

NONGOMA LOCAL MUNICIPALITY

KZN265



ADJUSTMENT BUDGET OF NONGOMA MUNICIPALITY

2017-18 TO 2019-20
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

<i>AMR</i>	<i>Automated Meter Reading</i>	<i>LED</i>	<i>Local Economic Development</i>
<i>ASGISA</i>	<i>Accelerated and Shared Growth Initiative</i>	<i>MEC</i>	<i>Member of the Executive Committee</i>
<i>BPC</i>	<i>Budget Planning Committee</i>	<i>MFMA</i>	<i>Municipal Financial Management Act Programme</i>
<i>CFO</i>	<i>Chief Financial Officer</i>	<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>CM</i>	<i>City Manager</i>	<i>MMC</i>	<i>Member of Mayoral Committee</i>
<i>CPI</i>	<i>Consumer Price Index</i>	<i>MPRA</i>	<i>Municipal Properties Rates Act</i>
<i>CRRF</i>	<i>Capital Replacement Reserve Fund</i>	<i>MSA</i>	<i>Municipal Systems Act</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>	<i>MTEF</i>	<i>Medium-term Expenditure Framework</i>
<i>DoRA</i>	<i>Division of Revenue Act</i>	<i>MTREF</i>	<i>Medium-term Revenue and Expenditure Framework</i>
<i>EE</i>	<i>Employment Equity</i>	<i>NGO</i>	<i>Non-Governmental organisations</i>
<i>EM</i>	<i>Executive Mayor</i>	<i>NKPIs</i>	<i>National Key Performance Indicators</i>
<i>FBS</i>	<i>Free basic services</i>	<i>OHS</i>	<i>Occupational Health and Safety</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practice</i>	<i>OP</i>	<i>Operational Plan</i>
<i>GDP</i>	<i>Gross domestic product</i>	<i>PMS</i>	<i>Performance Management System</i>
<i>GFS</i>	<i>Government Financial Statistics</i>	<i>PPE</i>	<i>Property Plant and Equipment</i>
<i>GRAP</i>	<i>General Recognised Accounting Practice</i>	<i>PTIS</i>	<i>Public Transport Infrastructure System</i>
<i>HR</i>	<i>Human Resources</i>	<i>SALGA</i>	<i>South African Local Government Association</i>
<i>HSRC</i>	<i>Human Science Research Council</i>	<i>SAPS</i>	<i>South African Police Service</i>
<i>IDP</i>	<i>Integrated Development Strategy</i>	<i>SDBIP</i>	<i>Service Delivery Budget Implementation Plan</i>
<i>IT</i>	<i>Information Technology</i>	<i>SMME</i>	<i>Small Micro and Medium Enterprises</i>
<i>KM</i>	<i>Kilometre</i>		
<i>KPA</i>	<i>Key Performance Area</i>		
<i>KPI</i>	<i>Key Performance Indicator</i>		

1.1 Mayor's Budget Speech

Honorable Speaker – Cllr BW Zulu

Honorable Deputy Mayor – Cllr AN Xulu

Honorable Members of the Executive Committee

Honorable Councillors

Municipal Manager – Mr.VT Sokhela

Heads of Department

Ladies and Gentlemen

I am honored to present to you the revised budget for 2017/18 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2017/18 adjustment budget has been prepared taking into account the results of the mid-year budget and performance assessment report presented to the council in terms of section 72 of the Municipal Finance Management Act. The report above necessitated that the original annual budget be revised to prioritize the following:

- 1. Revised National and Provincial government grant allocations:**

a. Impact of the revision of grant allocations by national government

- **No** changes to grant allocations to Nongoma municipality according to a revised DORA gazette by national government.

b. Impact of revision of grant allocations by provincial government

- **No** changes to grant allocations in accordance with the revised provincial DORA gazette.

Tariffs

The municipality is not allowed to revise tariffs and other municipal charges during the implementation of an approved annual budget. This is a legislative requirement.

Some revenue and expenditure estimates required adjustment due to material under-collection in respect of revenue and expenditure not in line with the expenditure trends in terms of allocated budget per vote.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2017/18 revised Budget:

a) Consolidated adjustment budget

Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	H		
Total Revenue (excluding capital transfers and contributions)		162 963	161 764	171 721	177 424
Total Expenditure		157 252	156 433	165 913	175 716
Surplus/(Deficit)		5 711	5 330	5 807	1 708
Add capital Expenditure		58 378	58 378	44 075	45 866
Total Budget		221 341	220 142	215 796	223 290

b) Operating revenue:

Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	10 H		
Revenue By Source					
Property rates	2	21 858	21 858	23 257	24 746
Service charges - refuse revenue	2	1 904	1 904	2 013	2 125
Rental of facilities and equipment		234	234	249	265
Interest earned - external investments		1 831	1 831	1 948	2 072
Interest earned - outstanding debtors		2 979	1 200	1 277	1 359
Fines, penalties and forfeits		274	306	326	346
Licences and permits		838	838	891	949
Transfers and subsidies		131 847	131 847	139 908	143 598
Other revenue	2	1 198	1 746	1 852	1 964
Total Revenue (excluding capital transfers)		162 963	161 764	171 721	177 424

The adjustments were effected on the following revenue categories:

