

# NONGOMA LOCAL MUNICIPALITY

## KZN265



### ADJUSTMENT BUDGET OF NONGOMA MUNICIPALITY

2018-19 TO 2020-21  
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

Acting Municipal Manager – Mrs. VT Sokhela

Heads of Department

Ladies and Gentlemen

I am honored to present to you the revised budget for 2018/19 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 2018/19 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**

- Sport Facilities maintenance grant for R50 Thousand from the department of sport and recreation.
- Scheme support grant withdrawn by transferring authority i.e Department of co-operative governance and traditional affairs.

**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 2018/19 revised Budget:

**a) Consolidated adjustment budget**

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20 Adjusted Budget	+2 2020/21 Adjusted Budget
R thousands	1	A	7 E	8 F	9 G	10 H		
Total Revenue (excluding capital transfers and contributions)		173 694	(950)	1 500	550	174 244	188 462	202 096
Total Expenditure		164 775	-	5 429	5 429	170 204	181 476	193 496
Surplus/(Deficit)		8 920	(950)	(3 929)	(4 879)	4 040	6 986	8 599
Transfers and subsidies - capital (monetary allocations) (National)		46 286		-	-	46 286	43 873	45 494
Surplus/ (Deficit) for the year		55 206	(950)	(3 929)	(4 879)	50 326	50 859	54 093

### b) Operating revenue:

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20 Adjusted Budget	+2 2020/21 Adjusted Budget
R thousands	1	A	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>								
Property rates	2	22 995	-	-	-	22 995	24 191	25 449
Service charges - refuse revenue	2	2 018	-	-	-	2 018	2 140	2 268
Rental of facilities and equipment		246		-	-	246	261	276
Interest earned - external investments		1 940		-	-	1 940	2 057	2 180
Interest earned - outstanding debtors		1 100		1 500	1 500	2 600	2 756	2 921
Fines, penalties and forfeits		324		-	-	324	344	364
Licences and permits		888		-	-	888	941	998
Transfers and subsidies		142 909	(950)		(950)	141 959	154 427	166 212
Other revenue	2	1 273	-	-	-	1 273	1 346	1 427
Total Revenue (excluding capital transfers and contributions)		173 694	(950)	1 500	550	174 244	188 462	202 096

The adjustments were effected on the following revenue categories:

- Interest on outstanding debtor
- Transfer and subsidies on the following;
  - Scheme Support grant
  - Sport and Recreation grant

**c) Operating expenditure:**

<b>Expenditure By Type</b>								
Employee related costs	83 215	-	-	-	83 215	89 131	95 459	
Remuneration of councillors	14 822				14 822	15 859	16 969	
Debt impairment	1 736				1 736	1 840	1 951	
Depreciation & asset impairment	4 916	-	-	-	4 916	5 211	5 524	
Finance charges	200		(140)	(140)	60	64	67	
Other materials	4 540		(3 154)	(3 154)	1 386	1 511	1 596	
Contracted services	24 051	-	5 814	5 814	29 866	31 657	33 557	
Transfers and subsidies	1 550				1 550	1 643	1 742	
Other expenditure	29 745	-	2 909	2 909	32 654	34 560	36 633	
<b>Total Expenditure</b>	<b>164 775</b>	<b>-</b>	<b>5 429</b>	<b>5 429</b>	<b>170 204</b>	<b>181 476</b>	<b>193 496</b>	

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:

- Finance costs decreased from R140 thousand to R60 thousand rand.
- Other Materials: this expenditure category has decreased by R3.5m, as referenced in the SB1 Schedule; the reason for this adjustment is as a result of reclassification of expenditure due to the guidelines with the introduction of MSCOA.this result in reclassification between other expenditure and contracted services.
- Contracted services: this expenditure category has increased by R5.8m, as referenced in the SB1 Schedule; the reason for this adjustment is as a result of reclassification of expenditure due to the guidelines with the introduction of MSCOA.this result in reclassification between other expenditure and contracted services.
- Other expenditure: this expenditure category has increased by R2.9m, as referenced in the SB1 Schedule; the reason for this adjustment is as a result of reclassification of expenditure due to the guidelines with the introduction of MSCOA.this result in reclassification between other expenditure and contracted services.

- Repairs and maintenance: this expenditure category has increased from R2.4 million to R4.8m,

Other items were not revised as adjustments were not necessary.



## d) Capital Expenditure

KZN265 Nongoma - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2019

Description	Ref	Budget Year 2018/19				Budget Year	Budget Year
		Original	Other	Total	Adjusted	+1 2019/20	+2 2020/21
		Budget	Adjusts. 10	Adjusts. 11	Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	F	G	H		
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>	2						
Vote 5 - Economic and Environmental Services		54 786	(4 750)	(4 750)	50 036	43 873	45 494
<b>Capital multi-year expenditure sub-total</b>	3	<b>54 786</b>	<b>(4 750)</b>	<b>(4 750)</b>	<b>50 036</b>	<b>43 873</b>	<b>45 494</b>
<b>Single-year expenditure to be adjusted</b>	2						
Vote 1 - Governance and Administration		-	-	-	-	-	-
Vote 2 - Financial Service		30	(30)	(30)	-	-	-
Vote 3 - Corporate Services		390	(100)	(100)	290	-	-
<b>Capital single-year expenditure sub-total</b>		<b>420</b>	<b>(130)</b>	<b>(130)</b>	<b>290</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
<b>Capital Expenditure - Functional</b>							
<b>Governance and administration</b>		<b>420</b>	<b>(130)</b>	<b>(130)</b>	<b>290</b>	<b>-</b>	<b>-</b>
Executive and council				-	-		
Finance and administration		420	(130)	(130)	290		
Internal audit				-	-		
<b>Community and public safety</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Health				-	-		
<b>Economic and environmental services</b>		<b>54 786</b>	<b>(19 750)</b>	<b>(19 750)</b>	<b>35 036</b>	<b>31 873</b>	<b>33 494</b>
Planning and development				-	-		
Road transport		54 786	(19 750)	(19 750)	35 036	31 873	33 494
Environmental protection				-	-		
<b>Trading services</b>		<b>-</b>	<b>15 000</b>	<b>15 000</b>	<b>15 000</b>	<b>12 000</b>	<b>12 000</b>
Energy sources			15 000	15 000	15 000	12 000	12 000
<b>Total Capital Expenditure - Functional</b>	3	<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
<b>Funded by:</b>							
National Government		46 286	-	-	46 286	43 873	45 494
Provincial Government				-	-		
District Municipality				-	-		
<b>Transfers recognised - capital</b>	4	<b>46 286</b>	<b>-</b>	<b>-</b>	<b>46 286</b>	<b>43 873</b>	<b>45 494</b>
<b>Public contributions &amp; donations</b>				-	-		
<b>Borrowing</b>				-	-		
<b>Internally generated funds</b>		<b>8 920</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>4 040</b>		
<b>Total Capital Funding</b>		<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>

