | (68 485) | (73 040) | (77 897) |
| Bulk purchases | (1 694 310) | (1 847 572) | (1 996 596) | (2 110 321) |
| Other materials | (81 054) | (71 639) | (75 765) | (79 894) |
| Contracted services | (809 265) | (833 397) | (930 254) | (1 046 947) |
| Other expenditure | (548 816) | (523 946) | (553 720) | (583 822) |
| Accrual to be Paid from previous FY | (230 137) | (260 076) | (271 954) | (295 176) |
| Accrual to be Paid in next FY | 260 076 | 271 954 | 295 176 | 317 142 |
| Sub Total - Trade Payables | (5 175 857) | (5 568 630) | (5 990 280) | (6 419 587) |
| Payment towards arrear Creditors/Accrual Adjustments | - | - | - | - |
| Annual Contribution to Provisions - Adjust for non-cash item | - | - | - | - |
| Transfers and subsidies - Adjust for non-cash transfers made by the municipality | - | - | - | - |
| Other Creditors - Payment of VAT & Taxation | (702) | - | - | - |
| Repayment of Conditional Grants | (45 700) | | | |
| Total Payments to Suppliers & Employees | (5 222 259) | (5 568 630) | (5 990 280) | (6 419 587) |



Expansion of some columns in the transaction matrix:

Current Liabilities

- Payables From Exchange Transactions
 - Payables From Exchange Transactions (Trade Payables)
 - VAT Payable
 - Unspent grants
 - Taxation
 - Other Payables
 - Total Trade and other payables



Assumptions from the audited AFS – Financial Position

- Current assets
 - VAT & Taxation due to the municipality will be received in following financial year limited to a maximum of the asset in the Financial Position
 - Current portion of LT Receivables will be received in the following financial year limited to a maximum of the asset in the Financial Position
- Current Liabilities
 - ST portion of Borrowing will be paid in the following financial year limited to a maximum of the liability in the Financial Position
 - VAT & Taxation due by the municipality will be paid in following financial year limited to a maximum of the liability in the Financial Position
- Budget assumptions Operating & Capital Budget
 - OPEX & CAPEX Budgets will be spent 100% (is budget funded if implemented 100%)
 - Debt impairment will be provided on Table A4 in line with the anticipated collection rate
 - Creditors for the each budget year will be paid in full after accrual for creditors at financial year-end has been made
 - Borrowing will be drawn down as budgeted for each year
 - If cash outflows exceed the inflow short term investments will be redeemed to prevent a
 potential bank overdraft position



Table A4 consists of a number of cash & non-cash entries

<u>Revenue</u>

Cash Entries

Entries processed through billing system

Revenue: Billing Consumer Debtors

- Rates
- Service charges.
- Interest earned outstanding debtors

Revenue: Billing Other Debtors

- Rental of facilities
- Fines penalties & forfeits.
- Licences & permits
- Agency services
- Other revenue

Entries processed through direct receipts over the counter

- Interest earned ext. investments
- Dividends

Dr Gross Consumer debtors Cr Accumulated Surplus A6 (Revenue on A4)

Dr Other debtors

Cr Accumulated Surplus A6 (Revenue on A4)

Dr Cash

Cr Accumulated Surplus A6 (Revenue on A4)



Entries processed through direct receipts over the counter

Transfers & subsidies OPEX

- Dr Cash (amount on table A4 less value of roll-over)
- Dr Unspent Grants (value of roll-over)

Cr Accumulated Surplus A6 (Revenue on A4)

(This could include approved roll-overs for operational expenditure in the total in Table B4 – The roll-over component should form part of unspent grants and should be included in cash & cash equivalents from previous year and accordingly it should not be receipted as a cash inflow in the Cash Flow Statement)

<u>Revenue</u>

Non-Cash Entries

Gains on disposal of PPE

Dr PPE

Cr Accumulated Surplus A6 (Revenue on A4)



Expenditure

Cash Expenditure

Creditors Accrual

- Employee related Expenditure
- Remuneration of councillors
- Bulk purchases
- Other materials
- Contracted services
- Other Expenditure

Expenditure

Cash Expenditure

Direct Payments

- Finance charges
- Transfers & subsidies

Dr Accumulated Surplus A6 (Expenditure on A4) Cr Payables from exchange transaction