- Interest on outstanding debtor
- Fines
- Other revenue

c) Operating expenditure:

Expenditure By Type					
Employee related costs		71 907	77 698	82 361	87 302
Remuneration of councillors		13 852	13 852	14 683	15 564
Debt impairment		1 000	1 000	1 064	1 132
Depreciation & asset impairment		4 023	4 023	4 281	4 554
Finance charges		52	52	55	59
Other materials		5 145	6 645	7 070	7 523
Contracted services		27 774	16 080	17 109	18 204
Transfers and subsidies		150	1 500	1 596	1 698
Other expenditure		33 348	35 584	37 695	39 680
Total Expenditure		157 252	156 433	165 913	175 716

Section 23(1) of the municipal budget and reporting regulation states that “*an adjustment budget may be tabled to council at any time after mid-year budget and performance assessment report has been tabled in the council*”

- *Subsection (3), if a national or provincial adjustments budgets allocates or transfers additional revenues to a municipality*
- *Subsection (4), an adjustment budget must be tabled in the municipal council after the unforeseeable and unavoidable expenditure was incurred”*

The adjustments have been made on the expenditure categories below:

- Employee related costs increased to R77.6 million.
- Depreciation and asset impairment is R4.0 million.
- Finance costs are R52 thousand rand.
- Other Materials increased to R6.6
- Contracted services decreased to R16.0 million.
- Transfers and grants increased to R 1.5 million.
- Other expenditure:
 - ✚ **Mayoral bursary** (New students) provision increased to R500 000.
 - ✚ **Indigent burials** increased to R650 000.
 - ✚ **Advertising** reduced to R1.2
 - ✚ **Ward committees** provided at R1.6
 - ✚ **External computer service** increased to R3.2
 - ✚ **Rentals increased** to R1.0
- Repairs and maintenance reduced to R3.4 million.

Other items were not revised as adjustments were not necessary.

d) Capital Expenditure

The capital budget of the municipality has been revised to R63.7 million compared to the original budget of R64.0 million. The capital projects provided for in the original budget and which are under construction during current budget year have not been revised with the exception of the following:

- R344 000 provided for air-conditioners for offices
- Computer equipment provided at R162 000.
- Furniture and office Equipment at R125 000
- Vehicles – R1300 000 (Municipal Manager 4x2 Bakkie x3 R1 650 000, (Corporate services)

The summary of a **revised capital expenditure** for current financial period is as follow:

KZN265 Nongoma - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class -

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	12 F	13 G	14 H		
R thousands							
Capital expenditure on new assets by Asset Class/Sub-class							
Infrastructure		58 378	-	-	58 378	44 075	45 866
Roads Infrastructure		43 378	-	-	43 378	34 075	35 866
<i>Roads</i>		43 378	-	-	43 378	34 075	35 866
Storm water Infrastructure		-	-	-	-	-	-
<i>Attenuation</i>		-	-	-	-	-	-
Electrical Infrastructure		15 000	-	-	15 000	10 000	10 000
<i>Capital Spares</i>		15 000	-	-	15 000	10 000	10 000
Community Assets		4 487	(2 393)	(2 393)	2 094	-	-
Community Facilities		4 487	(4 487)	(4 487)	-	-	-
<i>Halls</i>		3 487	(3 487)	(3 487)	-	-	-
<i>Testing Stations</i>		1 000	(1 000)	(1 000)	-	-	-
Intangible Assets		-	2 094	2 094	2 094	-	-
Servitudes		-	-	-	-	-	-
Licences and Rights		-	2 094	2 094	2 094	-	-
<i>Unspecified</i>		-	2 094	2 094	2 094	-	-
Computer Equipment		-	162	162	162	-	-
Computer Equipment		-	162	162	162	-	-
Furniture and Office Equipment		989	(864)	(864)	125	-	-
Furniture and Office Equipment		989	(864)	(864)	125	-	-
Machinery and Equipment		235	(235)	(235)	-	-	-
Machinery and Equipment		235	(235)	(235)	-	-	-
Transport Assets		-	2 950	2 950	2 950	3 414	3 119
Transport Assets		-	2 950	2 950	2 950	3 414	3 119
Total Capital Expenditure on new assets	1	64 089	(380)	(380)	63 709	47 489	48 985

The municipality has implemented the expanded public works programme for an amount of R1.0 million as per the National Treasury allocation. The expenditure against this grant is reported accordingly to relevant funders.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2017/18 revised budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I thank you

Hon Cllr. M.A Mncwango

Mayor – Nongoma Local Municipality.