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

The capital budget of the municipality has been revised to R50.3 million compared to the original budget of R55.2 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:

- Furniture and office equipment has been reduced by R130 thousand.
- One gravel road, one sport field and one Couse way which was budgeted at a cost R8.5 million and to be funded by equitable share has been revised to R3.7 million.

The municipality has implemented the expanded public works programme for an amount of R1.6 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 2018/19 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 2018/19 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 2018/19				Budget Year	Budget Year	
					+1 2019/20	+2 2020/21	
<b>Financial Performance</b>							
Property rates	22 995	-	-	-	22 995	24 191	25 449
Service charges	2 018	-	-	-	2 018	2 140	2 268
Investment revenue	1 940	-	-	-	1 940	2 057	2 180
Transfers recognised - operational	142 909	(950)	-	(950)	141 959	154 427	166 212
Other own revenue	3 831	-	1 500	1 500	5 331	5 648	5 987
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>173 694</b>	<b>(950)</b>	<b>1 500</b>	<b>550</b>	<b>174 244</b>	<b>188 462</b>	<b>202 096</b>
Employee costs	83 215	-	-	-	83 215	89 131	95 459
Remuneration of councillors	14 822	-	-	-	14 822	15 859	16 969
Depreciation & asset impairment	4 916	-	-	-	4 916	5 211	5 524
Finance charges	200	-	(140)	(140)	60	64	67
Materials and bulk purchases	4 540	-	(3 154)	(3 154)	1 386	1 511	1 596
Transfers and grants	1 550	-	-	-	1 550	1 643	1 742
Other expenditure	55 532	-	8 723	8 723	64 256	68 058	72 140
<b>Total Expenditure</b>	<b>164 775</b>	<b>-</b>	<b>5 429</b>	<b>5 429</b>	<b>170 204</b>	<b>181 476</b>	<b>193 496</b>
<b>Surplus/(Deficit)</b>	<b>8 920</b>	<b>(950)</b>	<b>(3 929)</b>	<b>(4 879)</b>	<b>4 040</b>	<b>6 986</b>	<b>8 599</b>
Transfers recognised - capital	46 286	-	-	-	46 286	43 873	45 494
Contributions recognised - capital & contributed asset	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>55 206</b>	<b>(950)</b>	<b>(3 929)</b>	<b>(4 879)</b>	<b>50 326</b>	<b>50 859</b>	<b>54 093</b>
<b>Surplus/ (Deficit) for the year</b>	<b>55 206</b>	<b>(950)</b>	<b>(3 929)</b>	<b>(4 879)</b>	<b>50 326</b>	<b>50 859</b>	<b>54 093</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>55 206</b>	<b>-</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
Transfers recognised - capital	46 286	-	-	-	46 286	43 873	45 494
Internally generated funds	8 920	-	(4 880)	(4 880)	4 040	-	-
<b>Total sources of capital funds</b>	<b>55 206</b>	<b>-</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
<b>Financial position</b>							
Total current assets	32 577	-	(345)	(345)	32 232	37 813	39 682
Total non current assets	335 363	-	-	-	335 363	352 131	369 737
Total current liabilities	17 135	-	-	-	17 135	18 163	19 253
Total non current liabilities	6 543	-	-	-	6 543	6 870	7 214
<b>Community wealth/Equity</b>	<b>344 261</b>	<b>-</b>	<b>(345)</b>	<b>(345)</b>	<b>343 916</b>	<b>364 911</b>	<b>382 953</b>
<b>Cash flows</b>							
Net cash from (used) operating	52 584	(950)	(5 919)	(6 869)	45 715	46 036	48 970
Net cash from (used) investing	(55 206)	-	10 875	10 875	(44 331)	(44 318)	(52 966)
<b>Cash/cash equivalents at the year end</b>	<b>(480)</b>	<b>(950)</b>	<b>4 956</b>	<b>4 006</b>	<b>3 526</b>	<b>5 243</b>	<b>1 247</b>
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	3 870	-	(345)	(345)	3 525	7 692	8 076
Application of cash and investments	(2 443)	-	(1 337)	(1 337)	(3 780)	(3 846)	(3 783)
<b>Balance - surplus (shortfall)</b>	<b>6 313</b>	<b>-</b>	<b>992</b>	<b>992</b>	<b>7 304</b>	<b>11 538</b>	<b>11 860</b>
<b>Asset Management</b>							
Asset register summary (WDV)	335 363	-	-	-	335 363	-	-
Depreciation & asset impairment	4 916	-	-	-	4 916	5 211	5 524
Repairs and Maintenance	2 430	-	2 370	2 370	4 800	5 088	5 393
<b>Free services</b>							
Revenue cost of free services provided	447	-	-	-	447	470	495
<b>Households below minimum service level</b>							
Sanitation/sewage:	21	-	-	-	21	-	-
Refuse:	41	-	-	-	41	41	41

