

# NONGOMA LOCAL MUNICIPALITY

## KZN265



ADJUSTMENT BUDGET OF  
NONGOMA MUNICIPALITY  
2019-20 TO 2021-2022  
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 Enterp</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

### 1.1.1 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 – Mr MB Mnguni

Heads of Department

Ladies and Gentlemen

I am honored to present to you the revised budget for 2019/20 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 2019/20 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***

- Municipal Disaster relief Grant for R1 192 000 from the Department of Disaster Management.

**b. *Impact of revision of grant allocations by provincial government***

- Transfers and subsidies were adjusted downwards by R2,5 million.
- The revised DoRa and provincial allocation indicates that there were adjustments made to the original allocation to the municipality.
- The affected transfers were libraries and scheme support grant.

**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 2019/20 revised Budget:

### a) Consolidated adjustment budget

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>								
Total Revenue (excluding capital transfers and contributions)		197,930	(1,403)	(361)	(1,764)	196,166	206,440	218,438
Transfers and subsidies - capital (National)		39,873		(8,000)	(8,000)	31,873	33,494	35,828
<b>Surplus/ (Deficit) for the year</b>		<b>47,716</b>	<b>(1,403)</b>	<b>(12,397)</b>	<b>(13,800)</b>	<b>33,916</b>	<b>39,063</b>	<b>40,900</b>

### b) Operating revenue:

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>								
Property rates	2	25,537	-	-	-	25,537	26,865	28,262
Service charges - refuse revenue	2	2,123	-	(363)	(363)	1,760	1,852	1,948
Rental of facilities and equipment		277		2	2	280	294	310
Interest earned - external investments		2,041			-	2,041	2,147	2,259
Interest earned - outstanding debtors		2,735			-	2,735	2,877	3,027
Fines, penalties and forfeits		346			-	346	367	389
Licences and permits		945			-	945	1,003	1,062
Transfers and subsidies		162,773	(1,403)		(1,403)	161,370	169,827	179,943
Other revenue	2	1,153	-	-	-	1,153	1,207	1,238
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>197,930</b>	<b>(1,403)</b>	<b>(361)</b>	<b>(1,764)</b>	<b>196,166</b>	<b>206,440</b>	<b>218,438</b>

The adjustments were effected on the following revenue categories:

- Service Charges- refuse revenue

Transfer and subsidies on the following;

- Scheme Support Grant
- Community Library
- Municipal Disaster Relief Grant

**c) Operating expenditure:**

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	
		Budget	Govt			Budget	Budget	
R thousands	1	A	7	8	9	10	+1 2020/21	+2 2021/22
			E	F	G	H		
<b>Expenditure By Type</b>								
Employee related costs		89,491	-	819	819	90,309	97,173	104,558
Remuneration of councillors		15,487		-	-	15,487	16,323	17,205
Debt impairment		1,000		(200)	(200)	800	842	885
Depreciation & asset impairment		9,599	-	-	-	9,599	10,098	10,623
Finance charges		500		(200)	(200)	300	316	332
Other materials		1,385		517	517	1,902	2,001	2,105
Contracted services		26,760	-	6,127	6,127	32,886	33,680	35,117
Transfers and subsidies		1,950		(1,191)	(1,191)	759	798	840
Other expenditure		43,916	-	(1,835)	(1,835)	42,080	39,640	41,701
<b>Total Expenditure</b>		<b>190,087</b>	<b>-</b>	<b>4,036</b>	<b>4,036</b>	<b>194,123</b>	<b>200,871</b>	<b>213,366</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:

- Employee Related costs has increased to R90.3m,
- Debt Impairment decreased from R1m to R800 thousand rand.
- Finance costs decreased from R500 thousand to R300 thousand rand.
- Other Materials: this expenditure category has increased to R1.9m, 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.

- Contracted services: this expenditure category has increased by R6.1m, 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 decreased by R1.8m, 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.
- Repairs and maintenance: this expenditure category has increased from R5.8 million to R9.5m,

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 February 2020

Description	Ref	Budget Year 2019/20				Budget Year	Budget Year
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
		A	10 F	11 G	12 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>							
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>	2						
Vote 5 - Economic and Environmental Services		45,873	(6,000)	(6,000)	39,873	41,197	43,793
<b>Capital multi-year expenditure sub-total</b>	3	<b>45,873</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>39,873</b>	<b>41,197</b>	<b>43,793</b>
<b>Single-year expenditure to be adjusted</b>	2						
Vote 1 - Vote 1 - Governance and Administration		1,920	-	-	1,920	2,035	2,157
Vote 2 - Vote 2 - Financial Service		104	-	-	104	110	117
Vote 3 - Corporate Services		1,376	200	200	1,576	1,671	1,771
Vote 4 - Sport, Recreation and Community Services		295	-	-	295	312	331
Vote 5 - Economic and Environmental Services		920	-	-	920	975	1,034
Vote 6 - Transport and Roads		-	-	-	-	-	-
Vote 7 - Safety and Security		1,328	-	-	1,328	1,408	1,492
Vote 8 - Solid Waste Management		250	-	-	250	265	281
<b>Capital single-year expenditure sub-total</b>		<b>6,193</b>	<b>200</b>	<b>200</b>	<b>6,393</b>	<b>6,776</b>	<b>7,182</b>
<b>Total Capital Expenditure - Vote</b>		<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
<b>Capital Expenditure - Functional</b>							
<b>Governance and administration</b>		<b>3,400</b>	<b>200</b>	<b>200</b>	<b>3,600</b>	<b>3,815</b>	<b>4,044</b>
Executive and council		1,920	-	-	1,920	2,035	2,157
Finance and administration		1,480	200	200	1,680	1,780	1,887
<b>Community and public safety</b>		<b>1,623</b>	<b>-</b>	<b>-</b>	<b>1,623</b>	<b>1,720</b>	<b>1,823</b>
Community and social services		295	-	-	295	312	331
Public safety		1,328	-	-	1,328	1,408	1,492
<b>Economic and environmental services</b>		<b>38,793</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>32,793</b>	<b>33,239</b>	<b>35,828</b>
Road transport		38,793	(6,000)	(6,000)	32,793	33,239	35,828
<b>Trading services</b>		<b>8,250</b>	<b>-</b>	<b>-</b>	<b>8,250</b>	<b>9,199</b>	<b>9,281</b>
Energy sources		8,000	-	-	8,000	8,934	9,000
Waste management		250	-	-	250	265	281
<b>Total Capital Expenditure - Functional</b>	3	<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
<b>Funded by:</b>							
National Government		39,873	-	-	39,873	42,428	44,828
Transfers recognised - capital	4	<b>39,873</b>	<b>-</b>	<b>-</b>	<b>39,873</b>	<b>42,428</b>	<b>44,828</b>
Borrowing		4,350	-	-	4,350	-	-
Internally generated funds		7,843	(5,800)	(5,800)	2,043	5,545	6,148
<b>Total Capital Funding</b>		<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</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 R46.2 million compared to the original budget of R52.0 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:

- Furniture and office equipment has been increased by R200 thousand.
- One gravel road, one sport field and one Couse way which was budgeted at a cost R6 million and to be funded by equitable share have been adjusted to zero due to reprioritization of projects.

