



Council Oversight on Budgeting & Reporting

(Review and assessment of Financial Reports)



CIGFAR

Chartered Institute of
Government Finance, Audit & Risk Officers



1929 - 2024

SAQA Recognised Professional Body

- ✓ **Legislative Framework**
- ✓ **Why/ What is the Budget**
- ✓ **The Accountability Cycle (Where)**
- ✓ **The Budget Process (When & How)**
- ✓ **The Reporting Framework (Budget Tables)**
- ✓ **Warning Signals – Financial Problem Indicators**

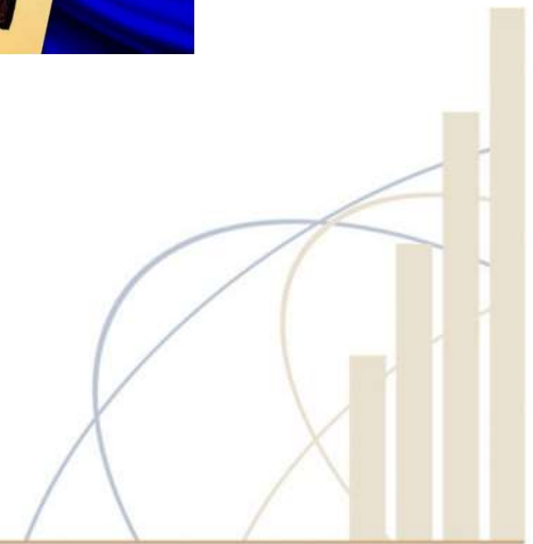
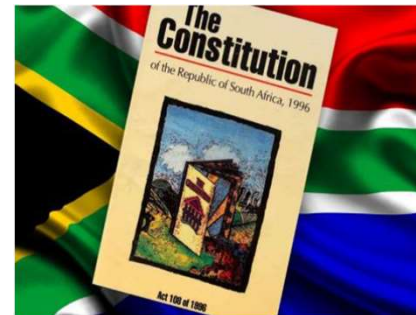


Legislative Framework



1929 - 2024

- **The mandate of the NT is derived directly from Sections 215 and 216 of the Constitution.**
- **National Treasury achieves its Constitutional obligations through: -**
- **Primary legislation**
 - ❖ PFMA
 - ❖ MFMA
 - ❖ Municipal Fiscal Powers and Functions Act
 - ❖ Annual Division of Revenue Act (DORA)
 - ❖ Intergovernmental Fiscal Relations Act
- **Secondary Legislation**
 - ❖ Treasury Regulations
- **Other prescripts**
 - ❖ Circulars
 - ❖ Guidelines
 - ❖ Tools (Reforms) → Engagements → Capacity Building



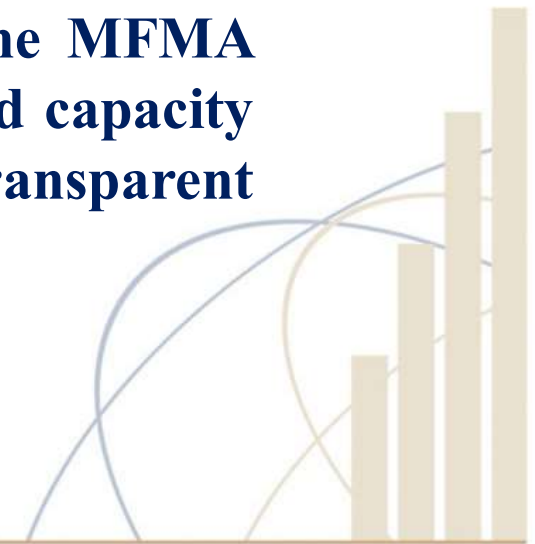
Legislative Framework cont.



The MFMA is the cornerstone of budgeting and financial management reforms in the country

- It governs the municipal budget and financial reporting process
 - Timing, contents and formats
- Provides the legal foundations for the Municipal Budget and Reporting Regulations (MBRR)

Chapter 3 of the Constitution and Chapter 5 of the MFMA require national and provincial governments to build capacity of municipalities for efficient, effective and transparent financial management.



What is the Budget



1929 - 2024

"Budget is a PLAN (Tool) that indicates where the money will be coming from and where the money will go to." It is the HEARTBEAT of the municipality & ENABLER of service delivery.

the budget must meet the following criterion:

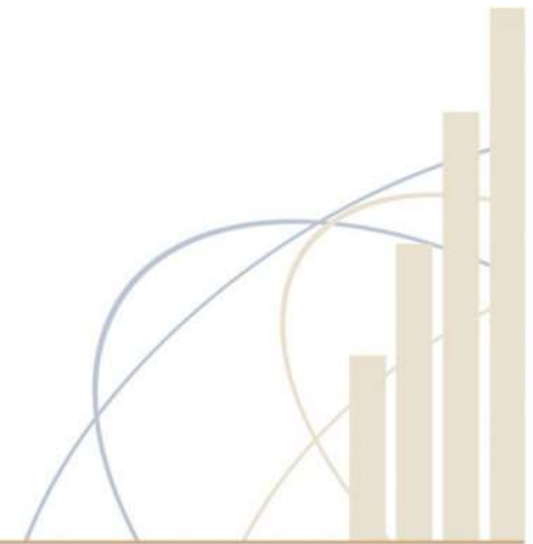
- **Credible**
 - Contains I&E projections consistent with current and past performance
 - Provides clear narrative explanations to stakeholders re-budget assumpt.
- **Funded**
 - (Surplus, Cash Position, Cash backed reserves/ accum. funds)
 - Realistic anticipated revenues (S.18 of the MFMA)
- **Relevant/ Prioritize**
 - Consistent with municipal IDP priorities and service delivery objectives
 - Aligned to the vision of the municipality & national programs
- **Sustainable**
 - Gives effect to long-term financial sustainability (service del.)
 - Considering Free Basic Services



Why Budget



- 1. Maximizes municipal capacity to deliver services (i.e. Infrastructure)**
- 2. Promotes transparency and accountability to the community**
- 3. Strengthens management of public funds**
- 4. Facilitates social and economic development**
- 5. Strengthens administration of municipality**