**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 2018/19 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 2018/19					Budget Year	Budget Year
		Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	7 E	8 F	9 G	10 H	+1 2019/20	+2 2020/21
<b>Revenue By Source</b>								
Property rates	2	22 995	-	-	-	22 995	24 191	25 449
Service charges - refuse revenue	2	2 018	-	-	-	2 018	2 140	2 268
Rental of facilities and equipment		246		-	-	246	261	276
Interest earned - external investments		1 940		-	-	1 940	2 057	2 180
Interest earned - outstanding debtors		1 100		1 500	1 500	2 600	2 756	2 921
Fines, penalties and forfeits		324		-	-	324	344	364
Licences and permits		888		-	-	888	941	998
Transfers and subsidies		142 909	(950)		(950)	141 959	154 427	166 212
Other revenue	2	1 273	-	-	-	1 273	1 346	1 427
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>173 694</b>	<b>(950)</b>	<b>1 500</b>	<b>550</b>	<b>174 244</b>	<b>188 462</b>	<b>202 096</b>
<b>Expenditure By Type</b>								
Employee related costs		83 215	-	-	-	83 215	89 131	95 459
Remuneration of councillors		14 822		-	-	14 822	15 859	16 969
Debt impairment		1 736				1 736	1 840	1 951
Depreciation & asset impairment		4 916	-	-	-	4 916	5 211	5 524
Finance charges		200		(140)	(140)	60	64	67
Other materials		4 540		(3 154)	(3 154)	1 386	1 511	1 596
Contracted services		24 051	-	5 814	5 814	29 866	31 657	33 557
Transfers and subsidies		1 550		-	-	1 550	1 643	1 742
Other expenditure		29 745	-	2 909	2 909	32 654	34 560	36 633
<b>Total Expenditure</b>		<b>164 775</b>	<b>-</b>	<b>5 429</b>	<b>5 429</b>	<b>170 204</b>	<b>181 476</b>	<b>193 496</b>
<b>Surplus/(Deficit)</b>		<b>8 920</b>	<b>(950)</b>	<b>(3 929)</b>	<b>(4 879)</b>	<b>4 040</b>	<b>6 986</b>	<b>8 599</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		46 286		-	-	46 286	43 873	45 494
<b>Surplus/ (Deficit) for the year</b>		<b>55 206</b>	<b>(950)</b>	<b>(3 929)</b>	<b>(4 879)</b>	<b>50 326</b>	<b>50 859</b>	<b>54 093</b>

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 R141.9 million in the 2018/19 financial year and increases to R154.4 and R166.2 million in the 2019/20 and 2020/21 respectively.

The budgeted allocation for employee related costs for the 2018/19 financial year totals R83.2 million, which equals 49% 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 3% 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 R60 thousand.

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**

KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28/02/2019

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20	+2 2020/21
R thousands		A	9 C	10 D	11 E	12 F		
<b>RECEIPTS:</b>	1, 2							
<b><u>Operating Transfers and Grants</u></b>								
<b>National Government:</b>		<b>140 318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140 318</b>	<b>152 741</b>	<b>164 425</b>
Local Government Equitable Share		136 733			-	136 733	150 771	162 455
Finance Management	3	1 970			-	1 970	1 970	1 970
EPWP Incentive		1 615			-	1 615	-	-
<b>Provincial Government:</b>		<b>2 591</b>	<b>(950)</b>	<b>-</b>	<b>(950)</b>	<b>1 641</b>	<b>1 686</b>	<b>1 787</b>
Provincialisation of Libraries		838			-	838	880	924
Municipal Assistance Programme		753			-	753	806	863
Schemes Support Programme	4	1 000	(1 000)		(1 000)	-	-	-
Sport and Recreation			50		50	50	-	-
<b>Total Operating Transfers and Grants</b>	<b>6</b>	<b>142 909</b>	<b>(950)</b>	<b>-</b>	<b>(950)</b>	<b>141 959</b>	<b>154 427</b>	<b>166 212</b>
<b><u>Capital Transfers and Grants</u></b>								
<b>National Government:</b>		<b>46 286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 286</b>	<b>43 873</b>	<b>45 494</b>
Municipal Infrastructure Grant (MIG)		31 286			-	31 286	31 873	33 494
Integrated National Electrification Programme		15 000			-	15 000	12 000	12 000
<b>Total Capital Transfers and Grants</b>	<b>6</b>	<b>46 286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 286</b>	<b>43 873</b>	<b>45 494</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>189 195</b>	<b>(950)</b>	<b>-</b>	<b>(950)</b>	<b>188 245</b>	<b>198 300</b>	<b>211 706</b>

**Note:**

**Operating grants** and transfers totals R141.9 million in the 2018/19 financial year and increases to R154.4 and R166.2 million in the 2019/20 and 2020/21 respectively.

**Capital grants** allocation totals R46.2 million in the 2018/19 financial year and decreases to R43.8 and R45.4 million in the 2019/20 and 2020/21 respectively.