The municipality has implemented the expanded public works programme for an amount of R2.0 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 2019/20 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.**

## 1.2 RESOLUTIONS

- The council notes the contents of the report dealing with the Special adjustments budget for 2019/2020.
- The Council approve the 2019/2020 Special adjustment budget as attached to this item, it being noted that all adjustments are in accordance with section 28(2) of the MFMA and Circular 99 of the MFMA.

## 1.3 EXECUTIVE SUMMARY

### 1.3.1 OPERATING ADJUSTMENTS BUDGET

The following executive summary provides Council with a high level overview of the major changes to the adjustment budget,

#### Revenue

The following table highlights the main movements relating to the adjustments budget.

#### Total Income Variance

Description	Ref	Original Budget	Adjusted Budget	% Change	% R Change
Property rates	2	25,536,878.67	25,536,878.67	0%	-
Service charges - refuse revenue	2	2,123,415.21	1,760,000.21	17.11%	- 363,415.00
Rental of facilities and equipment		277,437.39	279,571.19	0.76%	- 2,133.80
Interest earned - external investments		2,041,230.38	2,041,230.38	0%	-
Interest earned - outstanding debtors		2,735,200.00	2,735,200.00	0%	-
Fines, penalties and forfeits		345,798.19	345,798.19	0%	-
Licences and permits		944,604.69	944,604.69	0%	-
Transfers and subsidies		162,773,000.00	161,370,000.00	0.86%	- 1,403,000.00
Other revenue	2	1,152,680.73	1,152,680.73	0%	-

## EXPENDITURE

Below are the main categories of expenditure reflecting the movements for the adjustment budget.

### Total expenditure variances

Description	Ref	Original Budget	Adjusted Budget	% Change	% R Change
Employee related costs		89,490,743.00	90,309,302.75	0.91%	818,559.75
Remuneration of councillors		15,486,957.00	15,486,957.00	0%	-
Debt impairment		1,000,000.00	800,000.00	20%	- 200,000.00
Depreciation & asset impairment		9,598,883.02	9,598,883.02	0%	-
Finance charges		500,000.00	300,000.00	40%	- 200,000.00
Other materials		1,385,000.00	1,902,000.00	37%	517,000.00
Contracted services		26,759,663.58	32,886,425.19	22%	6,126,761.61
Transfers and subsidies		1,950,000.00	758,987.00	61%	- 1,191,013.00
Other expenditure		43,915,648.86	42,080,354.48	4.18%	- 1,835,294.38

### CAPITAL ADJUSTMENT BUDGET

The municipality originally approved R52.0 m capital budget in the current financial year

	Original Budget	Adjusted Budget	Adjustments
<b>Capital Expenditure-Functional</b>			
Executive and Council	1,920,000.00	1,920,000.00	
Finance and Administration	1,480,350.00	1,680,350.00	
Community and Social Services	295,000.00	295,000.00	
Public Safety	1,328,000.00	1,328,000.00	
Road Transport	38,793,000.00	32,793,000.00	- 6,000,000.00
Energy Sources	8,000,000.00	8,000,000.00	
Waste Management	250,000.00	250,000.00	
<b>Total</b>	<b>52,066,350.00</b>	<b>46,266,350.00</b>	<b>- 6,000,000.00</b>

**Breakdown for Capital Budget.**

Project Title	MIG Category (B,P)	Project Type	APPROVED BUDGET(2019/20)	ADJUSTED	ADJUSTMENT BUDGET
				BUDGET	
Mphuphusi Sports Facility (Ward 5)	E	Sports Facility	R 601,717.27	R 0.00	R 601,717.27
Mona Sportsfield Ward 4 (AFA)	E	Road	R 884,810.00	R 0.00	R 884,810.00
Upgrade of Buxedene to Mission Gravel Road (Ward 2)	B	Road	R 1,266.13	R 0.00	R 1,266.13
Qedumona Sports Facility (Ward 11)	E	Sports Facility	R 120,000.00	R 0.00	R 120,000.00
Upgrade of Kwa-Matsheketshe Gravel Road (Ward 2)	B	Road	R 121,265.77	R 0.00	R 121,265.77
Upgrade of Nkolweni Gravel Road (Ward 10)	B	Road	R 4,383.20	R 0.00	R 4,383.20
Upgrading of Mankulumane Gravel Road (Ward 18)	B	Road	R 973,811.26	R 0.00	R 973,811.26
Emzweni Community Hall (Ward 18)	E	Community Hall	R 251,444.34	R 0.00	R 251,444.34
Ekubuseni Creche (Ward 13)	E	Creche	R 111,843.54	R 0.00	R 111,843.54
Ophaphasi Community Hall (Ward 5)	E	Community Hall	R 800,000.00	R 0.00	R 800,000.00
Sgubudu Community Hall (Ward 12)	E	Community Hall	R 1,300,000.00	R 0.00	R 1,300,000.00
Upgrade of Bhuqweni Gravel Roads (Ward 17)	B	Road	R 1,134,610.00	R 0.00	R 1,134,610.00
Upgrade of Matshamhlophe Gravel Road (Ward 12)	B	Road	R 1,000,000.00	R 0.00	R 1,000,000.00
Emaye Community Hall and Creche (Ward 14)	E	Community Hall	R 1,000,000.00	R 0.00	R 1,000,000.00
Upgrade of Foma Gravel Road (Ward 15)	B	Road	R 1,000,000.00	R 0.00	R 1,000,000.00
Upgrade of Esikhaleni Roads (Ward 9)	B	Road	R 2,000,000.00	R 0.00	R 2,000,000.00
Nqokotho Hall (Ward 16)	E	Community Hall	R 1,500,000.00	R 0.00	R 1,500,000.00
Upgrading of Siyondlo Gravel Road (Ward 21)	B	Road	R 2,000,000.00	R 0.00	R 2,000,000.00
Upgrading of Gobamagagu Road (Ward 19)	B	Road	R 2,000,000.00	R 0.00	R 2,000,000.00
Kwansele Creche (Ward 14)	E	Creche	R 2,249,049.00	R 0.00	R 2,249,049.00
Street lights in tonwn		street lighths	R 2,000,000.00	R 0.00	R 2,000,000.00
Ndololwane Creche (Ward 6)	E	Creche	R 2,000,000.00	R 0.00	R 2,000,000.00
Esigangeni Road (ward20)			R 500,000.00	R 0.00	R 500,000.00
Upgrade of Nzondwane to Ndongande Low Level Bridge/ Gravel Road	B	Road	R 4,000,000.00	R 0.00	R 4,000,000.00
Upgrade of Qondile to KwaJuba Low Level Bridge / Gravel Road	B	Road	R 3,100,000.00	R 0.00	R 3,100,000.00
PMU-Support		PMU Support	R 1,218,800.00	R 0.00	R 1,218,800.00
<b>TOTAL</b>			<b>R 31,873,000.00</b>	<b>R 0.00</b>	<b>R 31,873,000.00</b>

-There were no adjustments made on the MIG funded projects.