Adjustment budget tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 revised budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 1: MBRR Table B1 Budget summary

Description	Budget Year 2017/18				Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance						
Property rates	21 858	-	-	21 858	23 257	24 746
Service charges	1 904	-	-	1 904	2 013	2 125
Investment revenue	1 831	-	-	1 831	1 948	2 072
Transfers recognised - operational	131 847	-	-	131 847	139 908	143 598
Other own revenue	5 523	(1 199)	(1 199)	4 324	4 595	4 882
Revenue (excluding capital transfers and contributions)	162 963	(1 199)	(1 199)	161 764	171 721	177 424
Employee costs	71 907	5 791	5 791	77 698	82 361	87 302
Remuneration of councillors	13 852	-	-	13 852	14 683	15 564
Depreciation & asset impairment	4 023	-	-	4 023	4 281	4 554
Finance charges	52	-	-	52	55	59
Materials and bulk purchases	5 145	1 500	1 500	6 645	7 070	7 523
Transfers and grants	150	1 350	1 350	1 500	1 596	1 698
Other expenditure	62 122	(9 459)	(9 459)	52 663	55 867	59 016
Total Expenditure	157 252	(818)	(818)	156 433	165 913	175 716
Surplus/(Deficit)	5 711	(381)	(381)	5 330	5 807	1 708
Transfers recognised - capital	58 378	-	-	58 378	44 075	45 866
Surplus/(Deficit) after capital transfers & contributions	64 089	(381)	(381)	63 708	49 882	47 574
Surplus/ (Deficit) for the year	64 089	(381)	(381)	63 708	49 882	47 574
Capital expenditure & funds sources						
Capital expenditure	64 089	(380)	(380)	63 709	47 489	48 985
Transfers recognised - capital	58 378	-	-	58 378	44 075	45 866
Internally generated funds	5 711	(380)	(380)	5 331	3 414	3 119
Total sources of capital funds	64 089	(380)	(380)	63 709	47 489	48 985
Financial position						
Total current assets	32 667	-	-	32 667	35 032	37 134
Total non current assets	319 531	-	-	319 531	338 177	358 468
Total current liabilities	16 496	-	-	16 496	17 366	18 408
Total non current liabilities	7 955	-	-	7 955	8 432	8 938
Community wealth/Equity	327 746	-	-	327 746	347 411	368 255
Cash flows						
Net cash from (used) operating	62 096	4 427	4 427	66 523	51 004	47 839
Net cash from (used) investing	(64 089)	380	380	(63 709)	(47 489)	(48 985)
Net cash from (used) financing	7	(7)	(7)	-	-	-
Cash/cash equivalents at the year end	1 693	4 800	4 800	6 493	10 008	8 862
Cash backing/surplus reconciliation						
Cash and investments available	11 171	(4 679)	(4 679)	6 492	4 665	4 945
Application of cash and investments	10	(7 771)	(7 771)	(7 762)	(7 425)	(6 935)
Balance - surplus (shortfall)	11 161	3 092	3 092	14 254	12 090	11 880
Asset Management						
Depreciation & asset impairment	4 023	-	-	4 023	4 252	4 490
Repairs and Maintenance	4 516	(1 068)	(1 068)	3 448	3 655	3 874
Free services						
Cost of Free Basic Services provided	1 868	(368)	(368)	1 500	1 590	1 685
Households below minimum service level						
Refuse:	120	-	-	120	120	120

Explanatory notes to Table B1 - Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table B8) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

The following table is a summary of the 2017/18 revised MTREF (classified by main revenue and expenditure source):

Table 1: MBRR Table B4 Summary of revenue classified by main revenue and expenditure sources

Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	10 H		
Revenue By Source					
Property rates	2	21 858	21 858	23 257	24 746
Service charges - refuse revenue	2	1 904	1 904	2 013	2 125
Rental of facilities and equipment		234	234	249	265
Interest earned - external investments		1 831	1 831	1 948	2 072
Interest earned - outstanding debtors		2 979	1 200	1 277	1 359
Fines, penalties and forfeits		274	306	326	346
Licences and permits		838	838	891	949
Transfers and subsidies		131 847	131 847	139 908	143 598
Other revenue	2	1 198	1 746	1 852	1 964
Total Revenue (excluding capital transfers)		162 963	161 764	171 721	177 424
Expenditure By Type					
Employee related costs		71 907	77 698	82 361	87 302
Remuneration of councillors		13 852	13 852	14 683	15 564
Debt impairment		1 000	1 000	1 064	1 132
Depreciation & asset impairment		4 023	4 023	4 281	4 554
Finance charges		52	52	55	59
Other materials		5 145	6 645	7 070	7 523
Contracted services		27 774	16 080	17 109	18 204
Transfers and subsidies		150	1 500	1 596	1 698
Other expenditure		33 348	35 584	37 695	39 680
Total Expenditure		157 252	156 433	165 913	175 716
Surplus/(Deficit)		5 711	5 330	5 807	1 708
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		58 378	58 378	44 075	45 866
Surplus/ (Deficit) for the year		64 089	63 708	49 882	47 574

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are disclosed separately from the operating revenue, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating grants and transfers totals R131.8 million in the 2017/18 financial year and increases to R139.9 and R143.5 million in the 2018/19 and 2019/20 respectively.

The budgeted allocation for employee related costs for the 2017/18 financial year totals R77.6 million, which equals 50% of the total operating expenditure.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R4.0 million for the financial year and equates to 2% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years.

Finance charges have been decreased to R52 thousand. The municipality intends to finance its vehicle purchase through available surplus funds.

Transfers and grants consist of budget expenditure for the provision for 50kwv free basic electricity (FBE) to indigent households and the number of beneficiaries has increased significantly lately, hence requires increased budget allocation of R1.5 million.

