



Built **E**nvironment **P**erformance **P**lan Addendum **B** 2019/2020

Addendum B

Base Case Projected Financial Statements

Municipal Financial Model - City of Tshwane Statement of Financial Performance

Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>R thousands</i>										
Revenue										
Property rates	7,107,937	7,445,521	7,853,757	8,356,504	8,925,640	9,564,133	10,275,180	11,061,470	11,925,135	12,867,247
Service Charges	18,615,034	19,695,004	20,708,685	21,974,668	23,522,869	25,267,740	27,217,942	29,380,824	31,762,144	34,364,741
Rental of facilities and equipment	166,790	185,228	206,963	218,280	234,302	251,547	270,208	290,477	312,558	336,657
Interest earned - external investments	154,720	252,782	283,316	384,823	490,851	523,367	625,061	722,209	742,322	818,008
Interest earned - outstanding debtors	765,522	807,618	852,038	898,627	474,118	504,919	540,742	581,372	626,471	675,529
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	315,178	335,776	357,505	377,053	404,730	434,519	466,754	501,766	539,908	581,535
Licences and permits	53,174	56,098	59,184	62,420	67,800	74,152	81,503	89,873	99,273	109,694
Agency services	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies (operating)	4,736,594	4,804,022	5,107,819	5,387,115	5,740,966	6,121,495	6,533,031	6,979,904	7,466,617	7,997,643
Other revenue	1,049,444	1,104,238	1,162,909	1,226,497	1,316,523	1,413,422	1,518,278	1,632,168	1,756,239	1,891,645
Gain on disposal of PPE	1,242	1,312	1,312	1,312	1,483	1,682	1,910	2,179	2,495	2,868
Revaluation on investment property gain / (loss)	114,853	27,891	49,021	50,492	52,007	53,567	55,174	56,829	58,534	60,290
Total revenue before Capital Grants	33,080,487	34,715,491	36,642,510	38,937,792	41,231,289	44,210,544	47,585,784	51,299,073	55,291,696	59,705,858
Capital Grants	2,257,795	2,326,246	2,505,561	2,642,566	2,599,585	2,557,766	2,517,933	2,480,561	2,445,958	2,414,200
Public & developers contributions	15,000	13,000	–	–	–	–	–	–	–	–
Total Revenue after Capital Grants	35,353,283	37,054,737	39,148,071	41,580,358	43,830,873	46,768,310	50,103,717	53,779,634	57,737,654	62,120,058
Operating expenditure										
Employee related costs	9,557,270	10,193,337	10,751,329	11,705,823	12,469,453	13,294,930	14,192,139	15,171,396	16,243,331	17,418,699
Remuneration of councillors	136,383	144,390	153,074	162,975	171,977	181,642	192,083	203,416	215,754	229,209
Debt impairment	1,532,161	1,618,981	1,706,957	1,810,640	1,938,109	2,080,539	2,238,784	2,413,601	2,605,661	2,815,434
Depreciation and asset impairment	2,275,214	2,343,660	2,436,239	2,533,267	2,662,365	2,802,221	2,957,497	3,121,834	3,305,568	3,507,502
Finance charges	1,244,466	1,222,950	1,183,493	1,267,945	1,364,831	1,419,765	1,594,037	1,752,865	1,800,061	1,990,966
Bulk purchases	11,160,087	11,948,562	12,493,054	13,098,598	13,915,730	14,873,118	15,978,819	17,205,071	18,552,896	20,021,437
Other Materials	643,732	751,463	782,895	825,704	916,703	1,296,856	1,523,799	1,778,062	2,274,191	2,379,033
Contracted services	3,808,663	3,757,113	4,046,924	4,268,210	4,588,481	4,939,504	5,311,932	5,716,816	6,166,835	6,640,347
Transfers and subsidies	57,868	55,497	55,497	58,532	62,828	67,452	72,456	77,891	83,812	90,274
Other expenditure	3,108,310	2,612,530	2,711,405	2,859,665	3,135,428	3,508,111	3,832,236	4,188,245	4,671,463	5,010,786
Loss on disposal of PPE	85	1	1	–	–	–	–	–	–	–
Total Expenditure	33,524,240	34,648,485	36,320,869	38,591,359	41,225,904	44,464,138	47,893,781	51,629,197	55,919,573	60,103,686
Suplus/ (Shortfall) for the year	1,829,043	2,406,252	2,827,202	2,988,998	2,604,970	2,304,172	2,209,937	2,150,437	1,818,081	2,016,372