**SPECIAL PROJECT FUNDED BY EQUITABLE SHARE**

Project Title	MIG Category (B,P)	Project Type	APPROVED BUDGET(2019/20)	ADJUSTED BUDGET	ADJUSTMENT BUDGET
Mangamhlophe Sport Field	B	Sportsfield	R 3,000,000.00	-R 3,000,000.00	
Mfanela Road and Causeway	B	Road/causeway	R 3,000,000.00	-R 3,000,000.00	R 0.00
<b>TOTAL</b>			<b>R 6,000,000.00</b>	<b>-R 6,000,000.00</b>	<b>R 0.00</b>

The above special projects have been adjusted to zero due to reprioritization of projects and these projects will no longer be funded in 2019/2020 financial year.

**ELECTRIFICATION PROJECTS BUDGET**

Project Title	MIG Category	Project Type	APPROVED BUDGET(2019/20)	ADJUSTED	ADJUSTMENT BUDGET
Mcakwini/Nkukhwini(ward1)	Connections	237 Connections	R 4,029,000.00	R 0.00	4,029,000.00
Ebuhleni(ward2)	Connections	160 Connections	R 2,720,000.00	R 0.00	2,720,000.00
Dabhazi(ward11)	Connections	73Connections	R 1,241,000.00	R 0.00	1,241,000.00
<b>TOTAL</b>			<b>R 7,990,000.00</b>	<b>R 0.00</b>	<b>7,990,000.00</b>

No adjustment were made on integrated National Programme Grant

**1.4 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 2019/20 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 2019/20					Budget Year	Budget Year
	Original	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
	Budget	Govt			Budget	Adjusted	Adjusted
	5	6	7	8			
R thousands	A	E	F	G	H		
<b>Financial Performance</b>							
Property rates	25,537	-	-	-	25,537	26,865	28,262
Service charges	2,123	-	(363)	(363)	1,760	1,852	1,948
Investment revenue	2,041	-	-	-	2,041	2,147	2,259
Transfers recognised - operational	162,773	(1,403)	-	(1,403)	161,370	169,827	179,943
Other own revenue	5,456	-	2	2	5,458	5,750	6,026
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>197,930</b>	<b>(1,403)</b>	<b>(361)</b>	<b>(1,764)</b>	<b>196,166</b>	<b>206,440</b>	<b>218,438</b>
Employee costs	89,491	-	819	819	90,309	97,173	104,558
Remuneration of councillors	15,487	-	-	-	15,487	16,323	17,205
Depreciation & asset impairment	9,599	-	-	-	9,599	10,098	10,623
Finance charges	500	-	(200)	(200)	300	316	332
Materials and bulk purchases	1,385	-	517	517	1,902	2,001	2,105
Transfers and grants	1,950	-	(1,191)	(1,191)	759	798	840
Other expenditure	71,675	-	4,091	4,091	75,767	74,162	77,704
<b>Total Expenditure</b>	<b>190,087</b>	<b>-</b>	<b>4,036</b>	<b>4,036</b>	<b>194,123</b>	<b>200,871</b>	<b>213,366</b>
<b>Surplus/(Deficit)</b>	<b>7,843</b>	<b>(1,403)</b>	<b>(4,397)</b>	<b>(5,800)</b>	<b>2,043</b>	<b>5,569</b>	<b>5,072</b>
Transfers recognised - capital	39,873	-	(8,000)	(8,000)	31,873	33,494	35,828
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>47,716</b>	<b>(1,403)</b>	<b>(12,397)</b>	<b>(13,800)</b>	<b>33,916</b>	<b>39,063</b>	<b>40,900</b>
<b>Surplus/ (Deficit) for the year</b>	<b>47,716</b>	<b>(1,403)</b>	<b>(12,397)</b>	<b>(13,800)</b>	<b>33,916</b>	<b>39,063</b>	<b>40,900</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>52,066</b>	<b>-</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
Transfers recognised - capital	39,873	-	-	-	39,873	42,428	44,828
Borrowing	4,350	-	-	-	4,350	-	-
Internally generated funds	7,843	-	(5,800)	(5,800)	2,043	5,545	6,148
<b>Total sources of capital funds</b>	<b>52,066</b>	<b>-</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
<b>Financial position</b>							
Total current assets	51,744	-	9,741	9,741	61,485	68,385	74,693
Total non current assets	450,185	-	(98,444)	(98,444)	351,741	389,521	429,877
Total current liabilities	17,000	-	12,252	12,252	29,252	25,642	23,745
Total non current liabilities	14,393	-	5,982	5,982	20,375	16,404	16,102
<b>Community wealth/Equity</b>	<b>470,536</b>	<b>-</b>	<b>(106,937)</b>	<b>(106,937)</b>	<b>363,599</b>	<b>415,860</b>	<b>464,722</b>
<b>Cash flows</b>							
Net cash from (used) operating	47,039	(1,403)	3,639	2,236	49,275	53,711	56,180
Net cash from (used) investing	(47,716)	-	5,800	5,800	(41,916)	(47,973)	(50,976)
Net cash from (used) financing	(1,591)	-	1,061	1,061	(530)	(1,591)	(1,591)
<b>Cash/cash equivalents at the year end</b>	<b>1,390</b>	<b>(1,403)</b>	<b>13,981</b>	<b>12,578</b>	<b>13,968</b>	<b>18,115</b>	<b>21,728</b>
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	1,390	-	12,578	12,578	13,968	18,115	21,728
Application of cash and investments	(16,209)	-	1,687	1,687	(14,523)	(18,005)	(22,579)
<b>Balance - surplus (shortfall)</b>	<b>17,599</b>	<b>-</b>	<b>10,892</b>	<b>10,892</b>	<b>28,491</b>	<b>36,120</b>	<b>44,307</b>
<b>Asset Management</b>							
Asset register summary (WDV)	450,185	-	(98,444)	(98,444)	351,741	389,250	429,579
Depreciation & asset impairment	9,599	-	-	-	9,599	10,098	10,623
Repairs and Maintenance	5,809	-	3,366	3,366	9,175	9,652	10,154
<b>Free services</b>							
Revenue cost of free services provided	540	-	-	-	540	568	597