Table 2 Operating Transfers and Grant Receipts

Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget A	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
R thousands					
RECEIPTS:	1, 2				
<u>Operating Transfers and Grants</u>					
National Government:		131 076	131 076	137 898	142 752
Local Government Equitable Share		128 137	128 137	135 743	140 597
Finance Management	3	1 900	1 900	2 155	2 155
EPWP Incentive		1 039	1 039	–	–
Provincial Government:		771	771	2 010	846
Provincialisation of Libraries		583	583	613	644
Municipal Assistance Programme		188	188	197	202
Schemes Support Programme	5	–	–	1 200	–
Total Operating Transfers and Grants	6	131 847	131 847	139 908	143 598
<u>Capital Transfers and Grants</u>					
National Government:		58 378	58 378	44 075	45 866
Municipal Infrastructure Grant (MIG)		43 378	43 378	34 075	35 866
Neighbourhood Development Partnership		–	–	–	–
Integrated National Electrification Programme		15 000	15 000	10 000	10 000
Total Capital Transfers and Grants	6	58 378	58 378	44 075	45 866
TOTAL RECEIPTS OF TRANSFERS & GRANTS		190 225	190 225	183 983	189 464

Note:

Operating grants and transfers totals R131.8 million in the 2017/18 financial year and increases to R139.9 and R143.5 million in the 2018/19 and 2019/20 respectively.

Capital grants allocation totals R58.3 million in the 2017/18 financial year and decreases to R44.0 and R45.8 million in the 2018/19 and 2019/20 respectively.

For 2017/18, the total of R190.2 million will be transferred to Nongoma municipality as government allocations.

Table 5 Summary of capital expenditure by vote

KZN265 Nongoma - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2017

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	10 F	11 G	12 H		
R thousands							
Capital expenditure - Vote							
Multi-year expenditure to be adjusted	2						
Vote 3 - Corporate Services		-	-	-	-	-	500
Vote 5 - Economic and Environmental Services		60 928	(768)	(768)	60 160	44 075	45 866
Vote 8 - Solid Waste Management		-	-	-	-	3 414	2 619
Capital multi-year expenditure sub-total	3	60 928	(768)	(768)	60 160	47 489	48 985
Single-year expenditure to be adjusted	2						
Vote 1 - Governance and Administration		-	1 300	1 300	1 300	-	-
Vote 2 - Financial Service		93	27	27	120	-	-
Vote 3 - Corporate Services		368	1 626	1 626	1 994	-	-
Vote 4 - Community Services		700	(640)	(640)	60	-	-
Vote 5 - Economic and Environmental Services		-	60	60	60	-	-
Vote 7 - Safety and Security		1 000	(985)	(985)	15	-	-
Vote 8 - Solid Waste Management		1 000	(1 000)	(1 000)	-	-	-
Capital single-year expenditure sub-total		3 161	388	388	3 549	-	-
Total Capital Expenditure - Vote		64 089	(380)	(380)	63 709	47 489	48 985
Capital Expenditure - Functional							
Governance and administration		2 011	1 410	1 410	3 421	1 526	1 618
Executive and council			1 300	1 300	1 300	1 378	1 461
Finance and administration		2 011	110	110	2 121	148	157
Community and public safety		1 700	(1 625)	(1 625)	75	6	7
Community and social services		700	(625)	(625)	75	6	7
Public safety		1 000	(1 000)	(1 000)	-	-	-
Economic and environmental services		59 378	835	835	60 213	45 957	47 360
Planning and development		1 000	782	782	1 782	1 882	1 494
Road transport		58 378	53	53	58 431	44 075	45 866
Trading services		1 000	(1 000)	(1 000)	-	-	-
Waste management		1 000	(1 000)	(1 000)	-	-	-
Total Capital Expenditure - Functional	3	64 089	(380)	(380)	63 709	47 489	48 985
Funded by:							
National Government		58 378	-	-	58 378	44 075	45 866
Transfers recognised - capital	4	58 378	-	-	58 378	44 075	45 866
Internally generated funds		5 711	(380)	(380)	5 331	3 414	3 119
Total Capital Funding		64 089	(380)	(380)	63 709	47 489	48 985

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18, R58.3 million has

been allocated, This allocation decreases to R44.0 million and R45.8 million in 2018/19 and 2019/20 respectively.

3. The provision made for vehicles purchase increases to R2.9 in total for the financial year. The vehicle purchase will be funded through internally general funds from a successful financial institution procured through competitive bidding process in terms of council SCM policy.

5. The capital programme is funded from national capital grants and internally generated funds from current year surpluses. For 2017/18, capital transfers totals R58.3 million decreasing to R44.0 million and R45.8 million in the 2017/18 and 2018/19 financial years respectively. The internally generated funding amount to R5.3 million, R3.4 million and R3.1 million for each of the respective financial years of the MTREF.