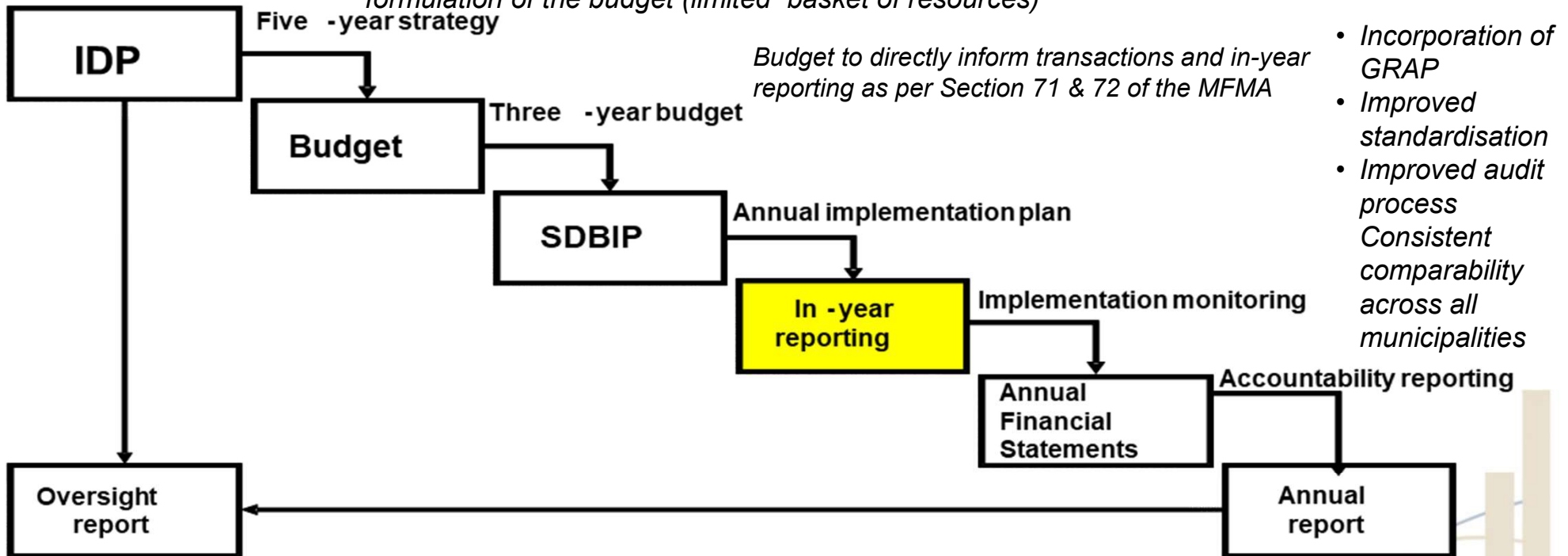


The Accountability Cycle of Reporting (Where)



1929 - 2024

The IDP (unlimited needs and wants) must directly inform the formulation of the budget (limited basket of resources)



Accuracy of information depends on:

- Organisational structure aligned to basic services
- Sound municipal policies, processes and procedures
- Standard chart of accounts for municipalities

The Budget Process (When & How)



1929 - 2024

1	Planning	Schedule key dates, establish consultation forums, review previous processes
2	Strategizing	Review Integrated Development Plan, set service delivery objectives for next 3 years, consult on tariffs, indigent policies, credit control policies, free basic services and consider local, provincial and national issues, previous year's performance and current economic and demographic trends
3	Preparing	Prepare budget, revenue and expenditure projections, draft budget policies, consult, consider local, provincial and national priorities
4	Tabling	Table budget, revised IDP and budget related policies before council. Consult and consider formal local, provincial and national inputs and responses
5	Approving	Council approves budgets, revised IDP and budget related policies
6	Finalising	Publish budget and approve and publish SDBIP and annual performance agreements and indicators



The Reporting Framework



1929 - 2024

The budget of the municipality consists of the following regulated tables provided in Schedule A1:-

- ❖ **Table A1** -Summary of the municipal budget
- ❖ **Table A2** -Budgeted Financial Performance by Standard Classification (function)
- ❖ **Table A3** -Budgeted Financial Performance by Municipal Vote
- ❖ **Table A4** -Budgeted Financial Performance by Standard Item
- ❖ **Table A5** -Budgeted Capital Expenditure by Vote, Standard Classification and Funding
- ❖ **Table A6** -Budgeted Financial Position
- ❖ **Table A7** -Budgeted Cash Flow
- ❖ **Table A8** -Cash Backed Reserves/Accumulated Surplus Reconciliation
- ❖ **Table A9** -Asset Management
- ❖ **Table A10** -Basic Service Delivery Measurement



Description	2019/20			Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcomes	Audited Outcomes	Audited Outcomes	Original Budget	Adjusted Budget Full Year Forecast	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Financial position								
Total current assets	14,844,307	16,319,905	14,980,221	14,844,203	14,536,423	15,368,022	16,852,705	17,996,805
Total non-current assets	80,327,879	82,758,602	84,270,020	87,633,961	87,884,695	87,981,770	91,422,030	84,896,023
Total current liabilities	12,194,320	13,077,907	14,420,798	12,207,790	12,203,952	12,791,362	12,362,965	13,099,258
Total non-current liabilities	11,842,881	12,861,667	11,752,768	13,622,884	14,326,264	15,368,765	15,862,260	14,824,937
Comments: wealth/Eqpt	40,847,274	42,758,343	43,981,003	40,360,081	41,332,250	46,400,027	48,869,358	51,723,623
Cash flows								
Net cash from (used in) operating	6,175,791	4,571,208	3,368,862	4,144,642	3,747,288	4,165,261	5,187,931	6,231,885
Net cash from (used in) investing	4,791,487	5,259,056	4,548,141	4,175,961	4,547,203	4,374,905	6,214,750	6,023,543
Net cash from (used in) financing	(674,888)	1,208,815	(1,862,748)	228,646	742,860	742,888	236,261	211,568
Cash and cash equivalents at year end	6,396,707	6,655,966	4,720,961	5,360,280	3,893,686	4,962,076	6,400,240	6,128,921
Cash backed reserves reconciliation								
Cash and cash equivalents available	6,396,707	6,655,966	4,720,961	5,360,280	3,893,686	4,962,076	6,400,240	6,128,921
Application of cash and investments	6,068,489	6,702,046	5,494,709	4,119,831	2,278,247	2,367,454	2,343,896	2,807,638
Reconciling adjustments	891,258	223,860	(773,800)	1,241,459	1,528,490	2,224,622	3,056,104	3,077,286
Asset management								
Asset Register Inventory (R2)	60,000,987	62,862,748	57,089,028	58,967,365	58,967,365	60,667,365	64,268,928	70,517,798
Depreciation	2,311,887	2,418,838	2,862,796	2,568,028	2,446,485	2,362,253	3,025,071	3,158,747
Revised and Upgrading of Existing Assets	2,114,682	2,066,686	2,210,944	1,986,748	1,986,627	1,986,754	1,987,213	2,200,078
Repairs and Maintenance	4,068,913	3,557,820	3,068,981	4,036,400	3,972,723	3,110,964	3,518,936	3,744,305
Personnel								
Cost of Free Basic Services provided	1,762,799	1,883,715	1,762,667	1,975,018	1,975,018	2,018,008	2,208,488	2,471,147
Revised and the emergency provided	2,342,758	2,259,363	2,210,500	1,701,979	1,701,979	1,692,403	6,369,028	6,703,789
Other budget formats								
Water	152	180	196	122	122	122	122	143
Sanitation	64	95	271	90	90	140	94	248
Energy	447	420	800	410	410	410	410	387
Other	-	-	-	-	-	-	-	-