**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 recognized 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 2019/20 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 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	E	F	G	H		
<b>Revenue By Source</b>								
Property rates	2	25,537	-	-	-	25,537	26,865	28,262
Service charges - refuse revenue	2	2,123	-	(363)	(363)	1,760	1,852	1,948
Rental of facilities and equipment		277		2	2	280	294	310
Interest earned - external investments		2,041			-	2,041	2,147	2,259
Interest earned - outstanding debtors		2,735			-	2,735	2,877	3,027
Fines, penalties and forfeits		346			-	346	367	389
Licences and permits		945			-	945	1,003	1,062
Transfers and subsidies		162,773	(1,403)		(1,403)	161,370	169,827	179,943
Other revenue	2	1,153	-	-	-	1,153	1,207	1,238
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>197,930</b>	<b>(1,403)</b>	<b>(361)</b>	<b>(1,764)</b>	<b>196,166</b>	<b>206,440</b>	<b>218,438</b>
<b>Expenditure By Type</b>								
Employee related costs		89,491	-	819	819	90,309	97,173	104,558
Remuneration of councillors		15,487			-	15,487	16,323	17,205
Debt impairment		1,000		(200)	(200)	800	842	885
Depreciation & asset impairment		9,599	-		-	9,599	10,098	10,623
Finance charges		500		(200)	(200)	300	316	332
Other materials		1,385		517	517	1,902	2,001	2,105
Contracted services		26,760	-	6,127	6,127	32,886	33,680	35,117
Transfers and subsidies		1,950		(1,191)	(1,191)	759	798	840
Other expenditure		43,916	-	(1,835)	(1,835)	42,080	39,640	41,701
<b>Total Expenditure</b>		<b>190,087</b>	<b>-</b>	<b>4,036</b>	<b>4,036</b>	<b>194,123</b>	<b>200,871</b>	<b>213,366</b>
<b>Surplus/(Deficit)</b>		<b>7,843</b>	<b>(1,403)</b>	<b>(4,397)</b>	<b>(5,800)</b>	<b>2,043</b>	<b>5,569</b>	<b>5,072</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		39,873		(8,000)	(8,000)	31,873	33,494	35,828
<b>Surplus/ (Deficit) for the year</b>		<b>47,716</b>	<b>(1,403)</b>	<b>(12,397)</b>	<b>(13,800)</b>	<b>33,916</b>	<b>39,063</b>	<b>40,900</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 R160.1 million in the 2019/20 financial year and increases to R169.8 and R179.9 million in the 2020/21 and 2021/22 respectively.

The budgeted allocation for employee related costs for the 2019/20 financial year totals R90.3 million, which equals 46% 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 R9.5 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 R300 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 decreased significantly lately, hence requires decreased budget allocation of R759 thousand.

**Table 2 Operating Transfers and Grant Receipts****KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28 February 2020**

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
		A	9 C	10 D	11 E	12 F		
<b>R thousands</b>								
<b>RECEIPTS:</b>	1, 2							
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>		158,492	-	1,192	1,192	159,684	166,403	177,362
Local Government Equitable Share		154,506			-	154,506	164,433	175,392
Finance Management	3	1,970			-	1,970	1,970	1,970
Municipal Systems Improvement		-			-	-	-	-
EPWP Incentive		2,016			-	2,016	-	-
Municipal Disaster relief Grant				1,192	1,192	1,192	-	-
<b>Provincial Government:</b>		4,281	(2,595)	-	(2,595)	1,686	3,424	2,581
Provincialisation of Libraries		880			-	880	924	975
Community Library Services		1,401	(595)		(595)	806	1,500	1,606
Sports Fields Maintenance	4	-			-	-	-	-
Schemes Support Programme		2,000	(2,000)		(2,000)	-	-	-
Spatial Support Programme	5	-			-	-	1,000	-
<b>Total Operating Transfers and Grants</b>	6	162,773	(2,595)	1,192	(1,403)	161,370	169,827	179,943
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>		39,873	-	-	-	39,873	42,428	44,828
Municipal Infrastructure Grant (MIG)		31,873			-	31,873	33,494	35,828
Integrated National Electrification Programme		8,000			-	8,000	8,934	9,000
<b>Total Capital Transfers and Grants</b>	6	39,873	-	-	-	39,873	42,428	44,828
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		202,646	(2,595)	1,192	(1,403)	201,243	212,255	224,771

**Note:**

**Operating grants** and transfers totals R161.3 million in the 2019/20 financial year and increases to R169.8 and R179.9 million in the 2020/21 and 2021/22 respectively.

**Capital grants** allocation totals R39.8 million in the 2019/20 financial year and increases to R42.4 and R44.8 million in the 2020/21 and 2021/22 respectively.

For 2019/20, the total of R201.2 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 2020**

Description	Ref	Budget Year 2019/20				Budget Year	Budget Year
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
		A	10 F	11 G	12 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>							
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>	2						
Vote 5 - Economic and Environmental Services		45,873	(6,000)	(6,000)	39,873	41,197	43,793
<b>Capital multi-year expenditure sub-total</b>	3	<b>45,873</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>39,873</b>	<b>41,197</b>	<b>43,793</b>
<b>Single-year expenditure to be adjusted</b>	2						
Vote 1 - Vote 1 - Governance and Administration		1,920	-	-	1,920	2,035	2,157
Vote 2 - Vote 2 - Financial Service		104	-	-	104	110	117
Vote 3 - Corporate Services		1,376	200	200	1,576	1,671	1,771
Vote 4 - Sport, Recreation and Community Services		295	-	-	295	312	331
Vote 5 - Economic and Environmental Services		920	-	-	920	975	1,034
Vote 6 - Transport and Roads		-	-	-	-	-	-
Vote 7 - Safety and Security		1,328	-	-	1,328	1,408	1,492
Vote 8 - Solid Waste Management		250	-	-	250	265	281
<b>Capital single-year expenditure sub-total</b>		<b>6,193</b>	<b>200</b>	<b>200</b>	<b>6,393</b>	<b>6,776</b>	<b>7,182</b>
<b>Total Capital Expenditure - Vote</b>		<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
<b>Capital Expenditure - Functional</b>							
<b>Governance and administration</b>		<b>3,400</b>	<b>200</b>	<b>200</b>	<b>3,600</b>	<b>3,815</b>	<b>4,044</b>
Executive and council		1,920	-	-	1,920	2,035	2,157
Finance and administration		1,480	200	200	1,680	1,780	1,887
<b>Community and public safety</b>		<b>1,623</b>	<b>-</b>	<b>-</b>	<b>1,623</b>	<b>1,720</b>	<b>1,823</b>
Community and social services		295	-	-	295	312	331
Public safety		1,328	-	-	1,328	1,408	1,492
<b>Economic and environmental services</b>		<b>38,793</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>32,793</b>	<b>33,239</b>	<b>35,828</b>
Road transport		38,793	(6,000)	(6,000)	32,793	33,239	35,828
<b>Trading services</b>		<b>8,250</b>	<b>-</b>	<b>-</b>	<b>8,250</b>	<b>9,199</b>	<b>9,281</b>
Energy sources		8,000	-	-	8,000	8,934	9,000
Waste management		250	-	-	250	265	281
<b>Total Capital Expenditure - Functional</b>	3	<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</b>
<b>Funded by:</b>							
National Government		39,873	-	-	39,873	42,428	44,828
Transfers recognised - capital	4	39,873	-	-	39,873	42,428	44,828
Borrowing		4,350	-	-	4,350	-	-
Internally generated funds		7,843	(5,800)	(5,800)	2,043	5,545	6,148
<b>Total Capital Funding</b>		<b>52,066</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>46,266</b>	<b>47,973</b>	<b>50,976</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 2019/20, R46.2 million has been allocated, This allocation increases to R47.9 million and R50.9 million in 2020/21 and 2021/22 respectively.
3. The capital programme is funded from national capital grants and internally generated funds from current year surpluses. For 2019/20, capital transfers totals R46.2 million increasing to R47.9 million and R50.9 million in the 2020/21 and 2021/22 financial years respectively. The internally generated funding amount to R2.0 million in 2019/2020 financial years of the MTREF.