For 2018/19, the total of R188.2 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 - 28/02/2019**

Description	Ref	Budget Year 2018/19				Budget Year	Budget Year
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20	+2 2020/21
			10	11	12		
<b>R thousands</b>		<b>A</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>	2						
Vote 5 - Economic and Environmental Services		54 786	(4 750)	(4 750)	50 036	43 873	45 494
<b>Capital multi-year expenditure sub-total</b>	3	<b>54 786</b>	<b>(4 750)</b>	<b>(4 750)</b>	<b>50 036</b>	<b>43 873</b>	<b>45 494</b>
<b>Single-year expenditure to be adjusted</b>	2						
Vote 2 - Financial Service		30	(30)	(30)	-	-	-
Vote 3 - Corporate Services		390	(100)	(100)	290	-	-
<b>Capital single-year expenditure sub-total</b>		<b>420</b>	<b>(130)</b>	<b>(130)</b>	<b>290</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
<b>Capital Expenditure - Functional</b>							
<b>Governance and administration</b>		<b>420</b>	<b>(130)</b>	<b>(130)</b>	<b>290</b>	<b>-</b>	<b>-</b>
Finance and administration		420	(130)	(130)	290		
<b>Economic and environmental services</b>		<b>54 786</b>	<b>(19 750)</b>	<b>(19 750)</b>	<b>35 036</b>	<b>31 873</b>	<b>33 494</b>
Road transport		54 786	(19 750)	(19 750)	35 036	31 873	33 494
Environmental protection				-	-		
<b>Trading services</b>		<b>-</b>	<b>15 000</b>	<b>15 000</b>	<b>15 000</b>	<b>12 000</b>	<b>12 000</b>
Energy sources			15 000	15 000	15 000	12 000	12 000
<b>Total Capital Expenditure - Functional</b>	3	<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>
<b>Funded by:</b>							
National Government		46 286	-	-	46 286	43 873	45 494
<b>Transfers recognised - capital</b>	4	<b>46 286</b>	<b>-</b>	<b>-</b>	<b>46 286</b>	<b>43 873</b>	<b>45 494</b>
<b>Internally generated funds</b>		<b>8 920</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>4 040</b>		
<b>Total Capital Funding</b>		<b>55 206</b>	<b>(4 880)</b>	<b>(4 880)</b>	<b>50 326</b>	<b>43 873</b>	<b>45 494</b>

**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 2018/19, R46.2 million has been allocated, This allocation decreases to R43.8 million and R45.4 million in 2019/20 and 2020/21 respectively.

3. The capital programme is funded from national capital grants and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R50.3 million decreasing to R43.8 million and R45.4 million in the 2019/20 and 2020/21 financial years respectively. The internally generated funding amount to R4.0 million in 2018/2019 financial years of the MTREF.

**Table 6 MBRR Table B6 - Budgeted Financial Position**

Description	Ref	Budget Year 2018/19				Budget Year +1 2019/20	Budget Year +2 2020/21
		Original Budget	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	F	G	H		
<b>ASSETS</b>							
<b>Current assets</b>							
Cash		2 337	(345)	(345)	1 992	4 696	4 931
Call investment deposits	1	1 533	-	-	1 533	2 996	3 145
Consumer debtors	1	27 659	-	-	27 659	29 042	30 494
Other debtors		1 048			1 048	1 079	1 112
<b>Total current assets</b>		<b>32 577</b>	<b>(345)</b>	<b>(345)</b>	<b>32 232</b>	<b>37 813</b>	<b>39 682</b>
<b>Non current assets</b>							
Property, plant and equipment	1	334 987	-	-	334 987	351 736	369 323
Intangible		376			376	395	415
<b>Total non current assets</b>		<b>335 363</b>	<b>-</b>	<b>-</b>	<b>335 363</b>	<b>352 131</b>	<b>369 737</b>
<b>TOTAL ASSETS</b>		<b>367 939</b>	<b>(345)</b>	<b>(345)</b>	<b>367 594</b>	<b>389 944</b>	<b>409 420</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables		17 035	-	-	17 035	18 057	19 141
Provisions		100			100	106	112
<b>Total current liabilities</b>		<b>17 135</b>	<b>-</b>	<b>-</b>	<b>17 135</b>	<b>18 163</b>	<b>19 253</b>
<b>Non current liabilities</b>							
Borrowing	1	-	-	-	-	-	-
Provisions	1	6 543	-	-	6 543	6 870	7 214
<b>Total non current liabilities</b>		<b>6 543</b>	<b>-</b>	<b>-</b>	<b>6 543</b>	<b>6 870</b>	<b>7 214</b>
<b>TOTAL LIABILITIES</b>		<b>23 678</b>	<b>-</b>	<b>-</b>	<b>23 678</b>	<b>25 033</b>	<b>26 467</b>
<b>NET ASSETS</b>	2	<b>344 261</b>	<b>(345)</b>	<b>(345)</b>	<b>343 916</b>	<b>364 911</b>	<b>382 953</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)		344 261	(345)	(345)	343 916	364 911	382 953
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>344 261</b>	<b>(345)</b>	<b>(345)</b>	<b>343 916</b>	<b>364 911</b>	<b>382 953</b>