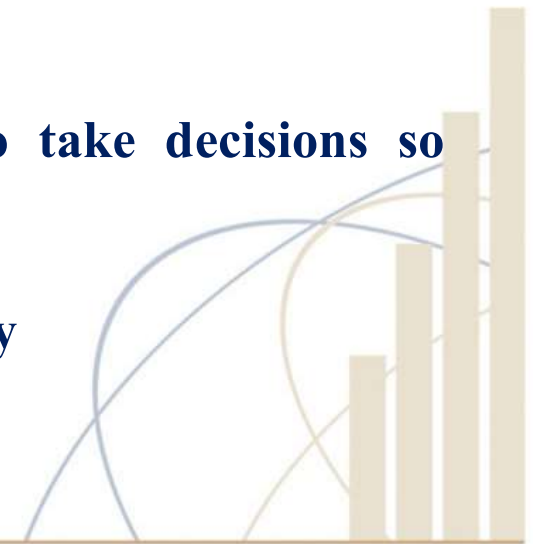
When council approves the municipal budget, it approves these 10 Regulated tables.

Other budget formats may provide supplementary information, but they are not 'the budget of the municipality'

In-Year Reporting (MFMA S.71 Reports)



- Purpose of these monthly reports is to report on the status of budget implementation at the end of each month
- Published by the Accounting Officer no later than 10 working days after month end for the public to view (Regulation 30)
- Must be in the format prescribed in the Municipal Budget and Reporting Regulations (Schedule C – Regulation 28)
- May be tabled in council
- Serves as an early warning system to management to take decisions so municipal objectives can be achieved
- Must be sent to Provincial Treasury and National Treasury



Mayoral Quarterly Reports (MFMA S.52)



- **Report to Council on the status of the implementation of the budget and the SDBIP**
- **Compares financial and service delivery performance against quarterly targets**
- **This is an important source of information to Council as it provides reasons for variances.**



Mid Year Budget & Performance Assessment Report (MFMA S.72)



- Presents financial and service delivery performance for the first half of the financial year.
- Prepared by the Accounting Officer by 25 January of each year.
- It takes into account:
 - Monthly Budget Statement;
 - Service Delivery Performance during the first half of the financial year;
 - Past Year's Annual Report (including progress on resolving problems identified in the annual report).



Contents of Schedule C



1929 - 2024

TABLE	DESCRIPTION	OBJECTIVE
TABLE C1	S71 Monthly Budget Statement Summary	Summary of Highlights on Financial Performance and Position, Capital Expenditure , Cash Flows , Debtors Age Analysis and Creditors Age Analysis
TABLE C2	Monthly Budget Statement – Financial Performance (Standard Classification)	Operating Revenue and Expenditure by Vote / Department
TABLE C3	Monthly Budget Statement – (Revenue and Expenditure by Municipal Vote)	
TABLE C4	Monthly Budget Statement – (Revenue and Expenditure)	Operating Revenue and Expenditure by Line Items
TABLE C5	Monthly Budget Statement – Capital Expenditure (Municipal Vote, Standard Classification)	Capital Revenue and Expenditure by Vote and by Source
TABLE C6	Monthly Budget Statement – Financial Position	Balance Sheet
TABLE C7	Monthly Budget Statement – Cash Flow	Cash Flows

Example of Schedule C



1929 - 2024

Kwazulu-Natal: MUNI C (KZN002) - Table C1 Quarterly Budget Summary for 4th Quarter ended 30 June 2024

Description	2022/23	2023/24	Budget year 2023/24									
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Financial Performance												
Property rates	36 645	-	52 033	51 009	9 094	14 442	4 700	28 236	51 009	(22 773)	(44.65)	51 009
Service charges	23 572	-	36 142	37 212	4 943	7 075	2 560	14 578	37 212	(22 633)	(60.82)	37 212
Investment revenue	10 349	-	2 379	7 619	479	187	216	883	7 619	(6 736)	(88.41)	7 619
Transfer and subsidies - Operational	177 394	-	186 543	186 803	76 892	61 931	459	139 282	186 803	(47 521)	(25.44)	186 803
Other own revenue	7 038	-	4 906	7 153	1 163	2 284	760	4 207	7 153	(2 946)	(41.19)	7 153
Total Revenue (excluding capital transfers and contributions)	254 997	-	282 002	289 794	92 571	85 920	8 695	187 186	289 794	(102 609)	(35.41)	289 794
Employee costs	87 296	-	114 465	106 389	-	97	-	97	106 389	(106 292)	(99.91)	106 389
Remuneration of councillors	13 462	-	16 899	16 899	-	-	-	-	16 899	(16 899)	(100.00)	16 899
Depreciation and amortisation	30 722	-	23 890	32 775	-	-	-	-	32 775	(32 775)	(100.00)	32 775
Finance charges	-	-	0	0	-	-	-	-	0	(0)	(100.00)	0
Inventory consumed and bulk purchases	32 839	-	47 634	50 592	11 548	15 011	1 135	27 695	50 592	(22 897)	(45.26)	50 592
Transfers and subsidies	4 453	-	3 719	4 476	629	2 415	182	3 225	4 476	(1 250)	(27.94)	4 476
Other expenditure	106 617	-	77 512	101 572	9 246	28 206	8 362	45 813	101 572	(55 759)	(54.90)	101 572
Total Expenditure	275 389	-	284 119	312 703	21 423	45 729	9 679	76 831	312 703	(235 872)	(75.43)	312 703
Surplus/(Deficit)	(20 392)	-	(2 116)	(22 909)	71 148	40 191	(984)	110 355	(22 909)	133 263	(581.72)	(22 909)
Transfers and subsidies - capital (monetary allocations)	41 026	-	46 675	78 412	10 689	21 557	1 155	33 401	78 412	(45 011)	(57.40)	78 412
Transfers and subsidies - capital (in-kind)	2 005	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	22 639	-	44 559	55 504	81 837	61 748	171	143 756	55 504	88 252	159.00	55 504
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	22 639	-	44 559	55 504	81 837	61 748	171	143 756	55 504	88 252	159.00	55 504

Example of Schedule C cont.