**Table 6 MBRR Table B6 - Budgeted Financial Position****KZN265 Nongoma - Table B6 Adjustments Budget Financial Position - 28 February 2020**

Description	Ref	Budget Year 2019/20				Budget Year	Budget Year
		Original	Other Adjusts.	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
		Budget	8	9	Budget	Adjusted	Adjusted
R thousands		A	F	G	H		
<b>ASSETS</b>							
<b>Current assets</b>							
Cash		1,390	12,578	12,578	13,968	18,115	21,728
Consumer debtors	1	48,855	(2,838)	(2,838)	46,017	48,690	51,300
Other debtors		1,500		-	1,500	1,580	1,665
<b>Total current assets</b>		<b>51,744</b>	<b>9,741</b>	<b>9,741</b>	<b>61,485</b>	<b>68,385</b>	<b>74,693</b>
<b>Non current assets</b>							
Property, plant and equipment	1	449,724	(98,228)	(98,228)	351,496	389,251	429,579
Intangible		461	(216)	(216)	245	270	298
<b>Total non current assets</b>		<b>450,185</b>	<b>(98,444)</b>	<b>(98,444)</b>	<b>351,741</b>	<b>389,521</b>	<b>429,877</b>
<b>TOTAL ASSETS</b>		<b>501,929</b>	<b>(88,703)</b>	<b>(88,703)</b>	<b>413,226</b>	<b>457,906</b>	<b>504,570</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Borrowing		-	667	667	667	1,000	1,000
Trade and other payables		17,000	11,585	11,585	28,585	24,642	22,745
<b>Total current liabilities</b>		<b>17,000</b>	<b>12,252</b>	<b>12,252</b>	<b>29,252</b>	<b>25,642</b>	<b>23,745</b>
<b>Non current liabilities</b>							
Borrowing	1	10,893	(4,523)	(4,523)	6,371	5,425	4,525
Provisions	1	3,500	10,505	10,505	14,005	10,979	11,577
<b>Total non current liabilities</b>		<b>14,393</b>	<b>5,982</b>	<b>5,982</b>	<b>20,375</b>	<b>16,404</b>	<b>16,102</b>
<b>TOTAL LIABILITIES</b>		<b>31,393</b>	<b>18,234</b>	<b>18,234</b>	<b>49,627</b>	<b>42,046</b>	<b>39,848</b>
<b>NET ASSETS</b>	2	<b>470,536</b>	<b>(106,937)</b>	<b>(106,937)</b>	<b>363,599</b>	<b>415,860</b>	<b>464,722</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)		470,536	(106,937)	(106,937)	363,599	415,860	464,722
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>470,536</b>	<b>(106,937)</b>	<b>(106,937)</b>	<b>363,599</b>	<b>415,860</b>	<b>464,722</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 R4.6 million at the end of 2020 financial year.



## Table7 MBRR Table B7 - Budgeted Cash Flow Statement

## KZN265 Nongoma - Table B7 Adjustments Budget Cash Flows - 28 February 2020

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Nat. or Prov.	Other Adjus.	Total Adjus.	Adjusted	Adjusted	Adjusted
		Budget	Govt			Budget	Budget	Budget
		7	8	9	10			
		A	E	F	G	H		
<b>R thousands</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		17,876		5,107	5,107	22,983	24,362	25,824
Service charges		1,486		(694)	(694)	792	840	890
Other revenue		2,478		3,462	3,462	5,940	4,038	4,294
Government - operating	1	162,773	(1,403)		(1,403)	161,370	169,827	179,943
Government - capital	1	39,873				39,873	42,428	44,828
Interest		2,041				2,041	2,147	2,259
<b>Payments</b>								
Suppliers and employees		(177,038)		(5,627)	(5,627)	(182,665)	(188,817)	(200,686)
Finance charges		(500)		200	200	(300)	(316)	(332)
Transfers and Grants	1	(1,950)		1,191	1,191	(759)	(798)	(840)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>47,039</b>	<b>(1,403)</b>	<b>3,639</b>	<b>2,236</b>	<b>49,275</b>	<b>53,711</b>	<b>56,180</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE								
Decrease (Increase) in non-current debtors								
Decrease (increase) other non-current receivables								
Decrease (increase) in non-current investments								
<b>Payments</b>								
Capital assets		(47,716)		5,800	5,800	(41,916)	(47,973)	(50,976)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(47,716)</b>	<b>-</b>	<b>5,800</b>	<b>5,800</b>	<b>(41,916)</b>	<b>(47,973)</b>	<b>(50,976)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans								
Borrowing long term/refinancing								
Increase (decrease) in consumer deposits								
<b>Payments</b>								
Repayment of borrowing		(1,591)		1,061	1,061	(530)	(1,591)	(1,591)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1,591)</b>	<b>-</b>	<b>1,061</b>	<b>1,061</b>	<b>(530)</b>	<b>(1,591)</b>	<b>(1,591)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(2,268)</b>	<b>(1,403)</b>	<b>10,500</b>	<b>9,097</b>	<b>6,829</b>	<b>4,147</b>	<b>3,613</b>
Cash/cash equivalents at the year begin:	2	3,657		3,482	3,482	7,139	13,968	18,115
Cash/cash equivalents at the year end:	2	1,390	(1,403)	13,981	12,578	13,968	18,115	21,728

## 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 2019/20 to 2020/21. For the 2021/22 MTREF the revised budget shows improving levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R13.9 million by 2019/20 and increasing to R18.1 million by 2020/21.

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

**KZN265 Nongoma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2020**

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	
		Budget	Govt			Budget	Budget	
			7	8	9	10		
<b>R thousands</b>		<b>A</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	1	1,390	(1,403)	13,981	12,578	13,968	18,115	21,728
Other current investments > 90 days		0	1,403	(1,403)	0	0	-	-
<b>Cash and investments available:</b>		<b>1,390</b>	<b>-</b>	<b>12,578</b>	<b>12,578</b>	<b>13,968</b>	<b>18,115</b>	<b>21,728</b>
<b>Applications of cash and investments</b>								
Unspent conditional transfers		-	-	-	-	-	-	-
Unspent borrowing								
Statutory requirements								
Other working capital requirements	2	(16,209)		1,687	1,687	(14,523)	(18,005)	(22,579)
Other provisions								
Long term investments committed		-		-	-	-	-	-
Reserves to be backed by cash/investments		-		-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(16,209)</b>	<b>-</b>	<b>1,687</b>	<b>1,687</b>	<b>(14,523)</b>	<b>(18,005)</b>	<b>(22,579)</b>
<b>Surplus(shortfall)</b>		<b>17,599</b>	<b>-</b>	<b>10,892</b>	<b>10,892</b>	<b>28,491</b>	<b>36,120</b>	<b>44,307</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 2019/20 to 2021/22 reflects that the budget is sufficiently funded.