**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 R3.5 million at the end of 2019 financial year.

**Table7 MBRR Table B7 - Budgeted Cash Flow Statement**

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original	Nat. or Prov.	Other	Total	Adjusted	+1 2019/20	+2 2020/21
		Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
R thousands		7	8	9	10	Budget	Budget	
		A	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		16 326		2 070	2 070	18 396	19 316	20 282
Service charges		686		484	484	1 170	1 229	1 290
Other revenue		2 559		(123)	(123)	2 436	2 709	2 873
Government - operating	1	142 909	(950)		(950)	141 959	154 427	166 212
Government - capital	1	46 286			-	46 286	43 873	45 494
Interest		1 940		-	-	1 940	2 057	2 180
<b>Payments</b>								
Suppliers and employees		(156 373)		(8 490)	(8 490)	(164 863)	(175 868)	(187 552)
Finance charges		(200)		140	140	(60)	(64)	(67)
Transfers and Grants	1	(1 550)			-	(1 550)	(1 643)	(1 742)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>52 584</b>	<b>(950)</b>	<b>(5 919)</b>	<b>(6 869)</b>	<b>45 715</b>	<b>46 036</b>	<b>48 970</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Decrease (Increase) in non-current debtors				5 995	5 995	5 995		
Capital assets		(55 206)		4 880	4 880	(50 326)	(44 318)	(52 966)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(55 206)</b>	<b>-</b>	<b>10 875</b>	<b>10 875</b>	<b>(44 331)</b>	<b>(44 318)</b>	<b>(52 966)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans					-	-		
<b>Payments</b>								
Repayment of borrowing					-	-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(2 622)</b>	<b>(950)</b>	<b>4 956</b>	<b>4 006</b>	<b>1 384</b>	<b>1 718</b>	<b>(3 996)</b>
Cash/cash equivalents at the year begin:	2	2 142			-	2 142	3 525	5 243
Cash/cash equivalents at the year end:	2	(480)	(950)	4 956	4 006	3 526	5 243	1 247

**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 2018/19 to 2019/20. For the 2020/21 MTREF the revised budget shows improving levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R3.5 million by 2018/19 and decreasing to R1.2 million by 2020/21.

4.

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

KZN265 Nongoma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2019

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original	Nat. or Prov.	Other	Total	Adjusted	+1 2019/20	+2 2020/21
		Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
		7	8	9	10			
		A	E	F	G	H		
<b>R thousands</b>								
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	1	(480)	(950)	4 956	4 006	3 526	5 243	1 247
Other current investments > 90 days		4 349	950	(5 301)	(4 351)	(2)	2 449	6 829
Non current assets - Investments	1	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>3 870</b>	<b>-</b>	<b>(345)</b>	<b>(345)</b>	<b>3 525</b>	<b>7 692</b>	<b>8 076</b>
<b>Applications of cash and investments</b>								
Unspent conditional transfers		-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-
Other working capital requirements	2	(2 443)	-	(1 337)	(1 337)	(3 780)	(3 846)	(3 783)
Other provisions		-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(2 443)</b>	<b>-</b>	<b>(1 337)</b>	<b>(1 337)</b>	<b>(3 780)</b>	<b>(3 846)</b>	<b>(3 783)</b>
<b>Surplus(shortfall)</b>		<b>6 313</b>	<b>-</b>	<b>992</b>	<b>992</b>	<b>7 304</b>	<b>11 538</b>	<b>11 860</b>

### 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 2018/19 to 2020/21 reflects that the budget is sufficiently funded.

Table 9 MBRR Table B9 - Asset Management

Description	Ref	Budget Year 2018/19				Budget Year	Budget Year
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20 Adjusted Budget	+2 2020/21 Adjusted Budget
R thousands		A	F	G	H		
<b>CAPITAL EXPENDITURE</b>							
<b><u>Total New Assets to be adjusted</u></b>	1	55 206	(4 880)	(4 880)	50 326	43 873	45 494
<i>Roads Infrastructure</i>		39 786	(4 750)	(4 750)	35 036	31 873	33 494
<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<i>Electrical Infrastructure</i>		15 000	-	-	15 000	12 000	12 000
Infrastructure		54 786	(4 750)	(4 750)	50 036	43 873	45 494
Computer Equipment		290	-	-	290	-	-
Furniture and Office Equipment		130	(130)	(130)	-	-	-
<b><u>Total Renewal of Existing Assets to be adjusted</u></b>	2	-	-	-	-	-	-
<b><u>Total Capital Expenditure to be adjusted</u></b>	4	-	-	-	-	-	-
<i>Roads Infrastructure</i>		39 786	(4 750)	(4 750)	35 036	31 873	33 494
<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<i>Electrical Infrastructure</i>		15 000	-	-	15 000	12 000	12 000
Infrastructure		54 786	(4 750)	(4 750)	50 036	43 873	45 494
Computer Equipment		290	-	-	290	-	-
Furniture and Office Equipment		130	(130)	(130)	-	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	4	55 206	(4 880)	(4 880)	50 326	43 873	45 494
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5						
<i>Roads Infrastructure</i>		199 478	-	-	199 478	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<i>Electrical Infrastructure</i>		77 968	-	-	77 968	-	-
Infrastructure		277 446	-	-	277 446	-	-
Community Facilities		57 541	-	-	57 541	-	-
Community Assets		57 541	-	-	57 541	-	-
Licences and Rights		376	-	-	376	-	-
Intangible Assets		376	-	-	376	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	335 363	-	-	335 363	-	-
<b>EXPENDITURE OTHER ITEMS</b>							
<b><u>Depreciation &amp; asset impairment</u></b>		4 916	-	-	4 916	5 211	5 524
<b><u>Repairs and Maintenance by asset class</u></b>	3	2 430	2 370	2 370	4 800	5 088	5 393
<i>Roads Infrastructure</i>		1 100	900	900	2 000	2 120	2 247
Infrastructure		1 100	900	900	2 000	2 120	2 247
Operational Buildings		700	1 100	1 100	1 800	1 908	2 022
Housing		-	-	-	-	-	-
Other Assets		700	1 100	1 100	1 800	1 908	2 022
Biological or Cultivated Assets		-	-	-	-	-	-
Machinery and Equipment		130	(130)	(130)	-	-	-
Transport Assets		500	500	500	1 000	1 060	1 124
Land		-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	6	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		7 346	2 370	2 370	9 716	10 299	10 917