Table 6 MBRR Table B6 - Budgeted Financial Position

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	2018/19	2019/20
R thousands		A	8 F	9 G	10 H	Adjusted Budget	Adjusted Budget
ASSETS							
Current assets							
Cash		8 859	(4 679)	(4 679)	4 180	2 214	2 347
Call investment deposits	1	2 312	-	-	2 312	2 451	2 598
Consumer debtors	1	20 498	4 679	4 679	25 177	30 367	32 189
Other debtors		998	-	-	998		
Total current assets		32 667	-	-	32 667	35 032	37 134
Non current assets							
Property, plant and equipment	1	319 035	-	-	319 035	338 177	358 468
Intangible		496	-	-	496		
Total non current assets		319 531	-	-	319 531	338 177	358 468
TOTAL ASSETS		352 197	-	-	352 197	373 209	395 602
LIABILITIES							
Current liabilities							
Borrowing		28	-	-	28	30	31
Trade and other payables		16 355	-	-	16 355	17 336	18 376
Provisions		113	-	-	113		
Total current liabilities		16 496	-	-	16 496	17 366	18 408
Non current liabilities							
Provisions	1	7 955	-	-	7 955	8 432	8 938
Total non current liabilities		7 955	-	-	7 955	8 432	8 938
TOTAL LIABILITIES		24 451	-	-	24 451	25 798	27 346
NET ASSETS	2	327 746	-	-	327 746	347 411	368 255
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)		327 746	-	-	327 746	347 411	368 255
TOTAL COMMUNITY WEALTH/EQUITY		327 746	-	-	327 746	347 411	368 255

Explanatory notes to Table B6 - Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes (SB2) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.
6. The statement of financial position above reflects that there are prospects that the municipality will be financially viable for the rest of the budget year. The statement suggests a favorable bank balance of R6.4 million at the end of 2018 financial year.

Table7 MBRR Table B7 - Budgeted Cash Flow Statement

Description	Ref	Budget Year 2017/18				Budget Year	Budget Year
		Original	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
		8	9	10	Budget	Budget	
R thousands		A	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates		18 000	-	-	18 000	21 500	22 000
Service charges		700	-	-	700	1 000	1 005
Other revenue		3 569	3 609	3 609	7 178	1 852	1 964
Government - operating	1	131 847	-	-	131 847	139 908	143 598
Government - capital	1	58 378	-	-	58 378	44 075	45 866
Interest		1 831	-	-	1 831	3 238	3 435
Payments							
Suppliers and employees		(152 026)	2 168	2 168	(149 858)	(158 918)	(168 272)
Finance charges		(52)	-	-	(52)	(55)	(59)
Transfers and Grants	1	(150)	(1 350)	(1 350)	(1 500)	(1 596)	(1 698)
NET CASH FROM/(USED) OPERATING ACTIVITIES		62 096	4 427	4 427	66 523	51 004	47 839
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) in non-current investments				-	-		
Payments							
Capital assets		(64 089)	380	380	(63 709)	(47 489)	(48 985)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(64 089)	380	380	(63 709)	(47 489)	(48 985)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits		7	(7)	(7)	-		
Payments							
Repayment of borrowing				-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		7	(7)	(7)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(1 985)	4 800	4 800	2 814	3 515	(1 146)
Cash/cash equivalents at the year begin:	2	3 678		-	3 678	6 493	10 008
Cash/cash equivalents at the year end:	2	1 693	4 800	4 800	6 493	10 008	8 862

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The above table shows that cash and cash equivalents of the Municipality reflect a positive growth from 2017/18 to 2019/20. For the 2017/18 MTREF the revised budget shows

improving levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R6.4 million by 2017/18 and increasing to R8.8 by 2019/20.

4.

Table 8 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN265 Nongoma - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	8 F	9 G	10 H		
R thousands							
Cash and investments available							
Cash/cash equivalents at the year end	1	1 693	4 800	4 800	6 493	126 653	143 231
Other current investments > 90 days		9 478	(9 479)	(9 479)	(1)	(121 988)	(138 286)
Non current assets - Investments	1	-	-	-	-	-	-
Cash and investments available:		11 171	(4 679)	(4 679)	6 492	4 665	4 945
Applications of cash and investments							
Unspent conditional transfers		-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-
Other working capital requirements	2	10	(7 771)	(7 771)	(7 762)	(7 425)	(6 935)
Other provisions		-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-
Total Application of cash and investments:		10	(7 771)	(7 771)	(7 762)	(7 425)	(6 935)
Surplus(shortfall)		11 161	3 092	3 092	14 254	12 090	11 880

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The adjustment budget for the MTREF 2017/18 to 2019/20 reflects that the budget is sufficiently funded.