1929 - 2024

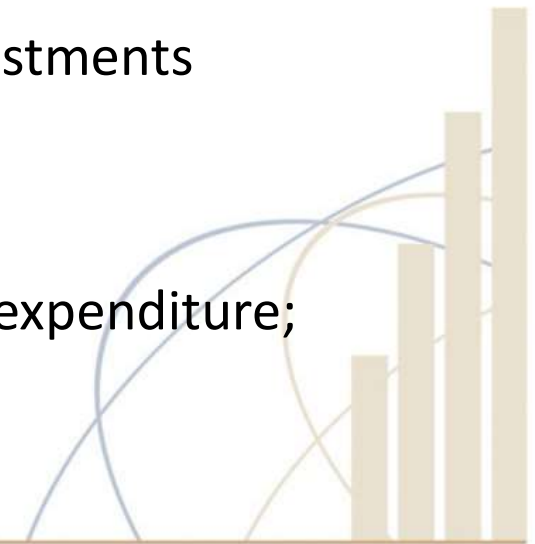
Capital expenditure & funds sources												
Capital expenditure	(48 443)	-	60 608	103 579	13 599	20 389	1 490	35 479	103 579	(68 100)	(65.75)	103 579
Transfers recognised - capital	(6 537)	-	31 891	57 228	9 396	15 478	1 004	25 879	57 228	(31 349)	(54.78)	57 228
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	(41 906)	-	28 716	46 350	4 203	4 911	486	9 600	46 350	(36 750)	(79.29)	46 350
Total sources of capital funds	(48 443)	-	60 608	103 579	13 599	20 389	1 490	35 479	103 579	(68 100)	(65.75)	103 579
Financial position												
Total current assets	173 340	-	153 708	207 091	64 350	42 661	(5 331)	101 680	207 091	(105 411)	(50.90)	207 091
Total non current assets	673 126	-	38 929	755 949	13 599	20 389	1 490	35 479	755 949	(720 471)	(95.31)	755 949
Total current liabilities	108 174	-	27 916	112 902	(3 888)	866	(4 011)	(7 033)	112 902	(119 936)	(106.23)	112 902
Total non current liabilities	3 363	-	0	3 363	-	-	-	-	3 363	(3 363)	(100.00)	3 363
Community wealth/Equity	712 290	-	120 163	791 271	-	436	-	436	791 271	(790 834)	(99.94)	791 271
Cash flows												
Net cash from (used) operating	(4 215)	-	8 566	57 567	(45 506)	(78 137)	(18 146)	(141 790)	57 567	(199 357)	(346.30)	57 567
Net cash from (used) investing	7 905	-	(69 319)	(96 285)	-	(2 231)	-	(2 231)	(96 285)	94 054	(97.68)	(96 285)
Net cash from (used) financing	(12)	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	134 174	-	69 272	70 136	(45 506)	(125 875)	(144 021)	(144 021)	(29 647)	(114 374)	385.79	70 136
Collection Rate	227.44	-	84.16	78.13	(3 610.25)	(2 332.04)	(21.98)	(2 357.21)	78.13	-	-	78.13



How To Read MBS?



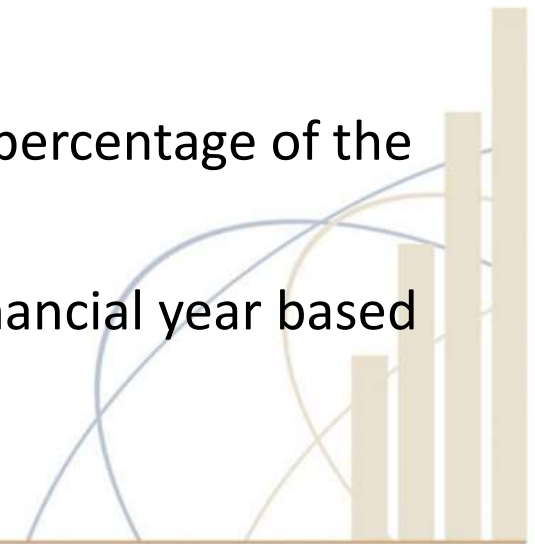
- Information appearing on these statements is the following:
 - **Audited outcome** - Previous year audited information (comparative);
 - **Original budget** *i.e.* Amount as per the current year approved budget;
 - **Adjusted budget** *i.e.* Adjusted amount after the adjustments budget;
 - **Monthly actual** *i.e.* The current month's revenue or expenditure;



How To Read MBS?



- ***Year-to-Date Actual (Year TD actual)*** i.e. The amount received/spent from the beginning of the budget year to the end of the current month;
- ***Year-to-Date Budget (Year TD budget)*** i.e. The budget amount that is expected to have been received or spent from the beginning of the budget year to the current month;
- ***Year-to-Date Variance (YTD variance)*** i.e. This is a difference between the YTD actual amount and the YTD budget amount;
- ***YTD variance %*** - this is the variance expressed as a percentage of the YTD actual amount; and
- ***Full Year Forecast*** – this is the forecast for the full financial year based on current revenue or expenditure.

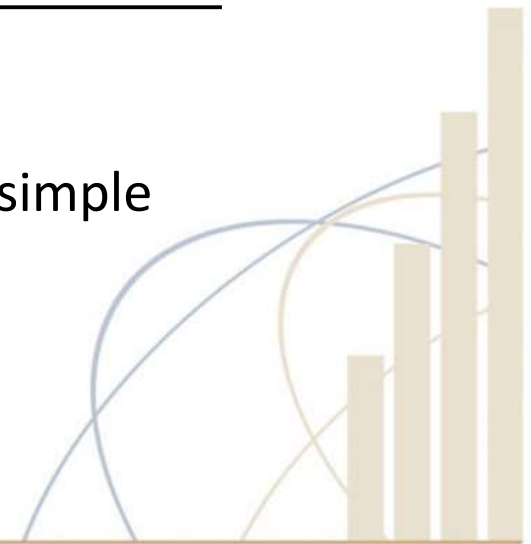


How This Data is Used For Analysis?



➤ The Audited Outcome comparative

- This statistic is useful also in making a comparison to the forecast for the year;
- Considering inflationary increases for expenditure where activity does not change, this becomes a useful measure to assess whether expenditure is on track with expectations; and
- For revenue, tariff hikes could be factored in to do a simple reasonability test.

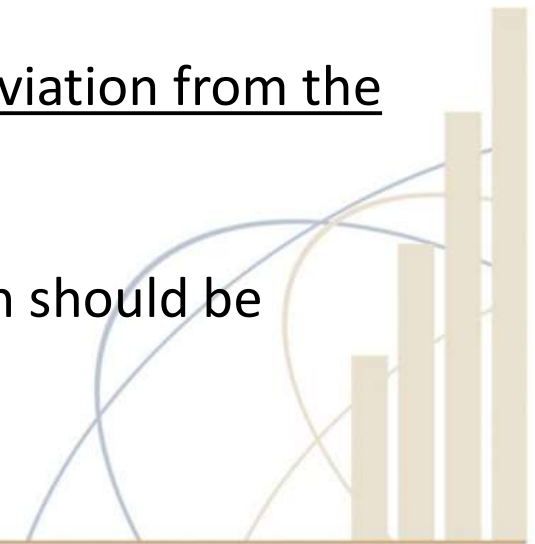


How This Data is Used For Analysis?