**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 2018/19		Budget Year +1 2019/20	Budget Year +2 2020/21
		Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	14 H		
<b>Household service targets</b>	1				
<b>Water:</b>					
Piped water inside dwelling		1100	1	1100	1100
Piped water inside yard (but not in dwelling)		2456	2	2456	2456
Using public tap (at least min.service level)	2	5280	5	5280	5280
Other water supply (at least min.service level)		33315	33	33	33
<i>Minimum Service Level and Above sub-total</i>		42	42	42	42
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>		-	-	-	-
<b>Total number of households</b>	5	42	42	42	42
<b>Sanitation/sewerage:</b>					
Flush toilet (connected to sewerage)		542	542	542	542
Flush toilet (with septic tank)		227	227	227	227
Chemical toilet		11056	11 056	11056	11056
Pit toilet (ventilated)		9582	9 582	9582	9582
Other toilet provisions (> min.service level)		0	-		
<i>Minimum Service Level and Above sub-total</i>		21 407	21 407	21 407	21 407
Bucket toilet		135	135		
No toilet provisions		21353	21 353		
<i>Below Minimum Service Level sub-total</i>		21 488	21 488	-	-
<b>Total number of households</b>	5	42 895	42 895	21 407	21 407
<b>Energy:</b>					
Electricity (at least min. service level)		9148	9 148	9148	9148
Electricity - prepaid (> min.service level)		9298	9 298	9298	9298
<i>Minimum Service Level and Above sub-total</i>		18 446	18 446	18 446	18 446
<i>Below Minimum Service Level sub-total</i>		-	-	-	-
<b>Total number of households</b>	5	18 446	18 446	18 446	18 446
<b>Refuse:</b>					
Removed at least once a week (min.service)			-		
Removed less frequently than once a week		340	340	340	340
Using communal refuse dump		36956	36 956	36956	36956
Using own refuse dump		3303	3 303	3303	3303
Other rubbish disposal		372	372	372	372
No rubbish disposal			-	0	0
<i>Below Minimum Service Level sub-total</i>		40 971	40 971	40 971	40 971
<b>Total number of households</b>	5	40 971	40 971	40 971	40 971

**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 2018/19				Budget Year	Budget Year
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20 Adjusted Budget	+2 2020/21 Adjusted Budget
R thousands		A	F	G	H		
<b>REVENUE ITEMS</b>							
<b>Property rates</b>							
Total Property Rates		23 442	-	-	23 442	24 661	25 944
less Revenue Foregone (exemptions, reductions and		447	-	-	447	470	495
<b>Net Property Rates</b>		<b>22 995</b>	<b>-</b>	<b>-</b>	<b>22 995</b>	<b>24 191</b>	<b>25 449</b>
Total refuse removal revenue		2 018		-	2 018	2 140	2 268
<b>Net Service charges - refuse revenue</b>		<b>2 018</b>	<b>-</b>	<b>-</b>	<b>2 018</b>	<b>2 140</b>	<b>2 268</b>
<b>Other Revenue By Source</b>							
Handling fees		69		-	69	73	77
Cashier Surplus		0		-	0	0	0
empty containers		1		-	1	1	2
Rates Clearane		1		-	1	1	1
Building plans		3		-	3	4	4
Map Fees		1		-	1	1	1
Erf Subdivisio		0		-	0	0	0
Zoning Certificate		3		-	3	4	4
School Patrol		286		-	286	301	321
LG Seta reimbursement		575		-	575	51	54
Tender Document		282		-	282	700	646
Other Revenue		51		-	51	211	316
<b>Total 'Other' Revenue</b>	1	<b>1 273</b>	<b>-</b>	<b>-</b>	<b>1 273</b>	<b>1 346</b>	<b>1 427</b>
<b>EXPENDITURE ITEMS</b>							
<b>Employee related costs</b>							
Basic Salaries and Wages		55 697	-	-	55 697	59 651	63 887
Pension and UIF Contributions		12 945	-	-	12 945	13 864	14 848
Medical Aid Contributions		3 029	-	-	3 029	3 244	3 474
Overtime		2 556	-	-	2 556	2 738	2 932
Performance Bonus		3 835	-	-	3 835	4 107	4 399
Motor Vehicle Allowance		3 239	-	-	3 239	3 469	3 715
Cellphone Allowance			-	-	-		
Housing Allowances		76	-	-	76	89	95
Other benefits and allowances		1 839	-	-	1 839	1 969	2 109
<b>sub-total</b>		<b>83 215</b>	<b>-</b>	<b>-</b>	<b>83 215</b>	<b>89 131</b>	<b>95 459</b>
Less: Employees costs capitalised to PPE				-	-		
<b>Total Employee related costs</b>	1	<b>83 215</b>	<b>-</b>	<b>-</b>	<b>83 215</b>	<b>89 131</b>	<b>95 459</b>