Table 9 MBRR Table B9 - Asset Management

## KZN265 Nongoma - Table B9 Asset Management - 28 February 2020

Description	Ref	Budget Year 2019/20				Budget Year	Budget Year
		Original	Other Adjusts.	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
		Budget	12	13	Budget	Adjusted	Adjusted
R thousands		A	F	G	H		
<b>CAPITAL EXPENDITURE</b>							
<b><u>Total New Assets to be adjusted</u></b>	1	52,066	(6,000)	(6,000)	46,066	47,973	50,976
<i>Roads Infrastructure</i>		37,873	(6,000)	(6,000)	31,873	39,039	41,976
<i>Electrical Infrastructure</i>		8,000	-	-	8,000	8,934	9,000
Infrastructure		45,873	(6,000)	(6,000)	39,873	47,973	50,976
Computer Equipment		933	-	-	933	-	-
Furniture and Office Equipment		210	-	-	210	-	-
Machinery and Equipment		700	-	-	700	-	-
Transport Assets		4,350	-	-	4,350	-	-
<b><u>Total Renewal of Existing Assets to be adjusted</u></b>	2	-	-	-	-	-	-
<b><u>Total Capital Expenditure to be adjusted</u></b>	4	52,066	(6,000)	(6,000)	46,066	47,973	50,976
<i>Roads Infrastructure</i>		37,873	(6,000)	(6,000)	31,873	39,039	41,976
<i>Electrical Infrastructure</i>		8,000	-	-	8,000	8,934	9,000
Infrastructure		45,873	(6,000)	(6,000)	39,873	47,973	50,976
Computer Equipment		933	-	-	933	-	-
Furniture and Office Equipment		210	-	-	210	-	-
Machinery and Equipment		700	-	-	700	-	-
Transport Assets		4,350	-	-	4,350	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	4	52,066	(6,000)	(6,000)	46,066	47,973	50,976
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	450,185	(98,444)	(98,444)	351,741	389,250	429,579
<i>Roads Infrastructure</i>		165,160	(3,183)	(3,183)	161,977	255,377	299,745
<i>Storm water Infrastructure</i>		10,336	-	-	10,336	-	-
<i>Solid Waste Infrastructure</i>		29,483	-	-	29,483	27,565	24,586
Infrastructure		204,980	(3,183)	(3,183)	201,797	282,943	324,330
Community Assets		193,972	(88,845)	(88,845)	105,127	56,523	54,252
Other Assets		25,337	(2,501)	(2,501)	22,836	26,556	27,562
Biological or Cultivated Assets		768	(768)	(768)	-	-	-
Computer Equipment		2,105	(702)	(702)	1,403	2,003	1,986
Furniture and Office Equipment		2,844	(569)	(569)	2,275	1,990	1,686
Machinery and Equipment		4,344	(869)	(869)	3,475	2,957	2,757
Transport Assets		10,082	(1,008)	(1,008)	9,074	10,527	11,252
Land		5,754	-	-	5,754	5,754	5,754
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	450,185	(98,444)	(98,444)	351,741	389,250	429,579
<b>EXPENDITURE OTHER ITEMS</b>							
<u>Depreciation &amp; asset impairment</u>		9,599	-	-	9,599	10,098	10,623
<u>Repairs and Maintenance by asset class</u>	3	5,809	3,366	3,366	9,175	9,652	10,154
<i>Roads Infrastructure</i>		2,100	1,540	1,540	3,640	3,829	4,028
Infrastructure		2,100	1,540	1,540	3,640	3,829	4,028
Operational Buildings		2,579	1,421	1,421	4,000	4,208	4,427
Other Assets		2,579	1,421	1,421	4,000	4,208	4,427
Computer Equipment		50	-	-	50	53	55
Machinery and Equipment		80	-	-	80	84	89
Transport Assets		1,000	405	405	1,405	1,478	1,555
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		15,408	3,366	3,366	18,774	19,750	20,777

**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

KZN265 Nongoma - Table B10 Basic service delivery measurement - 28/02/2019					
Description	Ref	Budget Year 2018/19		Budget Year +1 2019/20	Budget Year +2 2020/21
		Original Budget A	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget
<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
<b>Total number of households</b>	5	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
<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	<b>42,895</b>	<b>42,895</b>	<b>21,407</b>	<b>21,407</b>
<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
<b>Total number of households</b>	5	<b>18,446</b>	<b>18,446</b>	<b>18,446</b>	<b>18,446</b>
<b>Refuse:</b>					
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-
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	<b>40,971</b>	<b>40,971</b>	<b>40,971</b>	<b>40,971</b>

**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 Supporting detail to 'Budgeted Financial Performance' - 28 February 2020

Description	Ref	Budget Year 2019/20				Budget Year +1	Budget Year +2
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	11 F	12 G	13 H		
<b>R thousands</b>							
<b>REVENUE ITEMS</b>							
<b>Property rates</b>							
Total Property Rates		26,077	–	–	26,077	27,433	28,859
<i>reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		540	–	–	540	568	597
<b>Net Property Rates</b>		<b>25,537</b>	<b>–</b>	<b>–</b>	<b>25,537</b>	<b>26,865</b>	<b>28,262</b>
<b>Service charges - refuse revenue</b>							
Total refuse removal revenue		2,123	(363)	(363)	1,760	1,852	1,948
<b>Net Service charges - refuse revenue</b>		<b>2,123</b>	<b>(363)</b>	<b>(363)</b>	<b>1,760</b>	<b>1,852</b>	<b>1,948</b>
<b>Other Revenue By Source</b>							
<i>List other revenue by source</i>		72,349.57	0	–	72	76,111.75	80,069.56
Cashier Surplus		52.60	0	–	0	55.00	58.00
empty containers		1,449.65	0	–	1	1,525.00	1,604.00
Rates Clearane		1,323.01	0	–	1	1,392.00	1,464.00
Building plans		5,000.00	0	–	5	5,310.00	5,623.00
Map Fees		632.67	0	–	1	716.24	758.50
ErfSubdivisio		225.99	0	–	0	240.00	254.16
Zoning Certificate		3,583.10	0	–	4	3,805.26	4,029.76
School Patrol		290,000.00	0	–	290	300,000.00	320,000.00
LG Seta reimbursement		605,064.11	0	–	605	636,527.00	669,627.00
Tender Document		133,000.00	0	–	133	140,000.00	150,000.00
Other Revenue		40,000.03	0	–	40	41,638.54	4,641.93
<b>Total 'Other' Revenue</b>	1	<b>1,153</b>	<b>–</b>	<b>–</b>	<b>1,153</b>	<b>1,207</b>	<b>1,238</b>
<b>EXPENDITURE ITEMS</b>							
<b>Employee related costs</b>							
Basic Salaries and Wages		59,012	1,205	1,205	60,217	64,794	69,718
Pension and UIF Contributions		13,790	(445)	(445)	13,345	14,360	15,451
Medical Aid Contributions		3,721	(161)	(161)	3,561	3,831	4,122
Overtime		1,140	(150)	(150)	990	1,065	1,146
Performance Bonus		4,628	(38)	(38)	4,589	4,938	5,313
Motor Vehicle Allowance		4,650	511	511	5,160	5,553	5,975
Cellphone Allowance				–	–		
Housing Allowances		44	15	15	59	63	68
Other benefits and allowances		620	546	546	1,166	1,255	1,350
Payments in lieu of leave		1,886	(664)	(664)	1,222	1,314	1,414
<b>sub-total</b>		<b>89,491</b>	<b>819</b>	<b>819</b>	<b>90,309</b>	<b>97,173</b>	<b>104,558</b>
<b>Total Employee related costs</b>	1	<b>89,491</b>	<b>819</b>	<b>819</b>	<b>90,309</b>	<b>97,173</b>	<b>104,558</b>

