**ANNEXURE B**

**SCHEDULE OF CHANGES TO BORROWING POLICY**

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| **Page reference (Old policy)** | **Old Policy**  | **Proposed changes**  |
| Pages 12-14 10 Financial viability | To ensure a financially sustainable Municipality, the ratios below are used as guidelines to determine the City’s ability to borrow The Chief Financial Officer must complete a financial analysis of at least the following ratios and the achievement of the following targets / norms must be included in the report:Percentage ofbe included in the report:(i) Percentage of Total Debt to Assets: A = B / C x 100;wereA = Percentage Debt in relation to Assets,B = [ Long-term Liabilities + Current Portion of Long-term Liabilities], C = Total AssetsTarget = Less than 10% (Note: End March 2025 = 3,8%)(ii) Percentage of Debt to Revenue: A = B / C x 100;were= Percentage Debt in relation to Revenue,= [ Long-term Liabilities + Current Portion of Long-term Liabilities ],= [ Total Income for the year – Operating Government Grants ]Target = Less than 35% of Revenue (Note: End March 2025 = 25%)(iii) Percentage of Capital Charges to Operating Expenditure: A = B / C x 100;were= Percentage Capital Charges in relation to Operating Expenditure,= Capital Charges,= Operating Expenditure Target = Less than 16% (Note: End March 2025 =14%) (iv)Percentage of Interest Paid to Operating Expenditure: A = B / C x 100;were= Percentage Interest Paid in relation to Operating Expenditure,= Interest Paid,= Operating ExpenditureTarget = Less than 5% (Note: End March 2025 = 2,15%)(v) Percentage of Total Debt toEquity: A = B / C x 100;were= Percentage Debt in relation to Equity,= [ Long-term Liabilities + Current Portion of Long-term Liabilities ],= Funds & ReservesTarget = Less than 10% (Note: End March 2025 = 4,32%)(vi) Gearing:A = B / C; were= Ratio of Equity in relation to Long-term Debt,= Funds & Reserves,= [ Long-term Liabilities + Current Portion of Long-term Liabilities ]Target = Less than 25% (Note: End March 2025 = 23%)(vii) Current Ratio: A = B / C;wereA = Ratio of Current Assets in relation to Current Liabilities, B = Current Assets,C = Current LiabilitiesNorm = Better than 2 : 1 (Note: End March 2025 = 1,47 : 1)(viii) LiquidRatio: A = B / C;wereA = Ratio of Cash Assets in relation to Current Liabilities, B = Cash Assets (e.g. Call Deposits, Cash, Bank),C = Current LiabilitiesNorm = At least 1.5: 1 (Note: End March 2025 = 0,96 : 1)(ix) Percentage of Outstanding Debtors toRevenue: A = B / C x 100;wereA = Percentage Outstanding Debtors in relation to Revenue,B = [ Consumer Debtor + Other Debtors – Current Portion of Long-term Receivables],C = Total Income for the yearTarget = Less than 18% (Note: End March 2025 = 15,2%)(x) Percentage of Personnel Cost to Operating Income: A = B / C x 100;were= Percentage of Personnel Cost in relation to Operating Income,= Personnel Cost,= Operating IncomeNorm = less than 30% of Operating Income (Note: End March 2025= 28,33%)(c) The Accounting Officer must indicate the steps to be taken in order to address deviations from the set targets and / or any other actions required to ensure access to the capital market on a continuous basis. | b)To ensure a financially sustainable Municipality, the relevant ratios contained in the monthly financial ratios report are used as guidelines to determine the City’s ability to borrow. The Chief Financial Officer/delegatee must compile a monthly financial ratios report of at least, ratios and the achievement of the MFMA circular 71(Financial rations and norms). Targets / norms must be included in that report. |