Table 9 MBRR Table B9 - Asset Management

KZN265 Nongoma - Table B9 Asset Management

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	12	13	14		
R thousands							
CAPITAL EXPENDITURE							
Total New Assets to be adjusted	1	64 089	(380)	(380)	63 709	47 489	48 985
<i>Roads Infrastructure</i>		43 378	-	-	43 378	34 075	35 866
<i>Electrical Infrastructure</i>		15 000	-	-	15 000	10 000	10 000
Infrastructure		58 378	-	-	58 378	44 075	45 866
Community Facilities		4 487	(4 487)	(4 487)	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-
Community Assets		4 487	(4 487)	(4 487)	-	-	-
Licences and Rights		-	2 094	2 094	2 094	-	-
Intangible Assets		-	2 094	2 094	2 094	-	-
Computer Equipment		-	162	162	162	-	-
Furniture and Office Equipment		989	(864)	(864)	125	-	-
Machinery and Equipment		235	(235)	(235)	-	-	-
Transport Assets		-	2 950	2 950	2 950	3 414	3 119
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4						
<i>Roads Infrastructure</i>		43 378	-	-	43 378	34 075	35 866
<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<i>Electrical Infrastructure</i>		15 000	-	-	15 000	10 000	10 000
Infrastructure		58 378	-	-	58 378	44 075	45 866
Community Facilities		4 487	(4 487)	(4 487)	-	-	-
Community Assets		4 487	(4 487)	(4 487)	-	-	-
Licences and Rights		-	2 094	2 094	2 094	-	-
Intangible Assets		-	2 094	2 094	2 094	-	-
Computer Equipment		-	162	162	162	-	-
Furniture and Office Equipment		989	(864)	(864)	125	-	-
Machinery and Equipment		235	(235)	(235)	-	-	-
Transport Assets		-	2 950	2 950	2 950	3 414	3 119
TOTAL CAPITAL EXPENDITURE to be adjusted	4	64 089	(380)	(380)	63 709	47 489	48 985
ASSET REGISTER SUMMARY - PPE (WDV)							
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment		4 023	-	-	4 023	4 252	4 490
Repairs and Maintenance by asset class	3	4 516	(1 068)	(1 068)	3 448	3 655	3 874
Operational Buildings		1 500	(500)	(500)	1 000	1 060	1 124
Other Assets		1 500	(500)	(500)	1 000	1 060	1 124
Licences and Rights		648	-	-	648	687	728
Intangible Assets		648	-	-	648	687	728
Computer Equipment		107	(107)	(107)	-	-	-
Machinery and Equipment		2 261	(461)	(461)	1 800	1 908	2 022
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		8 539	(1 068)	(1 068)	7 471	7 907	8 365
Renewal and upgrading of Existing Assets as % of total capex		0.0%			0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn"		0.0%			0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%			0.0%	0.0%	0.0%
Renewal and upgrading and R&M as a % of PPE		0.0%			0.0%	0.0%	0.0%

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal of capital assets is lower than National Treasury requirement of 40% at 0.0% of capital budget. The municipality does not have major assets that need to be renewed. The MIG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is below 8% of the net asset value of the municipality's property, plant and equipment.

Table 10 MBRR Table B10 - Basic Service Delivery Measurement

Description	Ref	Budget Year 2017/18			Budget Year	Budget Year
		Original	Total	Adjusted	+1 2018/19	+2 2019/20
		A	13 G	14 H	Adjusted Budget	Adjusted Budget
Household service targets	1					
Water:						
Other water supply (at least min.service level)			-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-
Using public tap (< min.service level)	3		-	-		
Other water supply (< min.service level)	3,4		-	-		
No water supply			-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-
Total number of households	5	-	-	-	-	-
Sanitation/sewerage:						
Flush toilet (connected to sewerage)		191348	-	191 348	191348	191348
Flush toilet (with septic tank)		5.6	-	6	5.6	5.6
Chemical toilet		34341	-	34 341	34341	34341
Pit toilet (ventilated)		0	-	-	0	0
Other toilet provisions (> min.service level)		0	-	-	0	0
<i>Minimum Service Level and Above sub-total</i>		225 695	-	225 695	225 695	225 695
Bucket toilet			-	-		
Other toilet provisions (< min.service level)			-	-		
No toilet provisions			-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-
Total number of households	5	225 695	-	225 695	225 695	225 695
Energy:						
Electricity (at least min. service level)			-	-		
Electricity - prepaid (> min.service level)			-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-
Other energy sources			-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-
Total number of households	5	-	-	-	-	-
Refuse:						
Removed at least once a week (min.service)			-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-
Removed less frequently than once a week		93499	-	93 499	93499	93499
Using communal refuse dump		20425	-	20 425	20425	20425
Using own refuse dump		1806	-	1 806	1806	1806
Other rubbish disposal		1808	-	1 808	1808	1808
No rubbish disposal		2013	-	2 013	2013	2013
<i>Below Minimum Service Level sub-total</i>		119 551	-	119 551	119 551	119 551
Total number of households	5	119 551	-	119 551	119 551	119 551

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma.