➤ The Year-to-Date variance column

- This is the most important indicator;
- This indicates a deviation from the expected norm;
- The municipality has budgeted to receive or spend a certain amount at a certain point in the year;
- If the variance is too high it indicates a significant deviation from the expectation;
- An explanation for the positive or negative deviation should be sought.



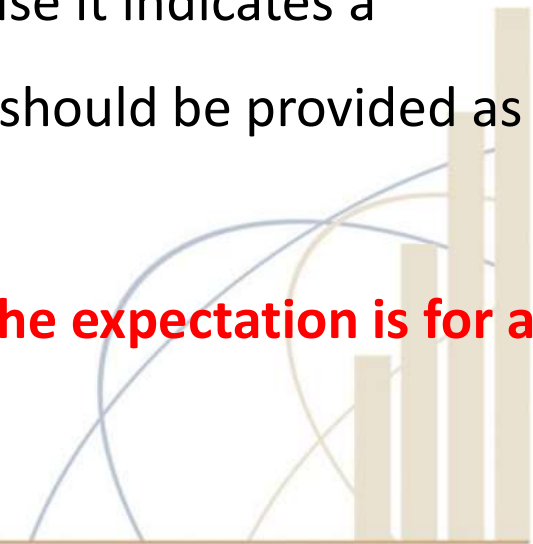


1929 - 2024

How This Data is Used For Analysis?

➤ The Year-to-Date variance percentage (%) column

- This confirms the variance and expresses it as a percentage;
- **A high percentage signifies a cause for concern;**
- A high percentage for revenue is positive because it indicates more revenue but a logical explanation should be provided;
- A large percentage for expenditure is negative because it indicates a significant deviation from the norm. An explanation should be provided as well;
- **A small percentage may also indicate a problem if the expectation is for a higher variance and vice-versa.**



Warning Signals – Financial Problem Indicators!

NB: *There is no single measure that can be used to assess the financial health of a municipality*

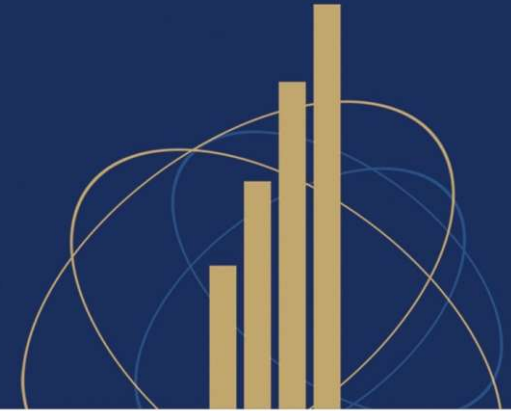
Possible Key Measures / Signals:

- Persistence of **negative cash balances** (Overdrafts)
- **Cash Coverage ratio less than the norm** (Less than 3 Months)
- **Over-spending of original operating budgets** (Unexplained / Unjustified variances)
- **Under spending of original capital budgets** (Due to cash flow constraints e.g. grants not cash backed.)
- **Possible operating deficits** especially where depreciation and / or debt impairment have not been accounted for.
- **Year on year growth in debtors** (Poor Debt Management – Significant Debtors in over 90 days category)
- **Low Revenue and Debt Collection rates**
- **Unpaid Creditors**
- **Poor conditional grant spending**





Q & A



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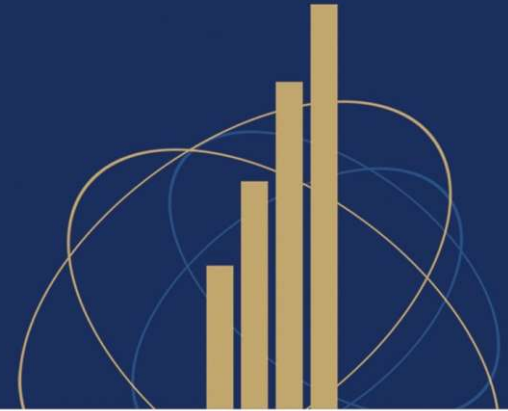


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Thank You!



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Kwazulu-Natal: MUNI A (KZN001) - Table A4 Budgeted Financial Performance (All) for 4th Quarter ended 30 June 2023

Description	Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2023/24	Budget Year 2024/25	Budget Year 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	116 207	125 740	134 667	157 726	167 726	167 726	120 360	182 816	193 702	208 068
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	19 413	21 697	22 879	24 212	24 127	24 127	22 842	24 105	27 311	29 220
Sale of Goods and Rendering of Services		431	603	562	640	-	-	456	640	648	653
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	1 438	2 225	4 366	4 366	4 366	715	5 211	5 558	5 964
Interest earned from Current and Non Current Assets		2 820	816	812	2 940	2 000	2 000	2 003	2 000	2 080	2 163
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		336	2	-	250	250	250	-	-	-	-
Rental from Fixed Assets		1 395	897	1 029	1 299	1 295	1 295	778	1 305	1 318	1 336
Licence and permits		247	258	245	400	400	400	279	400	408	416
Operational Revenue		(17 486)	8 829	6 286	789	1 768	1 768	1 268	789	812	838
Non-Exchange Revenue											
Property rates	2	101 357	92 832	94 436	98 460	98 460	98 460	95 288	106 712	114 182	122 174
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		13 991	1 979	(887)	23 101	13 351	13 351	3 426	25 601	23 646	23 675
Licences or permits		2 681	2 334	1 951	4 002	4 002	4 002	3 537	4 058	4 158	4 262
Transfer and subsidies - Operational		56 318	69 366	72 331	90 528	93 264	93 264	83 642	76 568	81 171	85 072
Interest		-	11 144	4 437	-	-	-	1 246	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	(2 753)	(206)	8 000	6 000	6 000	(52)	5 000	-	-
Other Gains		(275)	23	13 400	-	-	-	5 981	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		297 435	335 203	354 167	416 713	417 008	417 008	341 768	435 205	454 995	483 841
Expenditure											
Employee related costs	2	112 157	130 013	140 481	145 791	146 807	146 807	145 579	159 359	168 812	178 248
Remuneration of councillors		4 679	4 603	4 484	6 224	6 224	6 224	4 644	6 413	6 862	7 274
Bulk purchases - electricity	2	103 897	116 979	145 803	160 224	148 396	148 396	136 335	175 126	185 633	199 741
Inventory consumed	8	2 470	4 170	2 965	2 193	2 222	2 222	3 589	3 478	2 217	2 268
Debt impairment	3	14 608	27 247	(23 947)	17 747	10 747	10 747	54 857	17 547	19 824	23 121
Depreciation and amortisation		13 659	14 699	15 413	16 764	16 764	16 764	16 881	16 705	17 776	18 410
Interest		-	-	1 715	-	-	-	11 969	-	-	-
Contracted services		34 329	36 880	34 674	53 963	66 183	66 183	53 090	41 367	46 112	47 750
Transfers and subsidies		3 855	2 052	3 461	1 259	2 021	2 021	1 350	310	770	780
Irrecoverable debts written off		-	10 215	-	-	-	-	-	-	-	-
Operational costs		22 312	19 800	22 021	28 206	27 537	27 537	29 428	32 293	35 273	37 336
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		(88)	5	114	-	-	-	23	-	-	-
Total Expenditure		311 879	366 663	347 184	432 370	426 901	426 901	457 744	452 596	483 279	514 928
Surplus/(Deficit)		(14 444)	(31 460)	6 982	(15 657)	(9 892)	(9 892)	(115 976)	(17 391)	(28 284)	(31 087)
Transfers and subsidies - capital (monetary allocations)	6	14 608	24 046	16 259	16 836	18 253	18 253	16 760	25 669	27 943	23 791
Transfers and subsidies - capital (in-kind)	6	-	-	209	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions		164	(7 414)	23 451	1 179	8 361	8 361	(99 216)	8 278	(341)	(7 296)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		164	(7 414)	23 451	1 179	8 361	8 361	(99 216)	8 278	(341)	(7 296)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		164	(7 414)	23 451	1 179	8 361	8 361	(99 216)	8 278	(341)	(7 296)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		164	(7 414)	23 451	1 179	8 361	8 361	(99 216)	8 278	(341)	(7 296)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Debt impairment includes Impairment and Reversal of Impairment Losses
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)
8. All materials consumed including water consumed and materials used in operations.