<b>Contracted services</b>							
Consultants and professionals		3,500	(3,500)	(3,500)	-	-	-
Outsourced services		-	1,000	1,000	1,000	1,052	1,107
Security Services		3,400	1,000	1,000	4,400	4,629	4,869
Contractors for maintenance		5,165	-	-	5,165	5,434	5,716
Compilation of Valuation Roll		800	(650)	(650)	150	158	166
Pauper Burials		670	(200)	(200)	470	494	520
Training for Councillors		400	(40)	(40)	360	379	398
Collection Cost		400	-	-	400	421	443
catering		1,809	1,351	1,351	3,160	3,324	3,497
Legal Cost		1,600	800	800	2,400	2,525	2,656
Event Promoters		95	254	254	349	367	386
Transport Services		850	264	264	1,114	1,172	1,233
pest control		60	-	-	60	63	66
Stage and Sound Crew		364	(107)	(107)	258	271	285
Interior Decorator		172	(63)	(63)	110	115	121
Other contracted services		7,475	6,017	6,017	13,492	13,277	13,653
<b>sub-total</b>	<b>1</b>	<b>26,760</b>	<b>6,127</b>	<b>6,127</b>	<b>32,886</b>	<b>33,680</b>	<b>35,117</b>

<b>Other Expenditure By Type</b>							
Audit fees		1,800	-	-	1,800	1,894	1,992
General expenses	3,5	18,938	(5,204)	(5,204)	13,734	14,448	15,199
Advertising, Publicity and Marketing		520	(12)	(12)	509	535	563
Rentals Car Hire		1,000	-	-	1,000	1,052	1,107
Telephone (Cellphone)		2,100	140	140	2,240	2,356	2,479
Communication		1,800	(843)	(843)	957	1,006	1,059
External Computer Service		270	-	-	270	284	299
Hire Charges [Expenditure		665	6,522	6,522	7,187	7,560	7,954
Indigent Relief [Expenditure		1,550	(1,550)	(1,550)	-	-	-
Bursaries		500	(500)	(500)	-	-	-
Printing, Publications and Books			800	800	800	842	885
Professional Bodies, Membership and Subscription		2,343	(560)	(560)	1,783	1,876	1,973
Remuneration to Ward Committees		1,200	-	-	1,200	1,262	1,328
Toll Gate Fees		-	-	-	-	(4,629)	(4,869)
Travel and Subsistence		2,530	-	-	2,530	2,662	2,800
Uniform and Protective Clothing		1,570	-	-	1,570	1,652	1,738
Wet Fuel		1,600	(380)	(380)	1,220	1,283	1,350
Insurance		1,500	(740)	(740)	760	800	841
Rewards Incentives		30	-	-	30	32	33
Municipal disaster relief expenditure		-	1,192	1,192	1,192	1,254	1,319
Office Equipment Rentals Operating lease		4,000	(700)	(700)	3,300	3,472	3,652
<b>Total Other Expenditure</b>	<b>1</b>	<b>43,916</b>	<b>(1,835)</b>	<b>(1,835)</b>	<b>42,080</b>	<b>39,640</b>	<b>41,701</b>
<b>Repairs and Maintenance by Expenditure Item</b>	<b>14</b>						
Contracted Services		5,809	3,761	3,761	9,570	10,068	10,591
Other Expenditure							
<b>Total Repairs and Maintenance Expenditure</b>	<b>15</b>	<b>5,809</b>	<b>3,761</b>	<b>3,761</b>	<b>9,570</b>	<b>10,068</b>	<b>10,591</b>



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

<b>KZN265 Nongoma - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28 February 2020</b>							
Description	Ref	Budget Year 2019/20				Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	9 F	10 G	11 H		
<b>R thousands</b>							
<b>ASSETS</b>							
<u>Call investment deposits</u>							
Total Call investment deposits	1	-	-	-	-	-	-
<u>Consumer debtors</u>							
Consumer debtors		69,002	(5,257)	(5,257)	63,745	67,259	70,755
Less: provision for debt impairment		20,147	(2,419)	(2,419)	17,728	18,569	19,455
Total Consumer debtors	1	<b>48,855</b>	<b>(2,838)</b>	<b>(2,838)</b>	<b>46,017</b>	<b>48,690</b>	<b>51,300</b>
<u>Debt impairment provision</u>							
Balance at the beginning of the year		19,147	(2,219)	(2,219)	16,928	17,728	18,569
Contributions to the provision		1,000	(200)	(200)	800	842	885
Bad debts written off				-	-		
Balance at end of year		<b>20,147</b>	<b>(2,419)</b>	<b>(2,419)</b>	<b>17,728</b>	<b>18,569</b>	<b>19,455</b>
<u>Property, plant &amp; equipment</u>							
PPE at cost/valuation (excl. finance leases)		553,729	(82,197)	(82,197)	471,531	519,504	570,480
Leases recognised as PPE	2		770	770	770	650	625
Less: Accumulated depreciation		104,004	16,801	16,801	120,806	130,904	141,527
Total Property, plant & equipment	1	<b>449,724</b>	<b>(98,228)</b>	<b>(98,228)</b>	<b>351,496</b>	<b>389,251</b>	<b>429,579</b>
<b>LIABILITIES</b>							
<u>Current liabilities - Borrowing</u>							
Short term loans (other than bank overdraft)				-	-		
Current portion of long-term liabilities			667	667	667	1,000	1,000
Total Current liabilities - Borrowing		-	<b>667</b>	<b>667</b>	<b>667</b>	<b>1,000</b>	<b>1,000</b>
<u>Trade and other payables</u>							
Trade Payables	12	16,000	3,533	3,533	19,533	16,120	15,220
Other creditors		1,000	8,052	8,052	9,052	8,522	7,525
Total Trade and other payables	1	<b>17,000</b>	<b>11,585</b>	<b>11,585</b>	<b>28,585</b>	<b>24,642</b>	<b>22,745</b>
<u>Non current liabilities - Borrowing</u>							
Finance leases (including PPP asset element)		10,893	(4,523)	(4,523)	6,371	5,425	4,525
Total Non current liabilities - Borrowing		<b>10,893</b>	<b>(4,523)</b>	<b>(4,523)</b>	<b>6,371</b>	<b>5,425</b>	<b>4,525</b>
<u>Provisions - non current</u>							
Retirement benefits			3,753	3,753	3,753	3,857	4,252
Refuse landfill site rehabilitation			6,752	6,752	6,752	7,122	7,325
Other		3,500		-	3,500		
Total Provisions - non current		<b>3,500</b>	<b>10,505</b>	<b>10,505</b>	<b>14,005</b>	<b>10,979</b>	<b>11,577</b>
<b>CHANGES IN NET ASSETS</b>							
<u>Accumulated surplus/(Deficit)</u>							
Accumulated surplus/(Deficit) - opening balance		470,536	(106,937)	(106,937)	363,599	415,860	464,722
Accumulated Surplus/(Deficit)	1	<b>470,536</b>	<b>(106,937)</b>	<b>(106,937)</b>	<b>363,599</b>	<b>415,860</b>	<b>464,722</b>
<u>Reserves</u>							
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>470,536</b>	<b>(106,937)</b>	<b>(106,937)</b>	<b>363,599</b>	<b>415,860</b>	<b>464,722</b>