Municipal Financial Model - City of Tshwane
Statement of Financial Position

Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>R thousands</i>										
Non-current assets:	43,841,588	45,592,448	47,398,058	49,760,963	52,298,656	55,100,578	58,051,519	61,342,633	64,954,750	68,969,905
Property, plant and equipment	42,092,523	43,789,513	45,553,058	47,871,733	50,362,869	53,115,753	56,015,015	59,251,643	62,806,290	66,760,810
Intangible assets	382,601	376,966	366,537	356,594	347,194	338,393	330,254	322,844	316,233	310,495
Investment properties	1,015,050	1,071,295	1,120,316	1,170,808	1,222,815	1,276,382	1,331,556	1,388,385	1,446,919	1,507,209
Investments	50,164	53,424	56,897	60,577	64,529	68,801	73,444	78,511	84,058	90,141
Long-term receivables	301,250	301,250	301,250	301,250	301,250	301,250	301,250	301,250	301,250	301,250
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Current assets:	10,765,155	11,225,740	13,112,519	14,970,436	15,432,059	17,085,602	18,506,078	18,559,051	19,538,878	19,290,452
Inventories	699,011	608,284	612,699	626,008	666,104	763,529	821,748	882,686	989,518	1,012,304
Trade and other receivables	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386	5,529,386
Cash & Short term investments	4,536,758	5,088,071	6,970,434	8,815,042	9,236,569	10,792,687	12,154,944	12,146,979	13,019,974	12,748,762
TOTAL ASSETS	54,606,742	56,818,189	60,510,577	64,731,398	67,730,715	72,186,181	76,557,597	79,901,684	84,493,628	88,260,357
Municipal Funds:	26,946,004	29,352,256	32,179,458	35,168,456	37,773,425	40,077,598	42,287,534	44,437,971	46,256,052	48,272,424
Housing development fund & Other Cash Backed Reserves	156,443	156,443	156,443	156,443	156,443	156,443	156,443	156,443	156,443	156,443
Reserves (Not Cash Backed)	82,947	82,947	82,947	82,947	82,947	82,947	82,947	82,947	82,947	82,947
Accumulated surplus	26,706,614	29,112,866	31,940,068	34,929,066	37,534,036	39,838,208	42,048,144	44,198,581	46,016,662	48,033,034
Non-current liabilities:	14,947,736	15,772,676	16,560,475	16,238,934	17,608,712	19,102,524	19,483,367	21,194,973	22,092,346	23,926,491
Long-term liabilities (Interest Bearing)	10,036,944	10,570,871	11,073,578	10,447,344	11,491,405	12,636,945	12,645,316	13,958,484	14,429,549	15,807,471
Non-current provisions	4,910,792	5,201,805	5,486,896	5,791,589	6,117,307	6,465,579	6,838,050	7,236,489	7,662,797	8,119,020
Current liabilities:	12,713,001	11,693,255	11,770,644	13,324,008	12,348,576	13,006,057	14,786,695	14,268,739	16,145,229	16,061,441
Consumer deposits	554,800	594,372	634,931	676,851	719,907	764,181	809,798	856,778	905,227	955,254
Provisions	238,948	238,948	238,948	238,948	238,948	238,948	238,948	238,948	238,948	238,948
Trade and other payables	10,381,064	10,093,863	10,099,472	10,081,974	10,233,781	10,548,468	10,746,320	11,286,182	11,972,118	12,445,161
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Current portion of interest bearing liabilities	1,538,190	766,072	797,293	2,326,234	1,155,939	1,454,460	2,991,629	1,886,832	3,028,936	2,422,077
TOTAL MUNICIPAL FUNDS AND LIABILITIES	54,606,741	56,818,187	60,510,576	64,731,397	67,730,714	72,186,179	76,557,595	79,901,683	84,493,627	88,260,356