Dr Accumulated Surplus A6 (Expenditure on A4) Cr Cash

(Transfers could include could include non-cash entries from Table SA21 or Table SB10 – that should not be accounted for in the Cash Flow Statement)



<u>Expenditure</u>

Non-Cash Expenditure

- Debt impairment
- Depreciation
- Loss on disposal of PPE

- Dr Accumulated Surplus A6 (Expenditure on A4) Cr Accumulated Debt Impairment
- Dr Accumulated Surplus A6 (Expenditure on A4) Cr Accumulated Depreciation

Dr Accumulated Surplus A6 (Expenditure on A4) Cr PPE

We have now accounted for all transactions "above the line" on Table A4 or B4



Methodology – Balance Sheet Budgeting – Funding on Table A5 or B5

Next we deal with the two funding sources on Table A5 that should be reflected as revenue <u>"below the</u> <u>line"</u> on Table A4 or B4

<u>Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)</u>

This is a non-cash transaction as it represents the total amount of conditions met, including rollovers (Cash receipt is accounted for on Table A7 or B7)

Dr Unspent Grants

Cr Accumulated surplus A6 (Revenue on A4)

<u>Transfers and subsidies & public contributions - capital (monetary allocations) (National /</u> <u>Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises,</u> <u>Public Corporations, Higher Educational Institutions)</u>

Dr Cash

Cr Accumulated surplus A6 (Revenue on A4)

NB – Public contributions was up to 2019/20 a separate line on Table A5 & B5 and was included with proceeds PPE on Table A7 or B7 – this is to be changed with effect from the 2020/21 A1 Schedule where it is to be included under "Transfers and subsidies & public contributions" on Table A5 and B5 and under "Transfers & Subsidies – Capital" on Table A7 & B7



Expenditure/Revenue Non-Cash Accruals)

Taxation

Dr Accumulated surplus A6 or B6 (Expenditure A4 or B4) Cr Taxation (Current Liability)

Municipalities with entities may have taxation expenditure which is budgeted for on Table A4 or B4

Surplus Attributable to minorities

Dr Minority Interest (non-current liability) A6 or B6 Cr Accumulated surplus A6 or B6

Municipalities with a minority interest in a shared entity may have a surplus attributable to that minority interest and income is budgeted for on Table A4 or B4

Share of surplus/(deficit) of associate Dr Investment in associate (non-current asset) A6 or B6 Cr Accumulated surplus A6 or B6



Methodology – Balance Sheet Budgeting – Funding on Table A5 or B5



Internally generated funds

- Capital expenditure funded from cash backed reserves from the current or previous financial years
- No transaction required to record the funding source as the surplus cash should be included in cash & cash equivalents



CASH FLOW FROM OPERATING ACTIVITIES Receipts

□ Receipts Property rates (current year receipts only) (Billing less debt impairment – rates)

Receipts Service charges (current year receipts only)
 (Billing less debt impairment – service charges)

Receipts Other revenue (current year receipts only)
 (Billing less debt impairment – other debtors)

- Receipts Government operating Accounting treatment discussed under Table A4 or B4
- Receipts Government capital Accounting treatment discussed under Table A4 or B4
- Receipts Interest Accounting treatment discussed under Table A4 or B4
- Receipts Dividends Accounting treatment discussed under Table A4 or B4

Payments

Suppliers and employees

Dr Payables From Exchange Tran (Trade Payables) Cr Cash

(Current year expenditure paid through creditors system, payment towards arrears, repayment of unspent grants – refer slide 17)

- □ Finance charges Accounting treatment discussed under Table A4 or B4
- Transfers and Grants Accounting treatment discussed under Table A4 or B4