Kwazulu-Natal: MUNI A (KZN001) - Table A5 Budgeted Capital Expenditure by Functional Classification and Funding for 4th Quarter ended 30 June 2023

Description	Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2023/24
Capital Expenditure - Functional												
Municipal governance and administration		848	8 482	8 771	54	571	571	34 560	-	-	-	
Executive and council												
Finance and administration		848	8 482	8 771	54	571	571	34 560				
Internal audit												
Community and public safety		2 450	3 028	3 115	-	9 554	9 554	3 115	15 314	10 443	-	
Community and social services						9 554	9 554		11 314	4 089		
Sport and recreation									4 000	6 354		
Public safety		2 450	3 028	3 115				3 115				
Housing												
Health												
Economic and environmental services		15 287	25 219	34 284	16 013	6 459	6 459	34 554	5 355	7 500	18 567	
Planning and development		1 909	6 583	7 057				7 150				
Road transport		13 378	18 636	27 226	16 013	6 459	6 459	27 404	5 355	7 500	18 567	
Environmental protection												
Trading services		-	-	-	1 500	2 756	2 756	-	5 000	5 000	-	
Energy sources					1 500	2 756	2 756		5 000	5 000		
Water management												
Waste water management												
Waste management												
Other												
Total Capital Expenditure - Functional	3	18 584	36 728	46 170	17 567	19 340	19 340	72 229	25 669	22 943	18 567	
Funded by												
National Government	-				16 067	17 484	17 484		25 669	22 943	18 567	
Provincial Government			8 236	8 525				34 027				
District Municipality												
Transfers and subsidies - capital (monetary allocations) (Net)												
Transfers recognised - capital	4	-	8 236	8 525	16 067	17 484	17 484	34 027	25 669	22 943	18 567	
Borrowing	6											
Internally generated funds		17 982	28 492	37 645	1 500	1 856	1 856	38 202				
Total Capital Funding	7	17 982	36 728	46 170	17 567	19 340	19 340	72 229	25 669	22 943	18 567	

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by functional classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
- Total Capital Funding must balance with Total Capital Expenditure
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget

Kwazulu-Natal: MUNI A (KZN001) - Table A7 Budgeted Cash Flows (All) for 4th Quarter ended 30 June 2023

Description	Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2023/24	Budget Year 2024/25	Budget Year 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	88 086	93 537	93 537	17 171	90 705	97 055	103 848
Service charges		-	-	-	197 524	202 040	202 040	47 755	199 404	212 978	228 657
Other revenue		-	-	-	10 147	23 938	23 938	12 460	44 085	42 407	40 848
Transfers and Subsidies - Operational	1	-	-	-	115 206	71 898	71 898	20 187	76 568	81 171	85 072
Transfers and Subsidies - Capital	1	-	-	-	19 361	38 849	38 849	9 930	25 669	27 943	23 791
Interest		-	-	-	-	-	-	-	2 000	2 080	2 163
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	(40 038)	-	(369 183)	(425 527)	(425 527)	(49 070)	(443 339)	(444 909)	(472 617)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	(2 021)	(2 021)	-	(310)	(770)	(780)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	(40 038)	-	61 142	2 715	2 715	58 434	(5 217)	17 954	10 983
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	8 000	6 900	6 900	322	5 000	-	-
Decrease (Increase) in non-current debtors (not used)		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		1 354	-	-	5 710	-	-	(5 710)	-	-	-
Decrease (increase) in non-current investments		6 907	-	-	30 994	-	-	(30 994)	-	-	-
Payments											
Capital assets		-	-	-	(20 202)	(19 340)	(19 340)	(7 726)	(25 669)	(22 943)	(18 567)
NET CASH FROM/(USED) INVESTING ACTIVITIES		8 261	-	-	24 501	(12 440)	(12 440)	(44 107)	(20 669)	(22 943)	(18 567)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	(104)	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	(104)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		8 261	(40 038)	-	85 643	(9 726)	(9 726)	14 222	(25 886)	(4 989)	(7 584)
Cash/cash equivalents at the year begin:	2	4 492	4 492	4 492	13 638	23 614	23 614	4 492	26 114	228	(4 761)
Cash/cash equivalents at the year end:	2	12 753	(35 546)	4 492	99 281	13 889	13 889	18 715	228	(4 761)	(12 345)

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

Kwazulu-Natal: MUNI A (KZN001) - Table A8 Cash backed reserves/accumulated surplus reconciliation for 4th Quarter ended 30 June 2023