Municipal Financial Model - City of Tshwane
Cash Flow Statement

Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>R thousands</i>										
Cash flows from Operating Activities										
Suplus/Deficit for the year <i>including</i> Capital Grants	1,829,043	2,406,252	2,827,202	2,988,998	2,604,970	2,304,172	2,209,937	2,150,437	1,818,081	2,016,372
Suplus/Deficit for the year <i>excluding</i> Capital Grants & Contributions	(443,752)	67,006	321,640	346,433	5,385	(253,594)	(307,997)	(330,125)	(627,877)	(397,828)
Capital Grants & Contributions	2,272,795	2,339,246	2,505,561	2,642,566	2,599,585	2,557,766	2,517,933	2,480,561	2,445,958	2,414,200
Adjustments for non-cash items:										
Depreciation, amortisation and impairment loss	2,275,214	2,343,660	2,436,239	2,533,267	2,662,365	2,802,221	2,957,497	3,121,834	3,305,568	3,507,502
Revaluation on investment property (gain) / loss	(114,853)	(27,891)	(49,021)	(50,492)	(52,007)	(53,567)	(55,174)	(56,829)	(58,534)	(60,290)
Increase / (Release from) current provisions & non-interest bearing liabilities	-	-	-	-	-	-	-	-	-	-
Increase / (Release from) other non-current provisions & non-interest bearing liabilities	845,921	291,013	285,091	304,693	325,718	348,272	372,471	398,439	426,308	456,223
(Increase) / Release from non-current interest bearing assets	(2,929)	(3,261)	(3,473)	(3,680)	(3,952)	(4,272)	(4,643)	(5,068)	(5,547)	(6,082)
Capitalised interest	-	-	-	-	-	-	-	-	-	-
Operating surplus before working capital changes:	4,832,396	5,009,773	5,496,038	5,772,787	5,537,094	5,396,827	5,480,087	5,608,812	5,485,876	5,913,724
Change in W/C Investment	743,326	(196,474)	1,194	(30,806)	111,711	217,261	139,633	478,923	579,105	450,257
(Increase)/decrease in inventories	(63,445)	90,727	(4,416)	(13,309)	(40,096)	(97,425)	(58,219)	(60,939)	(106,831)	(22,786)
(Increase)/decrease accounts receivable	603,937	-	-	-	-	-	-	0	0	0
Increase/(decrease) in trade payables	202,834	(287,201)	5,609	(17,498)	151,807	314,687	197,852	539,862	685,936	473,043
Net cash flow from Operating activities	5,575,722	4,813,299	5,497,232	5,741,980	5,648,805	5,614,088	5,619,721	6,087,735	6,064,981	6,363,981
Cash flows from Investing Activities										
Capital expenditure	(4,063,647)	(4,035,015)	(4,189,354)	(4,842,000)	(5,144,100)	(5,546,305)	(5,848,620)	(6,351,051)	(6,853,604)	(7,456,284)
Decrease/(Increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
(Additions) / Disposals of investment property	(71,308)	(28,354)	-	-	-	-	-	-	-	-
Net cash flow from Investing activities	(4,134,954)	(4,063,369)	(4,189,354)	(4,842,000)	(5,144,100)	(5,546,305)	(5,848,620)	(6,351,051)	(6,853,604)	(7,456,284)
Cash flows from Financing Activities										
New loans raised	1,500,000	1,300,000	1,300,000	1,700,000	2,200,000	2,600,000	3,000,000	3,200,000	3,500,000	3,800,000
Loans repaid	(1,361,814)	(1,538,190)	(766,072)	(797,293)	(2,326,234)	(1,155,939)	(1,454,460)	(2,991,629)	(1,886,832)	(3,028,936)
(Decrease) / Increase in consumer deposits	38,746	39,572	40,559	41,921	43,056	44,274	45,617	46,980	48,450	50,027
Net cash flow from Financing activities	176,933	(198,618)	574,486	944,628	(83,178)	1,488,335	1,591,156	255,351	1,661,618	821,091
Change in Cash	1,617,700	551,312	1,882,364	1,844,608	421,527	1,556,118	1,362,257	(7,965)	872,995	(271,212)
Cash/(Overdraft), Beginning	2,919,058	4,536,758	5,088,071	6,970,434	8,815,042	9,236,569	10,792,687	12,154,944	12,146,979	13,019,974
Cash/(Overdraft), Ending	4,536,758	5,088,071	6,970,434	8,815,042	9,236,569	10,792,687	12,154,944	12,146,979	13,019,974	12,748,762