<b>Other Expenditure By Type</b>							
Collection costs		500	-	-	500	529	560
Contributions to 'other' provisions		-	-	-	-	-	-
Consultant fees		-	-	-	-	-	-
Audit fees		1 600	-	-	1 600	1 693	1 791
General expenses	3,5		10 207	10 207	10 207	10 799	11 425
Advertising, Publicity and Marketing		270	(70)	(70)	200	212	224
Rentals Car Hire		1 200	1 204	1 204	2 404	2 543	2 691
Telephone (Cellphone)		2 200	(100)	(100)	2 100	2 222	2 351
Communication		1 150	350	350	1 500	1 587	1 679
External Computer Service		290	-	-	290	307	325
Hire Charges [Expenditure		2 025	-	-	2 025	2 142	2 267
Indigent Relief [Expenditure		1 550	-	-	1 550	1 640	1 735
Bursaries		500	-	-	500	529	560
Printing, Publications and Books		500	(100)	(100)	400	423	448
Professional Bodies, Membership and Subscription		100	-	-	100	106	112
Registration Fees		-	-	-	-	-	-
Remuneration to Ward Committees		1 512	(500)	(500)	1 012	1 071	1 133
Toll Gate Fees		-	-	-	-	-	-
Travel and Subsistence		3 590	(1 175)	(1 175)	2 415	2 555	2 703
Uniform and Protective Clothing		308	742	742	1 050	1 111	1 175
Wet Fuel		1 200	-	-	1 200	1 270	1 343
Municipal Services				-	-	-	-
Insurance		1 200	76	76	1 276	1 350	1 428
Rewards Incentives		40	-	-	40	42	45
Vehicle Tracking		100		-	100	106	112
Office Equipment Rentals Operating lease		2 385	(200)	(200)	2 185	2 324	2 527
Other Expenditure		7 525	(7 525)	(7 525)	-	-	-
<b>Total Other Expenditure</b>	<b>1</b>	<b>29 745</b>	<b>2 909</b>	<b>2 909</b>	<b>32 654</b>	<b>34 560</b>	<b>36 633</b>
<b>Repairs and Maintenance</b>							
<b>by Expenditure Item</b>	<b>14</b>						
Employee related costs				-	-		
Other materials				-	-		
Contracted Services		2 430	2 370	2 370	4 800	5 088	5 393
Other Expenditure				-	-		
<b>Total Repairs and Maintenance Expenditure</b>	<b>15</b>	<b>2 430</b>	<b>2 370</b>	<b>2 370</b>	<b>4 800</b>	<b>5 088</b>	<b>5 393</b>

<b>Other Expenditure By Type</b>							
Collection costs		500	-	-	500	529	560
Contributions to 'other' provisions		-	-	-	-	-	-
Consultant fees		-	-	-	-	-	-
Audit fees		1 600	-	-	1 600	1 693	1 791
General expenses	3,5		10 207	10 207	10 207	10 799	11 425
<i>Advertising, Publicity and Marketing</i>		270	(70)	(70)	200	212	224
<i>Rentals Car Hire</i>		1 200	1 204	1 204	2 404	2 543	2 691
<i>Telephone (Cellphone)</i>		2 200	(100)	(100)	2 100	2 222	2 351
<i>Communication</i>		1 150	350	350	1 500	1 587	1 679
<i>External Computer Service</i>		290	-	-	290	307	325
<i>Hire Charges [Expenditure</i>		2 025	-	-	2 025	2 142	2 267
<i>Indigent Relief [Expenditure</i>		1 550	-	-	1 550	1 640	1 735
<i>Bursaries</i>		500	-	-	500	529	560
<i>Printing, Publications and Books</i>		500	(100)	(100)	400	423	448
<i>Professional Bodies, Membership and Subscription</i>		100	-	-	100	106	112
<i>Registration Fees</i>		-	-	-	-	-	-
<i>Remuneration to Ward Committees</i>		1 512	(500)	(500)	1 012	1 071	1 133
<i>Toll Gate Fees</i>		-	-	-	-	-	-
<i>Travel and Subsistence</i>		3 590	(1 175)	(1 175)	2 415	2 555	2 703
<i>Uniform and Protective Clothing</i>		308	742	742	1 050	1 111	1 175
<i>Wet Fuel</i>		1 200	-	-	1 200	1 270	1 343
Municipal Services							
Insurance		1 200	76	76	1 276	1 350	1 428
Rewards Incentives		40	-	-	40	42	45
Vehicle Tracking		100			100	106	112
Office Equipment Rentals Operating lease		2 385	(200)	(200)	2 185	2 324	2 527
Other Expenditure		7 525	(7 525)	(7 525)	-	-	-
<b>Total Other Expenditure</b>	<b>1</b>	<b>29 745</b>	<b>2 909</b>	<b>2 909</b>	<b>32 654</b>	<b>34 560</b>	<b>36 633</b>

**Table SB2 – Supporting table to ‘financial position budget’.**



## KZN265 Nongoma - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28/02/2019

Description	Ref	Budget Year 2018/19				Budget Year +1 2019/20	Budget Year +2 2020/21
		Original Budget A	Other Adjusts. 9 F	Total Adjusts. 10 G	Adjusted Budget 11 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>							
<b>ASSETS</b>							
<b><u>Call investment deposits</u></b>							
Call deposits		1 533		-	1 533	2 996	3 145
Other current investments				-	-		
<b>Total Call investment deposits</b>	1	<b>1 533</b>	<b>-</b>	<b>-</b>	<b>1 533</b>	<b>2 996</b>	<b>3 145</b>
<b><u>Consumer debtors</u></b>							
Consumer debtors		27 659		-	27 659	29 042	30 494
Less: provision for debt impairment		-	-	-	-	-	-
<b>Total Consumer debtors</b>	1	<b>27 659</b>	<b>-</b>	<b>-</b>	<b>27 659</b>	<b>29 042</b>	<b>30 494</b>
<b><u>Debt impairment provision</u></b>							
Balance at the beginning of the year				-	-	-	-
Bad debts written off				-	-	-	-
<b>Balance at end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Property, plant &amp; equipment</u></b>							
PPE at cost/valuation (excl. finance leases)		334 987		-	334 987	351 736	369 323
Less: Accumulated depreciation				-	-		
<b>Total Property, plant &amp; equipment</b>	1	<b>334 987</b>	<b>-</b>	<b>-</b>	<b>334 987</b>	<b>351 736</b>	<b>369 323</b>
<b>LIABILITIES</b>							
<b><u>Current liabilities - Borrowing</u></b>							
Short term loans (other than bank overdraft)				-	-		
Current portion of long-term liabilities				-	-		
<b>Total Current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables</u></b>							
Creditors		17 035		-	17 035	18 057	19 141
<b>Total Trade and other payables</b>	1	<b>17 035</b>	<b>-</b>	<b>-</b>	<b>17 035</b>	<b>18 057</b>	<b>19 141</b>
<b><u>Non current liabilities - Borrowing</u></b>							
Borrowing	3			-	-		
Finance leases (including PPP asset element)				-	-		
<b>Total Non current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Provisions - non current</u></b>							
Other		6 543		-	6 543	6 870	7 214
<b>Total Provisions - non current</b>		<b>6 543</b>	<b>-</b>	<b>-</b>	<b>6 543</b>	<b>6 870</b>	<b>7 214</b>
<b>CHANGES IN NET ASSETS</b>							
<b><u>Accumulated surplus/(Deficit)</u></b>							
Accumulated surplus/(Deficit) - opening balance		344 261	(345)	(345)	343 916	364 911	382 953
<b>Accumulated Surplus/(Deficit)</b>	1	<b>344 261</b>	<b>(345)</b>	<b>(345)</b>	<b>343 916</b>	<b>364 911</b>	<b>382 953</b>
<b><u>Reserves</u></b>							
<b>Total Reserves</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>344 261</b>	<b>(345)</b>	<b>(345)</b>	<b>343 916</b>	<b>364 911</b>	<b>382 953</b>



