

NYANDENI LOCAL MUNICIPALITY



## **Annual Budget**

**3 Year Plan: 2018/19 to 2021**

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## 2. MAYOR'S REPORT

As we engross the five year strategic planning, we continue to dream and live. It is the dream that, we have conceptualized into a vision that will continue to inform and guide our strategy, the ultimate state which we seek to realize. We do so knowing that our institution is a Local Municipality still imbued with suffering from most social ills confronting our society.

This IDP is guided by the vigorous consultative process where the people of Nyandeni have spoken. A point must be restated, that as a collective, (those who must pay and those who must collect) are not doing sufficiently in the area of revenue enhancement. Our planning is prefaced on the following challenges:

- Fundamental amongst these challenges is the scourge of unemployment characterized by dismal performance on the employment of both the skilled and semi-skilled in the area. The majority of our people, both skilled and unskilled migrate to other areas to seek employment opportunities.
- There is absolutely no investment on land and property development.
- There are serious financial leakages owing to the fact that the large scale of trade is conducted by people from outside Nyandeni.
- There is no congruence between infrastructural and economic development to enhance and cause major dent to poverty.
- The state of our bulk infrastructure is still below acceptable standards and far from the realisation of quality services over and above the massive efforts to provide access.
- We do not have facilities to house manufacturing, production and processing and thus seeing us having to import even the simplest of consumables.
- Our tourist destinations are not sufficiently marketed and developed, and further that there is not systematic tourist cosmos to complete the life of a tourist in the area.
- We still lack on enforcement of existing bye-laws.
- The capacity of the finance department on the collections section

It is in this context that our efforts for this term will target achieving the following amongst our priorities and key interventions:

- Intensify crusade of clean towns
- Reinforce our capacity with EPWP to give opportunity to our youth.
- Youth cooperatives must be supported so that we can create work for the youth.
- Renewable Energy.
- Enforcement of existing bye-laws.
- Intensify our interventions in the assistance of farmers to compliment the work of the Agrarian Reform Department.

- Provisioning of sufficient social amenities as an effort to provide access to services like Banking, post services, police stations, and community halls.
- Poor state of infrastructure, including roads and sewerage system. Vigour on the part of maintenance for better quality of services.
- Local Economic Development will be one of our key focal

This year as we mark the 100 years since the legend OR Tambo first saw the African sun. It is proper to draw inspiration from the wise words of this African stalwart:

*"We have...striven for seven decades to build one, common nationhood, with one destiny. Our shared experience of collective sacrifices in the struggle for a common goal has knit us together as one solid block of liberation. The comradeship that we have formed in the trenches of freedom, transcending the barriers that the enemy sought to create, is a guarantee and a precondition for our victory. But we need still to build on this achievement. All of us - workers, peasants, students, priests, chiefs, traders, teachers, civil servants, poets, writers, men, women and youth, black and white - must take our common destiny in our own hands."*

Below is the summarized **Revenue & Expenditure MTERF 2018/2019**

	<b>Current Year Revenue &amp; Expenditure MTREF 2017- 18</b>	<b>REVENUE &amp; EXPENDITURE MTREF 2018/2019- 2021</b>		
<b>DESCRIPTION</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
Own Revenue	R 17,869,000	R 21,862,000	R 22,988,000	R 24,533,000
Transfer from Reserves	R 69,486,000	R 76,534,000	R 74, 172,000	R 73,425,000
Transfer Grants (Operational Grants)	R 253,218,000	R 259,523,000	R 277,609,000	R 287,586,000
<b>TOTAL OPERATING REVENUE</b>	<b>R 340,573,000</b>	<b>R 357,919,000</b>	<b>R 374,769,000</b>	<b>R 385,544,000</b>
Transfer Grants (Capital Grants)	R 86,718,000	R 96,269,000	R 80,597,000	R 75,649,000
<b>TOTAL REVENUE</b>	<b>R 427,291,000</b>	<b>R454,188,000</b>	<b>R 455,366,000</b>	<b>R 461,193,000</b>
Salaries & Wages	R 152,888,000	R 165,598,000	R 176,107,000	R 189,141,000
General Expenses	R 106,544,000	R 96,337,000	R 101,001,000	R 97,691,000
Repairs & Maintenance and Bulk purchases	R 10,849,000	R 11,025,000	R 11,689,000	R 12,575,000
Depreciation and Provisions for bad debts	R 44,815,000	R 57,651,000	R 61,802,000	R 66,499,000
Transfers and grants expenditure	R 2,234,000	R 4,463,000	R 3,500,000	R 3,765,000
Capital Expenditure	R 109,951,000	R 119,114,000	R 101,267,000	R 91,522,000
<b>TOTAL EXPENDITURE</b>	<b>R 427,291,000</b>	<b>R 454,188,000</b>	<b>R 455,366,000</b>	<b>R 461,193,000</b>
<b>SURPLUS / (DEFICIT)</b>	<b>R 0</b>	<b>R 0</b>	<b>R 0</b>	<b>R 0</b>