Supporting Documentation

Table SB1

KZN265 Nongoma - Supporting Table SB1

Description	Ref	Budget Year 2017/18				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	2018/19	2019/20
		A	11 F	12 G	13 H		
R thousands							
REVENUE ITEMS							
Property rates							
Total Property Rates		22 283 470.67	-	-	22 283 470.67	23 709 612.79	25 227 028.01
less Revenue Foregone		425 000.00	-	-	425 000.00	452 200.00	481 140.80
Net Property Rates		21 858 470.67	-	-	21 858 470.67	23 257 412.79	24 745 887.21
Total refuse removal revenue		1 904 203.32	-	-	1 904 203.32	2 012 742.91	2 125 456.51
Net Service charges - refuse revenue		1 904 203.32	-	-	1 904 203.32	2 012 742.91	2 125 456.51
Other Revenue By Source							
Handling fees		64 880.53	-64 880.53	-64 880.53	-		
Cashier Surplus		50.00	-	-	50.00	50.00	50.00
empty containers		1 300.00	-	-	1 300.00	1 383.00	1 471.72
Rates Clearane		1 186.43	-	-	1 186.43	1 262.36	1 343.15
Building plans		3 296.78	-	-	3 296.78	3 486.81	3 692.07
Map Fees		559.91	-	-	559.91	591.82	624.97
Erf Subdivisio		200.00	-	-	200.00	211.40	223.24
Zoning Certificate		3 171.00	-	-	3 171.00	3 570.16	4 092.00
School Patrol		269 789.97	-	-	269 789.97	285 168.00	301 137.40
LG Seta reimbursement		542 600.00	-	-	542 600.00	573 528.20	605 645.77
Tender Document photocopies		265 693.28	334 306.72	334 306.72	600 000.00	638 400.00	679 257.60
		45 278.96	278 345.00	278 345.00	323 623.96	344 335.89	366 373.39
Total 'Other' Revenue	1	1 198 006.86	547 771.19	547 771.19	1 745 778.05	1 851 987.64	1 963 911.31
EXPENDITURE ITEMS							
Employee related costs							
Basic Salaries and Wages		48 685 649.14	3 318 890.00	3 318 890.00	52 004 539.14	55 125 300.00	58 432 818.00
Pension and UIF Contributions		10 869 587.97	1 217 000.00	1 217 000.00	12 086 587.97	12 812 220.00	13 580 720.00
Medical Aid Contributions		2 283 110.49	545 000.00	545 000.00	2 828 110.49	2 997 680.00	3 177 540.00
Overtime		2 340 740.44	46 000.00	46 000.00	2 386 740.44	2 530 220.00	2 682 033.00
Performance Bonus		3 510 783.31	70 000.00	70 000.00	3 580 783.31	3 795 860.00	4 023 611.00
Motor Vehicle Allowance		2 964 961.15	59 000.00	59 000.00	3 023 961.15	3 205 440.00	3 397 766.00
Housing Allowances		58 494.99	12 000.00	12 000.00	70 494.99	74 200.00	78 440.00
Other benefits and allowances		1 194 000.00	523 000.00	523 000.00	1 717 000.00	1 820 020.00	1 929 200.00
sub-total		71 907 327.49	5 790 890.00	5 790 890.00	77 698 217.49	82 360 940.00	87 302 128.00
Less: Employees costs capitalised to PPE							
Total Employee related costs	1	71 907 327.49	5 790 890.00	5 790 890.00	77 698 217.49	82 360 940.00	87 302 128.00

Other Expenditure By Type												
Collection costs		-					500	500	500	532	566	
Audit fees		-					1 200	1 200	1 200	1 277	1 359	
General expenses	3.5	-					-	-	-	-	-	
Advertising, Publicity and Marketing		1 834					(634)	(634)	1 200	1 277	1 359	
Bank Charges		120					120	120	240	255	272	
Bursaries		500					-	-	500	1 064	1 132	
Communication		2 350					(450)	(450)	1 900	2 022	2 151	
External Computer Service		2 750					500	500	3 250	2 926	3 113	
Hire Charges [Expenditure		1 967					-	-	1 967	2 093	2 227	
Indigent Relief [Expenditure		1 868					-	-	1 868	1 988	2 115	
Management Fee		600					-	-	600	638	679	
Printing, Publications and Books		915					-	-	915	974	1 036	
Professional Bodies, Membership and Subscription		1 840					-	-	1 840	1 958	2 083	
Registration Fees		480					-	-	480	511	543	
Remuneration to Ward Committees		1 600					-	-	1 600	1 702	1 811	
Toll Gate Fees		128					-	-	128	136	145	
Travel and Subsistence		9 367					-	-	9 367	9 800	10 000	
Uniform and Protective Clothing		1 020					-	-	1 020	1 085	1 155	
Wet Fuel		900					-	-	900	958	1 019	
Municipal Services		1 679					-	-	1 679	1 786	1 900	
Insurance		1 000					-	-	1 000	1 064	1 132	
Rewards Incentives		50					-	-	50	53	57	
Vehicle Tracking		80					-	-	80	85	91	
Office Equipment Operating lease rentals		2 300					-	-	2 300	2 447	2 604	
		-					1 000	1 000	1 000	1 064	1 132	
Total Other Expenditure	1	33 348	-	-	-	-	2 236	2 236	35 584	37 695	39 680	
Repairs and Maintenance	14											
Employee related costs												
Other materials												
Contracted Services							3 448	3 448	3 448	4 691	4 991	
Other Expenditure												
Total Repairs and Maintenance Expenditure	15	-	-	-	-	-	3 448	3 448	3 448	4 691	4 991	

Table SB2 – Supporting table to ‘financial position budget’.**KZN265 Nongoma - Supporting Table SB2 Supporting detail to 'Financial Position Budget' -**