Dr Cash Cr Consumer Debtors

Dr Cash Cr Consumer debtors

Dr Cash Cr Other debtors

Example - Calculation of payments to suppliers & employees

| CALCULATION OF PAYMENTS SUPPLIERS & EMPLOYEES - TABLE A7 | | | | |
|--|-------------|-------------|-------------|-------------|
| Employee related costs | (2 008 166) | (2 235 469) | (2 384 127) | (2 542 672) |
| Remuneration of councillors | (64 185) | (68 485) | (73 040) | (77 897) |
| Bulk purchases | (1 694 310) | (1 847 572) | (1 996 596) | (2 110 321) |
| Other materials | (81 054) | (71 639) | (75 765) | (79 894) |
| Contracted services | (809 265) | (833 397) | (930 254) | (1 046 947) |
| Other expenditure | (548 816) | (523 946) | (553 720) | (583 822) |
| Accrual to be Paid from previous FY | (230 137) | (260 076) | (271 954) | (295 176) |
| Accrual to be Paid in next FY | 260 076 | 271 954 | 295 176 | 317 142 |
| Sub Total - Trade Payables | (5 175 857) | (5 568 630) | (5 990 280) | (6 419 587) |
| Payment towards arrear Creditors/Accrual Adjustments | - | - | - | - |
| Annual Contribution to Provisions - Adjust for non-cash item | - | - | - | - |
| Transfers and subsidies - Adjust for non-cash transfers made by the municipality | - | - | - | - |
| Other Creditors - Payment of VAT & Taxation | (702) | - | - | - |
| Repayment of Conditional Grants | (45 700) | | | |
| Total Payments to Suppliers & Employees | (5 222 259) | (5 568 630) | (5 990 280) | (6 419 587) |



CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Proceeds on disposal of PPE Dr Cash Cr PPE (Include receipts from public contributions to fund CAPEX) Decrease (Increase) in non-current debtors Dr Cash (Arrear amounts from previous years collected from debtors) Cr Consumer debtors/Other debtors Dr Cash Decrease (increase) other non-current receivables Cr Current portion of non-current receivables (Decrease cannot exceed the total non-current receivables) Decrease (increase) in non-current investments Dr Cash (Decrease cannot exceed the total non-current investments) Cr Non-current investments (LT Investments) **Payments** Dr PPE

Cr Cash

□ Capital assets (Total CAPEX less PPE purchased through finance lease)

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CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

□ Short term loans (Should be repaid in current financial year) Dr Cash Cr Borrowing Short Term Portion

Borrowing long term/refinancing – Accounting treatment discussed under Table A5 or B5

Increase (decrease) in consumer deposits

Dr Cash Cr Consumer Deposits

(Decrease limited to total value of consumer deposits)

Payments

Repayment of borrowing

Dr Borrowing Short Term Portion Cr Cash

(Should include ST loans to be repaid in current financial year)



Other Payments/Receipts/Adjustment – Refer to transaction matrix

□ Adjust for Short Term Portion of LT Borrowing:

ST portion of borrowing to be repaid in each financial year needs to be adjusted in the preceding financial year by
moving the amount to be repaid from non-current borrowing to ST Portion of borrowing:

Dr Non-Current Borrowing (non-current liability)

Cr ST Portion of Borrowing (current liability)

□ Repayment of Unspent Conditional Transfers:

- The amount of unspent conditional grant not approved for roll-over needs to repaid to NT
- Usually only applicable to the adjustments budget and not in the outer years
- Include under payments to suppliers & employees on Table A7 or B7

Dr Unspent Grants)

Cr Cash

Changes in Net assets - Transfer to Unspent Grant: – Transfer of initial receipt of grants from accumulated surplus to un-spent grants

Changes in Net assets - Transfer- Conditions Met: – Accounting treatment of "conditions met" was discussed under Table A4 or B4 above



Other Payments/Receipts/Adjustment – Refer to transaction matrix

□ Payment/receipt of VAT & Taxation

 Receipt of VAT - VAT due to Municipality (current asset on audited AFS) – include transaction under Decrease other non-current receivables on Table A7 or B7

Dr Cash

Cr VAT (current assets)

- Payment of VAT & Taxation payable by municipality (current liability on audited AFS or annual taxation as per Table A4 or B4) –
- Include under payment of suppliers & employees on Table A7 or B7

Dr VAT/Taxation current liability

Cr Cash

□ Transfer From Non-Current Provisions to Current Provisions

 Annually a portion of non-current provisions needs to be transferred to current portion of provisions and needs to be cash backed to ensure availability of cash to cover current portion of provisions