Description	Ref	2019/20	2020/21	2021/22	Current year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2023/24	Budget Year 2024/25	Budget Year 2025/26
Cash and investments available											
Cash/cash equivalents at the year end	1	12 753	(35 546)	4 492	99 281	13 889	13 889	18 715	228	(4 761)	(12 345)
Other current investments > 90 days		(12 602)	23 565	(1 547)	(92 674)	(4 947)	(4 947)	(17 143)	-	-	-
Non current assets - Investments	1	30 994	30 994	30 994	-	-	-	30 994	-	-	-
Cash and investments available:		31 145	19 013	33 939	6 607	8 941	8 941	32 565	228	(4 761)	(12 345)
Application of cash and investments											
Unspent conditional transfers		14 122	5 497	6 422	6 728	3 236	3 236	8 793	6 279	6 279	6 279
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	1 300	9 044	5 502	696	(19 856)	(19 856)	267	7 364	9 353	10 038
Other working capital requirements	3	31 762	32 139	104 324	(2 523)	(12 396)	(12 396)	158 184	35 447	35 906	38 429
Other provisions		5 297	6 045	6 604	4 107	5 577	5 577	6 525	5 577	5 577	5 577
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	4 754	4 722	4 754	4 894	4 894	4 875	4 894	4 894	4 894
Total Application of cash and investments:		52 481	57 478	127 573	13 762	(18 545)	(18 545)	178 644	59 561	62 009	65 218
Surplus(shortfall)		(21 335)	(38 465)	(93 634)	(7 156)	27 486	27 486	(146 078)	(59 333)	(66 770)	(77 563)

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves - Total Reserves to be backed by cash/investments excl Valuation reserve

Other working capital requirements

Debtors	-	-	-	45 471	124 842	124 842	16 668	157 150	200 373	243 551
Creditors due	31 762	32 139	104 324	42 948	112 446	112 446	174 852	192 597	236 279	281 981
Total	(31 762)	(32 139)	(104 324)	2 523	12 396	12 396	(158 184)	(35 447)	(35 906)	(38 429)

Debtors collection assumptions

Balance outstanding - debtors	91 544	36 466	85 788	47 558	121 059	121 059	53 297	162 288	207 439	253 958
Estimate of debtors collection rate	0.00%	0.00%	0.00%	95.61%	103.12%	103.12%	31.27%	96.83%	96.59%	95.90%

Reserves to be backed by cash/investments

Housing Development Fund	-	4 754	4 894	-	-	-	5 075	-	-	-
Capital replacement	-	-	-	-	-	-	-	-	-	-
Self-insurance	-	-	(20)	-	-	-	(29)	-	-	-
Compensation for Occupational Injuries and Diseases	-	-	-	-	-	-	-	-	-	-
Employee Benefit	-	-	-	-	-	-	-	-	-	-
Non-current Provisions	-	-	-	4 754	4 894	4 894	-	4 894	4 894	4 894
Valuation	-	-	-	-	-	-	-	-	-	-
Investment in associate account	-	-	(153)	-	-	-	(171)	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-	-
Total Reserves to be backed by cash/investments	-	4 754	4 722	4 754	4 894	4 894	4 875	4 894	4 894	4 894

Kwazulu-Natal: MUNI C (KZN002) - Table C4 Quarterly Budgeted Financial Performance (All) for 4th Quarter ended 30 June 2024

Description	Ref	2022/23	2023/24	Budget year 2023/24										
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue														
Exchange Revenue														
Service charges - Electricity		22 456		34 732	35 801	4 657	6 648	2 418		13 723	35 801	(22 078)	(61.67)	35 801
Service charges - Water														
Service charges - Waste Water Management														
Service charges - Waste Management		1 115		1 410	1 410	286	427	142		855	1 410	(555)	(39.35)	1 410
Sale of Goods and Rendering of Services		185		246	274	103	14	5		122	274	(152)	(55.64)	274
Agency services														
Interest		66			35	11	17	6		34	35	(1)	(3.62)	35
Interest earned from Receivables		534		377	555	108	174	65		347	555	(208)	(37.40)	555
Interest earned from Current and Non Current Assets		10 349		2 379	7 619	479	187	216		883	7 619	(6 736)	(88.41)	7 619
Dividends														
Rent on Land														
Rental from Fixed Assets		792		885	1 008	112	415	74		602	1 008	(406)	(40.30)	1 008
Licence and permits														
Operational Revenue		321		190	200	27	82			108	200	(92)	(45.93)	200
Non-Exchange Revenue														
Property rates		36 645		52 033	51 009	9 094	14 442	4 700		28 236	51 009	(22 773)	(44.65)	51 009
Surcharges and Taxes														
Fines, penalties and forfeits		894		2 277	2 622	139	658	220		1 017	2 622	(1 605)	(61.20)	2 622
Licences or permits		957		931	939	256	210	108		574	939	(365)	(38.86)	939
Transfer and subsidies - Operational		177 394		186 543	186 803	76 892	61 931	459		139 282	186 803	(47 521)	(25.44)	186 803
Interest		1 886			1 520	407	715	281		1 403	1 520	(117)	(7.72)	1 520
Fuel Levy														
Operational Revenue														
Gains on disposal of Assets		1 403												
Other Gains														
Discontinued Operations														
Total Revenue (excluding capital transfers and contributions)		254 997	-	282 002	289 794	92 571	85 920	8 695	-	187 186	289 794	(102 609)	(35.41)	289 794
Expenditure														
Employee related costs		87 296		114 465	106 389			97		97	106 389	(106 292)	(99.91)	106 389
Remuneration of councillors		13 462		16 899	16 899					16 899	16 899	(16 899)	(100.00)	16 899
Bulk purchases - electricity		31 384		34 783	34 783	8 855	9 301			18 156	34 783	(16 626)	(47.80)	34 783
Inventory consumed		1 456		12 851	15 809	2 692	5 711	1 135		9 539	15 809	(6 270)	(39.66)	15 809
Debt impairment		(4 871)												
Depreciation and amortisation		30 722		23 890	32 775						32 775	(32 775)	(100.00)	32 775
Interest				0	0						0	(0)	(100.00)	0
Contracted services		55 184		32 464	35 611	5 145	10 331	1 987		17 462	35 611	(18 149)	(50.96)	35 611
Transfers and subsidies		4 453		3 719	4 476	629	2 415	182		3 225	4 476	(1 250)	(27.94)	4 476
Irrecoverable debts written off		152		6 900	6 900	13	9	0		22	6 900	(6 878)	(99.68)	6 900
Operational costs		54 802		38 148	59 061	4 088	17 866	6 375		28 329	59 061	(30 732)	(52.03)	59 061
Losses on disposal of Assets		1 350												
Other Losses														
Total Expenditure		275 389	-	284 119	312 703	21 423	45 729	9 679	-	76 831	312 703	(235 872)	(75.43)	312 703
Surplus/(Deficit)		(20 392)	-	(2 116)	(22 909)	71 148	40 191	(984)	-	110 355	(22 909)	133 263	(581.72)	(22 909)
Transfers and subsidies - capital (monetary allocations)		41 026		46 675	78 412	10 689	21 557	1 155		33 401	78 412	(45 011)	(57.40)	78 412
Transfers and subsidies - capital (in-kind)		2 005												
Surplus/(Deficit) after capital transfers and contributions		22 639	-	44 559	55 504	81 837	61 748	171	-	143 756	55 504	88 252	159.00	55 504
Income Tax														
Surplus/(Deficit) after income tax		22 639	-	44 559	55 504	81 837	61 748	171	-	143 756	55 504	88 252	159.00	55 504
Share of Surplus/Deficit attributable to Joint Venture														
Share of Surplus/Deficit attributable to Minorities														
Surplus/(Deficit) attributable to municipality		22 639	-	44 559	55 504	81 837	61 748	171	-	143 756	55 504	88 252	159.00	55 504
Share of Surplus/Deficit attributable to Associate														
Intercompany/Parent subsidiary transactions														
Surplus/(Deficit) for the year		22 639	-	44 559	55 504	81 837	61 748	171	-	143 756	55 504	88 252	159.00	55 504