Description	Ref	Budget Year 2017/18				Budget Year	Budget Year
		Original Budget	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		A	Adjusts. 9 F	Adjusts. 10 G	Budget 11 H	Adjusted Budget	Adjusted Budget
R thousands							
ASSETS							
<u>Call investment deposits</u>							
Call deposits		2 312		–	2 312	2 451	2 598
Total Call investment deposits	1	2 312	–	–	2 312	2 451	2 598
<u>Consumer debtors</u>							
Consumer debtors		32 826	4 679	4 679	37 505	30 367	32 189
Less: provision for debt impairment		12 329	–	–	12 329	–	–
Total Consumer debtors	1	20 498	4 679	4 679	25 177	30 367	32 189
<u>Debt impairment provision</u>							
Balance at the beginning of the year		12 329		–	12 329	–	–
Balance at end of year		12 329	–	–	12 329	–	–
<u>Property, plant & equipment</u>							
PPE at cost/v valuation (excl. finance leases)		319 035		–	319 035	338 177	358 468
Total Property, plant & equipment	1	319 035	–	–	319 035	338 177	358 468
LIABILITIES							
<u>Current liabilities - Borrowing</u>							
Short term loans (other than bank overdraft)		28		–	28	30	31
Total Current liabilities - Borrowing		28	–	–	28	30	31
<u>Trade and other payables</u>							
Creditors		16 355		–	16 355	17 336	18 376
Total Trade and other payables	1	16 355	–	–	16 355	17 336	18 376
Other		7 955		–	7 955	8 432	8 938
Total Provisions - non current		7 955	–	–	7 955	8 432	8 938
CHANGES IN NET ASSETS							
<u>Accumulated surplus/(Deficit)</u>							
Accumulated surplus/(Deficit) - opening balance		327 746		–	327 746	347 411	368 255
Accumulated Surplus/(Deficit)	1	327 746	–	–	327 746	347 411	368 255
TOTAL COMMUNITY WEALTH/EQUITY	2	327 746	–	–	327 746	347 411	368 255

Table SB4 – Supporting table to budgeted performance indicators and benchmarks

KZN265 Nongoma - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks -

Description of financial indicator	Basis of calculation	Budget Year 2017/18			Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>						
Credit Rating	Short term/long term rating					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	198.0%	0.0%	198.0%	201.7%	201.7%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	198.0%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.0	0.4	0.3	0.3
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.2%	0.0%	16.2%	17.7%	18.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))					
Creditors to Cash and Investments		966.1%	0.0%	251.9%	13.7%	12.8%
Employee costs	Employee costs/(Total Revenue - capital revenue)	44.1%	0.0%	48.0%	48.0%	49.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)					
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.8%	0.0%	2.1%	2.1%	2.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	2.5%	0.0%	2.5%	2.5%	2.6%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	56245.8%	0.0%	54077.8%	54045.9%	57465.7%

Table SB7 Grants and transfers receipts

KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -					
Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget A	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
R thousands					
RECEIPTS:	1, 2				
<u>Operating Transfers and Grants</u>					
National Government:		131 076	131 076	137 898	142 752
Local Government Equitable Share		128 137	128 137	135 743	140 597
Finance Management	3	1 900	1 900	2 155	2 155
EPWP Incentive		1 039	1 039	–	–
Provincial Government:		771	771	2 010	846
Provincialisation of Libraries		583	583	613	644
Municipal Assistance Programme		188	188	197	202
Schemes Support Programme	5	–	–	1 200	–
Total Operating Transfers and Grants	6	131 847	131 847	139 908	143 598
<u>Capital Transfers and Grants</u>					
National Government:		58 378	58 378	44 075	45 866
Municipal Infrastructure Grant (MIG)		43 378	43 378	34 075	35 866
Integrated National Electrification Programme		15 000	15 000	10 000	10 000
Total Capital Transfers and Grants	6	58 378	58 378	44 075	45 866
TOTAL RECEIPTS OF TRANSFERS & GRANTS		190 225	190 225	183 983	189 464

Table SB8 – Expenditure on transfers and grants programmes.

KZN265 Nongoma - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2017/18		Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1				
<u>Operating expenditure of Transfers and Grants</u>					
National Government:		131 076	131 076	137 898	142 752
Local Government Equitable Share		128 137	128 137	135 743	140 597
Finance Management		1 900	1 900	2 155	2 155
EPWP Incentive		1 039	1 039	–	–
Provincial Government:		771	771	2 010	846
Provincialisation of Libraries		583	583	613	644
Municipal Assistance Programme		188	188	197	202
Schemes Support Programme		–	–	1 200	–
Total operating expenditure of Transfers and Grants:		131 847	131 847	139 908	143 598
<u>Capital expenditure of Transfers and Grants</u>					
National Government:		58 378	58 378	44 075	45 866
Municipal Infrastructure Grant (MIG)		43 378	43 378	34 075	35 866
Integrated National Electrification Programme		15 000	15 000	10 000	10 000
Total capital expenditure of Transfers and Grants		58 378	58 378	44 075	45 866
Total capital expenditure of Transfers and Grants		190 225	190 225	183 983	189 464

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is progressively improving.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed a third group of five interns undergoing training in various divisions of the Financial Services Department. Some of them are promising. The municipality may consider absorbing them on permanent basis.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Annual Report

The draft annual report was tabled on the 25th January 2018 and is now at the finalization stage. The final report will be tabled before end of March 2018.



Municipal manager's quality certificate

I Mr. VT Sokhela, municipal manager of Nongoma Municipality, hereby certify that the 2017/18 adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

VT Sokhela

Municipal manager of Nongoma Municipality (KZN265)

Signature _____

Date: 27 February 2017