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

### KZN265 Nongoma - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28 February 2020

Description of financial indicator	Basis of calculation	Budget Year 2019/20			Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Borrowing Management</b>						
Credit Rating	Short term/long term rating					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	0.0%	0.4%	0.9%	0.9%
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	35.7%	0.0%	113.3%	0.0%	0.0%
<b>Safety of Capital</b>						
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>						
Current Ratio	Current assets/current liabilities	304.4%	0.0%	178.2%	212.7%	235.2%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	304.4%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.2	0.2	0.1
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	25.4%	0.0%	24.4%	24.4%	24.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s					
Creditors to Cash and Investments		-12708.2%	0.0%	422.7%	377.9%	528.6%
<b>Other Indicators</b>						
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/Total Volume Losses (kW)					
Water Distribution Losses (2)	Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and sold					
Employee costs	Employee costs/(Total Revenue - capital revenue)	45.2%	0.0%	46.3%	47.1%	47.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)					
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.9%	0.0%	4.7%	4.7%	4.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.1%	0.0%	5.1%	5.0%	5.0%
<b>IDP regulation financial viability indicators</b>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1844.0%	0.0%	1825.1%	1904.0%	2001.9%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.7%	0.0%	23.6%	23.6%	23.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.0	0.0	0.0	0.0	0.0

Table SB7 Grants and transfers receipts

## KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28 February 2020

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
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>158,492</b>	<b>-</b>	<b>1,192</b>	<b>1,192</b>	<b>159,684</b>	<b>166,403</b>	<b>177,362</b>
Local Government Equitable Share		154,506			-	154,506	164,433	175,392
Finance Management	3	1,970			-	1,970	1,970	1,970
Municipal Systems Improvement		-			-	-	-	-
EPWP Incentive		2,016			-	2,016	-	-
Municipal Disaster relief Grant				1,192	1,192	1,192	-	-
<b>Provincial Government:</b>		<b>4,281</b>	<b>(2,595)</b>	<b>-</b>	<b>(2,595)</b>	<b>1,686</b>	<b>3,424</b>	<b>2,581</b>
Provincialisation of Libraries		880			-	880	924	975
Community Library Services		1,401	(595)		(595)	806	1,500	1,606
Sports Fields Maintenance	4	-			-	-	-	-
Schemes Support Programme		2,000	(2,000)		(2,000)	-	-	-
Spatial Support Programme	5	-			-	-	1,000	-
<b>Total Operating Transfers and Grants</b>	<b>6</b>	<b>162,773</b>	<b>(2,595)</b>	<b>1,192</b>	<b>(1,403)</b>	<b>161,370</b>	<b>169,827</b>	<b>179,943</b>
<b><u>Capital Transfers and Grants</u></b>								
<b>National Government:</b>		<b>39,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,873</b>	<b>42,428</b>	<b>44,828</b>
Municipal Infrastructure Grant (MIG)		31,873			-	31,873	33,494	35,828
Integrated National Electrification Programme		8,000			-	8,000	8,934	9,000
<b>Total Capital Transfers and Grants</b>	<b>6</b>	<b>39,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,873</b>	<b>42,428</b>	<b>44,828</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>202,646</b>	<b>(2,595)</b>	<b>1,192</b>	<b>(1,403)</b>	<b>201,243</b>	<b>212,255</b>	<b>224,771</b>

**Table SB8 – Expenditure on transfers and grants Programmes.****KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant Expenditure - 28 February 2020**

Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
		A	9 C	10 D	11 E	12 F		
<b>R thousands</b>								
<b>RECEIPTS:</b>	1, 2							
<b><u>Operating Transfers and Grants</u></b>								
<b>National Government:</b>		<b>158,492</b>	<b>-</b>	<b>1,192</b>	<b>1,192</b>	<b>159,684</b>	<b>166,403</b>	<b>177,362</b>
Local Government Equitable Share		154,506			-	154,506	164,433	175,392
Finance Management	3	1,970			-	1,970	1,970	1,970
Municipal Systems Improvement		-			-	-	-	-
EPWP Incentive		2,016			-	2,016	-	-
Municipal Disaster relief Grant				1,192	1,192	1,192	-	-
<b>Provincial Government:</b>		<b>4,281</b>	<b>(2,595)</b>	<b>-</b>	<b>(2,595)</b>	<b>1,686</b>	<b>3,424</b>	<b>2,581</b>
Provincialisation of Libraries		880			-	880	924	975
Community Library Services		1,401	(595)		(595)	806	1,500	1,606
Sports Fields Maintenance	4	-			-	-	-	-
Schemes Support Programme		2,000	(2,000)		(2,000)	-	-	-
Spatial Support Programme	5	-			-	-	1,000	-
<b>Total Operating Transfers and Grants</b>	<b>6</b>	<b>162,773</b>	<b>(2,595)</b>	<b>1,192</b>	<b>(1,403)</b>	<b>161,370</b>	<b>169,827</b>	<b>179,943</b>
<b><u>Capital Transfers and Grants</u></b>								
<b>National Government:</b>		<b>39,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,873</b>	<b>42,428</b>	<b>44,828</b>
Municipal Infrastructure Grant (MIG)		31,873			-	31,873	33,494	35,828
Integrated National Electrification Programme		8,000			-	8,000	8,934	9,000
<b>Total Capital Transfers and Grants</b>	<b>6</b>	<b>39,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,873</b>	<b>42,428</b>	<b>44,828</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>202,646</b>	<b>(2,595)</b>	<b>1,192</b>	<b>(1,403)</b>	<b>201,243</b>	<b>212,255</b>	<b>224,771</b>

**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 23th January 2020 and is now at the finalization stage. The final report will be tabled before end of March 2020.



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

I Mr. MB Mnguni, Municipal Manager of Nongoma Municipality, hereby certify that the 2019/20 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.

MB Mnguni

**Municipal manager of Nongoma Municipality (KZN265)**

Signature \_\_\_\_\_

Date: 11 June 2020