Kwazulu-Natal: MUNI C (KZN002) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 4th Quarter ended 30 June 2024

Description	Ref	2022/23	2023/24	Budget year 2023/24										
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional														
<i>Municipal governance and administration</i>		684	-	-	608	-	608	-	-	608	608	0	0.00	608
Executive and council					608		608			608	608	0		608
Finance and administration		684												
Internal audit														
<i>Community and public safety</i>		(26 406)	-	53 321	62 914	11 773	14 289	1 490	-	27 553	62 914	(35 361)	(56.21)	62 914
Community and social services		(26 640)		53 321	62 914	11 773	14 289	1 490		27 553	62 914	(35 361)	(56.21)	62 914
Sport and recreation														
Public safety		233												
Housing														
Health														
<i>Economic and environmental services</i>		(30 960)	-	7 287	21 033	1 826	5 493	-	-	7 318	21 033	(13 714)	(65.21)	21 033
Planning and development		(32 818)		0	2 269		957			957	2 269	(1 312)	(57.83)	2 269
Road transport		1 858		7 287	18 764	1 826	4 536			6 362	18 764	(12 402)	(66.10)	18 764
Environmental protection														
<i>Trading services</i>		8 240	-	0	19 024	-	-	-	-	-	19 024	(19 024)	(100.00)	19 024
Energy sources				0	18 790						18 790	(18 790)	(100.00)	18 790
Water management														
Waste water management														
Waste management		8 240		0	234						234	(234)	(100.00)	234
<i>Other</i>														
Total Capital Expenditure - Functional	3	(48 443)	-	60 608	103 579	13 599	20 389	1 490	-	35 479	103 579	(68 100)	(65.75)	103 579
Funded by														
National Government	-	(6 537)		31 891	29 630	9 295	13 872	1 004		24 171	29 630	(5 460)	(18.43)	29 630
Provincial Government					27 598	102	1 606			1 708	27 598	(25 890)	(93.81)	27 598
District Municipality														
Transfers and subsidies - capital (monetary allocations) (Nat														
Transfers recognised - capital		(6 537)	-	31 891	57 228	9 396	15 478	1 004	-	25 879	57 228	(31 349)	(54.78)	57 228
Borrowing	6													
Internally generated funds		(41 906)		28 716	46 350	4 203	4 911	486		9 600	46 350	(36 750)	(79.29)	46 350
Total Capital Funding		(48 443)	-	60 608	103 579	13 599	20 389	1 490	-	35 479	103 579	(68 100)	(65.75)	103 579

References

3. Capital expenditure by functional classification must reconcile to the total of multi-year and single year appropriations

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

Kwazulu-Natal: MUNI C (KZN002) - Table C7 Quarterly Budgeted Cash Flows (All) for 4th Quarter ended 30 June 2024

Description	Ref	2022/23	2023/24	Budget year 2023/24										
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES														
Receipts														
Property rates		153 406		39 839	39 839	7 864	20 914	62 247		91 025	39 839	51 186	128.48	39 839
Service charges		12 738		36 691	36 691	(550 932)	(548 207)	(63 968)		(1 163 107)	36 691	(1 199 797)	(3 270.05)	36 691
Other revenue		19 047		2 648	2 734	3 307	8 314	2 115		13 735	2 734	11 001	402.41	2 734
Transfers and Subsidies - Operational	1	(101 006)		186 543	186 543	461 640	382 228			843 868	186 543	657 325	352.37	186 543
Transfers and Subsidies - Capital	1	268 680		46 376	97 568	79 200	138 000			217 200	97 568	119 632	122.61	97 568
Interest		10 444		4 280	6 530	479	187	216		883	6 530	(5 647)	(86.48)	6 530
Dividends														
Payments														
Suppliers and employees		(367 523)		(307 810)	(312 337)	(47 064)	(79 574)	(18 756)		(145 394)	(312 337)	166 943	(53.45)	(312 337)
Finance charges														
Transfers and Subsidies	1													
NET CASH FROM/(USED) OPERATING ACTIVITIES		(4 215)	-	8 566	57 567	(45 506)	(78 137)	(18 146)	-	(141 790)	57 567	(199 357)	(346.30)	57 567
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Proceeds on disposal of PPE		8 417												
Decrease (Increase) in non-current debtors (not used)														
Decrease (increase) in non-current receivables														
Decrease (increase) in non-current investments														
Payments														
Capital assets		(512)		(69 319)	(96 285)		(2 231)			(2 231)	(96 285)	94 054	(97.68)	(96 285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		7 905	-	(69 319)	(96 285)	-	(2 231)	-	-	(2 231)	(96 285)	94 054	(97.68)	(96 285)
CASH FLOWS FROM FINANCING ACTIVITIES														
Receipts														
Short term loans														
Borrowing long term/refinancing														
Increase (decrease) in consumer deposits		(12)												
Payments														
Repayment of borrowing														
NET CASH FROM/(USED) FINANCING ACTIVITIES		(12)	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		3 678	-	(60 753)	(38 718)	(45 506)	(80 368)	(18 146)	-	(144 021)	(38 718)	(105 303)	271.97	(38 718)
Cash/cash equivalents at the year begin:		130 495		130 024	108 854	-	(45 506)	(125 875)	(144 021)	-	9 071	(9 071)	(100.00)	108 854
Cash/cash equivalents at the year end:	2	134 174		69 272	70 136	(45 506)	(125 875)	(144 021)	(144 021)	(144 021)	(29 647)	(114 374)	385.79	70 136

References

1. Material variances to be explained in Table SC1