## Table SB4 – Supporting table to budgeted performance indicators and benchmarks

KZN265 Nongoma - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28/02/2019

Description of financial indicator	Basis of calculation	Budget Year 2018/19			Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Adjusted Budget	2019/20	2020/21
<b><u>Borrowing Management</u></b>						
Credit Rating	Short term/long term rating					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	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%
<b><u>Safety of Capital</u></b>						
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>						
Current Ratio	Current assets/current liabilities	190.1%	0.0%	188.1%	208.2%	206.1%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	190.1%	0.0%	0.0%	0.0%	0.0%
<b><u>Revenue Management</u></b>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.5%	0.0%	16.5%	16.0%	15.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))					
Creditors to Cash and Investments		-3550.9%	0.0%	483.1%	344.4%	1534.4%
<b><u>Other Indicators</u></b>						
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)					
	Total Volume Losses (kℓ)					
Employee costs	Total Cost of Losses (Rand '000)					
	Employee costs/(Total Revenue - capital revenue)	47.9%	0.0%	47.8%	47.3%	47.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.4%	0.0%	2.8%	2.8%	2.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	2.9%	0.0%	2.9%	2.8%	2.8%
<b><u>IDP regulation financial viability indicators</u></b>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	48404.6%	0.0%	50763.1%	50485.6%	53227.0%

Table SB7 Grants and transfers receipts

## KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28/02/2019

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20	+2 2020/21
R thousands		A	9 C	10 D	11 E	12 F	Adjusted Budget	Adjusted Budget
<b>RECEIPTS:</b>	1, 2							
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>		140 318	-	-	-	140 318	152 741	164 425
Local Government Equitable Share		136 733			-	136 733	150 771	162 455
Finance Management	3	1 970			-	1 970	1 970	1 970
EPWP Incentive		1 615			-	1 615	-	-
<b>Provincial Government:</b>		2 591	(950)	-	(950)	1 641	1 686	1 787
Provincialisation of Libraries		838			-	838	880	924
Municipal Assistance Programme		753			-	753	806	863
Schemes Support Programme	4	1 000	(1 000)		(1 000)	-	-	-
Sport and Recreation			50		50	50	-	-
District Municipality:		-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	6	142 909	(950)	-	(950)	141 959	154 427	166 212
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>		46 286	-	-	-	46 286	43 873	45 494
Municipal Infrastructure Grant (MIG)		31 286			-	31 286	31 873	33 494
Integrated National Electrification Programme		15 000			-	15 000	12 000	12 000
<b>Total Capital Transfers and Grants</b>	6	46 286	-	-	-	46 286	43 873	45 494
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		189 195	(950)	-	(950)	188 245	198 300	211 706

**Table SB8 – Expenditure on transfers and grants programmes.**

KZN265 Nongoma - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2019

Description	Ref	Budget Year 2018/19					Budget Year	Budget Year
		Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		4	5	6	7			
		A	C	D	E	F		
<b>R thousands</b>								
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1							
<u>Operating expenditure of Transfers and Grants</u>								
<b>National Government:</b>		140 318	-	-	-	140 318	152 741	164 425
Local Government Equitable Share		136 733			-	136 733	150 771	162 455
Finance Management		1 970			-	1 970	1 970	1 970
EPWP Incentive		1 615			-	1 615	-	-
<b>Provincial Government:</b>		2 591	(950)	-	(950)	1 641	1 686	1 787
Provincialisation of Libraries		838			-	838	880	924
Municipal Assistance Programme		753			-	753	806	863
Schemes Support Programme		1 000	(1 000)		(1 000)	-		
Sport and Recreation			50		50	50		
<b>Total operating expenditure of Transfers and Grants:</b>		142 909	(950)	-	(950)	141 959	154 427	166 212
<u>Capital expenditure of Transfers and Grants</u>								
<b>National Government:</b>		46 286	-	-	-	46 286	43 873	45 494
Municipal Infrastructure Grant (MIG)		31 286			-	31 286	31 873	33 494
Integrated National Electrification Programme		15 000			-	15 000	12 000	12 000
<b>Total capital expenditure of Transfers and Grants</b>		46 286	-	-	-	46 286	43 873	45 494
<b>Total capital expenditure of Transfers and Grants</b>		189 195	(950)	-	(950)	188 245	198 300	211 706

## 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 fourth 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 2019 and is now at the finalization stage. The final report will be tabled before end of March 2019.



### **Municipal manager's quality certificate**

I Mrs. VT Sokhela, Acting municipal manager of Nongoma Municipality, hereby certify that the 2018/19 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 2019