Dr Non-current Provisions

Cr Current Provisions

□ Annual Contribution to Provisions

- Other expenditure on Table A4 or B4 often includes "Annual contribution to Provisions". If other expenditure included
 this cash payments on expenditure will be overstated and cash needs to be adjusted
- Include under payments to suppliers & employees on Table A7 or B7

Dr Cash national treasury Cr Non-current Provisions Department: Department: Republic of South AFRICA

Other Payments/Receipts/Adjustment - Refer to transaction matrix

□ Adjustment for Non-Cash Transfers Made By Municipality

- Transfers and subsidies on Table A4 or B4 may include non-cash transfers to individuals or to groups of individuals as per Table SA 21 or Table SB10– example alternative energy gels issued to indigents from inventory
- Cash payment needs to be reduced as it is overstated
- Include under payment of suppliers & employees on Table A7 or B7

Dr Cash

Cr Inventory (current assets)

Adjustment to Cash/Bank & Investments

- In order to maintain a positive cash balance an adjustment between cash, investments and bank overdraft would be required if cash is in a negative position
- Assumption is that investments be transferred to cash first and if inadequate that a bank overdraft be created Dr Cash

Cr Investment/Bank overdraft

□ Changes in Net Assets – Reserves

Adjustment of reserves needs to be processed as a transaction between reserves and accumulated surplus

Dr/CR Reserves

Dr/Cr Accumulated surplus



Completion of the transaction matrix will facilitate the following:

D Population of the Statement of Financial Position (Balance Sheet)

• Use the closing balance in each column of the transaction matrix to populate the Statement of Financial Position

D Population of the Cash flow Statement

- Movement in columns Cash, Investments & Bank Overdraft will provide information to accurately populate the components of the Cash Flow Statement
- Total movement in columns Cash, Investments & Bank Overdraft represents the "NET INCREASE/ (DECREASE) IN CASH HELD", which if added to the opening balance at the beginning of the year will produce cash & cash equivalents at financial year end



Methodology – Reconciliation of the Transaction Matrix to the Budget Schedules

The following controls should be applied to the transaction matrix to confirm the accuracy of the transactions in the matrix:

Statement of Financial position

- \Box Ensure double entry for each individual row in the matrix total for each row = 0 (debits & credits)
- Revenue in accumulated surplus column should reconcile to total revenue on Table A4 or B4
- Expenditure in accumulated surplus column should reconcile to total expenditure on Table A4 or B4
- Total movement in columns for Reserves & Accumulated Surplus should reconcile to the surplus/deficit on table A4 or B4
- Total for columns Reserves & Accumulated surplus should reconcile to "TOTAL COMMUNITY WEALTH/EQUITY on Table A6 or B6
- "NET ASSETS" and "TOTAL COMMUNITY WEALTH/EQUITY on Table A6 or B6 should reconcile

Cash Flow Statement

- □ Total movement in columns Cash, Investments & Bank Overdraft should reconcile to the "NET INCREASE/ (DECREASE) IN CASH HELD" in the Cash flow Statement
- Cash and cash equivalents as per the Cash Flow Statement should reconcile to the total of the following assets & liability on the Statement of Financial Position
 - Cash
 - Investments (short term)
 - Bank overdraft if applicable



Alignment to *m*SCOA

MSCOA - Schedule Sheet FinPos Mapping (Values in R thousands)

| | | | | | ORGB |
|------------|---|---|--------------------------------------|--|------------|
| A6CODE | LONG_CODES_CDE_DSC | Item Long Code | Item GUID | Item Description | |
| 0120 | Current assets / Cash | IA0010010010010010000000000000000000000 | 4e19bf18-934d-4420-a0f4-3a04bfdf5e09 | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Opening Balance | -13 463 |
| | | IA00100100100100100200000000000000000000 | 41bb0547-d541-42d4-834e-5dfaa3b04581 | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Deposits | 1 310 200 |
| | | IA00100100100100300000000000000000000000 | a10b5469-0333-43aa-8bfd-6efabddf7a42 | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Withdrawals | -1 254 730 |
| | | IA00100100100100100400000000000000000000 | 9c13f093-cb03-4a2c-855e-a96657dbbca1 | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Interest Earned | 4 667 |
| | | IA00100100100100500000000000000000000000 | 8fb4c5ce-a272-4864-9563-3de1f0557133 | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Charges | -3 820 |
| | | IA001001001001003002000000000000000000 | 2a44667d-d9b8-49d9-8126-fb106f87755a | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Deposits | 77 |
| | | IA00100100100100400300000000000000000 | 987542a7-66cb-4255-86c7-91e696b500ad | Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Specify (replace with account description):Withdrawals | -930 |
| *TOTAL A6C | ODE 0120 | | | | 42 000 |
| 0130 | Current assets / Call investment deposits | IA001001002006001001000000000000000000 | 80ab4943-4aaa-4cab-add4-b232690320f2 | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Opening Balance | 123 639 |
| | | IA00100100200600200100000000000000000 | 0d427fe2-79a3-4ce7-94b6-aa7bfdb146c5 | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Opening Balance | 75 179 |
| | | IA00100100200600300100000000000000000 | a53c5b34-dacd-48fc-bda1-0fad7c6798fa | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Opening Balance | 116 052 |
| | | IA00100100200600400100000000000000000 | 8f970fc7-eb89-4a63-86c8-0e1b9e76b4a4 | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Opening Balance | 106 092 |
| | | IA00100100200600400300000000000000000 | 50a4ba33-0887-43ac-9e1a-b0dc9dcd2a3b | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Withdrawals | -244 390 |
| | | IA00100100200600500100000000000000000 | e5e409e6-477e-4f3e-9236-2c18ffc75c5c | Assets:Current Assets:Cash and Cash Equivalents:Call Deposits and Investments:Deposit taking Institutions:Specify (replace with account description):Opening Balance | 101 260 |
| | | IA001001002007009013000000000000000000 | b347f199-1c15-48bd-8fd5-72c0d22c6c8a | assets | 36 643 |
| *TOTAL A6C | ODE 0130 | | | | 314 475 |
| 0140 | Current assets / Consumer debtors | IA00101000300100100000000000000000000000 | 4d6dcfb3-28fc-46de-a7d4-3413f96eba7a | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Electricity:Opening Balance | 20 890 |
| | | IA001010003001002000000000000000000000000 | aca1f007-bf8e-4522-ae17-670337e49935 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Electricity:Monthly Billing | 1 948 |
| | | IA00101000300100300000000000000000000000 | d759e5eb-d91c-4db8-98d6-5a8a06474511 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Electricity:Interest Charge | 18 |
| | | IA001010003001008001000000000000000000000 | 4a335ef2-190f-4b7c-8015-179dfca0242e | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Electricity:Impairment:Opening Balance | -2 405 |
| | | IA001010003001008002000000000000000000 | 8148e418-5b51-41ae-b881-dda8a60912b3 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Electricity:Impairment:Recognised | -1 508 |
| | | IA0010100030020050000000000000000000000000 | d9b0875f-a798-46f1-9a2b-495f34036794 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Merchandising, Jobbing and Contracts:Collections | 4 |
| | | IA001010003004001000000000000000000000000 | bf1f97ad-c017-463f-8d08-80113bacf856 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Service Charges:Opening Balance | 4 418 |
| | | IA001010003004008001000000000000000000 | 16011b58-f867-403a-af1e-7219bf97ae36 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Service Charges:Impairment:Opening Balance | -7 386 |
| | | IA001010003005001000000000000000000000000 | 376cf98e-bdad-4e75-a763-57bdcfc79c7c | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Management:Opening Balance | 28 466 |
| | | IA001010003005002000000000000000000000 | e335596f-4d0c-4b85-a58e-d16910dcffb8 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Management:Monthly Billing | -12 652 |
| 1 | | IA001010003005003000000000000000000000000 | 4f80af47-8804-42c5-b750-3460f99eedb1 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Management:Interest Charge | 106 |
| | | IA00101000300500800100000000000000000 | af54a70e-669c-4066-9750-0c60b30cf941 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Management:Impairment:Opening Balance | -21 569 |
| 1 | | IA00101000300500800200000000000000000 | eb1c654f-fba0-4d6e-ab48-41d3c67e37fc | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Management:Impairment:Recognised | -1 401 |
| 1 | | IA001010003006001000000000000000000000 | 99ec18c9-4bf2-4200-a18f-49a4d57c3b4c | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Water Management:Opening Balance | 33 704 |
| | | IA0010100030060020000000000000000000000000 | 1254e525-2e5b-4b7c-a63b-ee4d0063809c | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Water Management:Monthly Billing | -3 458 |
| | | IA001010003006003000000000000000000000000 | 4f0c7c0b-4a00-4827-b000-92e3213af4ba | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Water Management:Interest Charge | 87 |
| | | IA00101000300600800100000000000000000 | 7f480a0d-2d87-48f6-b2ab-68d335e1bd74 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Waste Water Management:Impairment:Opening Balance | -21 202 |
| | | IA001010003006008002000000000000000000000000000 | ab140143-51ff-4e28-8b46-6a3f03d2d44c | Assets: Current Assets: Trade and other Receivables from Exchange Transactions: Trading Service and Customer Service Debtors: Waste Water Management. Impairment: Recognised | -1 689 |
| 1 | | IA001010003007001000000000000000000000000 | 959be318-356d-4d9f-91c8-973753b25bda | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Water:Opening Balance | 46 076 |
| | | IA001010003007002000000000000000000000 | 6941f941-c5b9-4093-9c51-e50d4deeb5d9 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Water:Monthly Billing | -5 553 |
| | | IA001010003007003000000000000000000000000 | 56eb3df1-1f61-4ee1-9fe7-104919560cf5 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Water:Interest Charge | 136 |
| | | IA0010100030070060000000000000000000000000 | 3e88b46a-37ab-43b5-856c-af52d2bf5431 | Assets:Current Assets:Trade and other Receivables from Exchange Transactions:Trading Service and Customer Service Debtors:Water:Debt Write-off | -18 416 |
| | | IA0010100030070080010000000000000000000000 | 9225c41a-cb45-45f4-bb43-c5f36fd99fbe | Assets:Current Assets:Trade and other Receivables from Exchance Transactions:Trading Service and Customer Service Debtors:Water:Impairment:Doening Balance | -31 748 |
| | | IA001010003007008002000000000000000000000000000 | 93dc4c4f-45c7-4c26-b64d-1307c571b30c | Assets:Current Assets:Trade and other Receivables from Exchance Transactions:Trading Service and Customer Service Debtors:Water:Impairment:Reconsised | -2 450 |
| | | IA001010003008001000000000000000000000000 | 3e943325-f0f6-4139-ae89-7e239ff92afe | Assets:Current Assets:Trade and other Receivables from Exchance Transactions:Trading Service and Customer Service Debtors:Housing Selling Scheme Onening Balance | 3 649 |
| | | IA001010003008008001000000000000000000000 | 4b1ee4af-f035-446d-b797-27d3df821c20 | Scheme: Opening Balance | -3 748 |
| TOTAL A6C | ODE 0140 | | | | 4 318 |
| | | | | | |



Water Inventory

To date – no entry for inventory in Funding Assessment Tool - A1 schedules did not give detail of inventory

GRAP 12 paragraph .07 water meets the definition of inventory – water needs to be budgeted and accounted for as such

To date the National Treasury has allowed municipalities to:

- Budget for bulk purchasing of water as a direct expenses in the Statement of Financial Performance
- □ Account for water under inventory

In terms of GRAP 12

- Bulk purchasing of water will be processed as a cash transaction in the Statement of Financial Position – acquisition of inventory (Table A6)
- Cost of sales (water inventory consumed) non-cash transaction in Statement of Financial Performance

The system input volume (acquisitions) of water stock should include the following:

- Bulk purchases Supply from bulk or other water service providers recognised by the amount paid as explained above
- Water purified Potable supply from Water Treatment Works. Value is to be determined by calculating primary and secondary cost components
- Natural sources Supply from boreholes, springs, fountains if not supplied through the water treatment plant. Value is to be determined by calculating primary and secondary cost components

Proposed Changes will be circulated for comments with 2020/21 A1 Schedule for implementation in 2021/22



Discussion

Presented by National Treasury: Chief Directorate Local Government Budget Analysis – December 2018





Department: National Treasury REPUBLIC OF SOUTH AFRICA

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