**The Operating Budget** is funded from the following main sources:

- **Own Revenue**
  - Assessment Rates, Refuse removal
  - Interest on investments
  - Other Income such as DLTC & Registering Authority fees, Tender Fees, Rental of Municipal Facilities, Traffic Fines, Commission Received, Building Plan Approval, Hawker fees, Pound Fees, Cemetery Fees, Hall Hire fees etc.
- **Operational Grants** such as Equitable share, MIG Operational (to fund project management administration costs), Finance Management Grant, Expanded Public Works Programme, Integrated National Electrification Programme,
- **Transfer from reserves**; funding requested from reserves to fund the depreciation & debt impairment provision together with some capital expenditures such as yellow plant machinery, office buildings and other capital assets.

**The capital budget** is funded from Municipal Infrastructure grant, Small Town Revitalization and Equitable share

### **3. BUDGET RELATED RESOLUTIONS**

#### **Draft Annual Budget for 2018/19**

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2018/2019 and the indicated two outer years of 2019/2020 and 2020/2021 which has been tabled for public scrutiny, and be approved as set out by the following amended tables:

- ❑ Table A1 Budget summary
- ❑ Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)
- ❑ Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)
- ❑ Table A4 : Budget financial performance (revenue and expenditure)
- ❑ Table A5 : Budgeted capital expenditure by vote and funding
- ❑ Table A6 : Budgeted financial position
- ❑ Table A7 : Budgeted cash flows
- ❑ Table A8 : Cash backed reserves / accumulate surplus reconciliation
- ❑ Table A9 : Asset management

#### **Multi Year Capital Budget**

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Table A5 be approved.

#### **Property Rates and other Municipal Tax**

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2018 to 30 June 2019, provided that rebates, as indicated, on application be allowed:

## Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied in 2018-19.

<b>CATEGORY</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b><u>1.HALL HIRE CHARGES</u></b>			
Refundable security fee	R 850.00	R 901.00	R 955.06
Hourly rate Ngqeleni (Day)	R 74.00	R 78	R 83.15
Hourly rate Ngqeleni (Night)	R 74.00	R 78	R 83.15
Hourly rate Libode (Day)	R 85.00	R 90	R 95.51
Hourly rate Libode (Night)	R 74.00	R 78	R 83.15
<b><u>2. POUND FEES</u></b>			
Driving fee	R 64.00	R 68	R 71.91
Daily fee	R 95.00	R 101	R 106.74
Cattle, horse basic charge	R 232.00	R 246	R 260.68
Sheep & Goat basic charge	R 116	R 123	R 130.52
<b><u>5. REFUSE REMOVAL</u></b>			
Residential	R 37	R 39	R 41.53
General business	R 169	R 179	R 189.84
Commercial	R 444	R 470	R 498.34
Government	R 159	R 169	R 179.16
<b><u>6. CEMETERY</u></b>			
Living in town	R 327	R 347	R 367.82
Outside town	R 465	R 493	R 522.07
<b><u>7. TENDER FEES</u></b>			
R50 000.00-R200 000.0	R 243	R 257	R 272.90
R200 000.00-R500 000.00	R 317	R 336	R 355.96
R500 000.00-R800 000.00	R 401	R 425	R 450.88
R800 000.00-R1000 000.00 Or More	R 475	R 504	R 533.93
<b><u>8. BUSINESS LICENCE</u></b>			



<b><u>CATEGORY</u></b>	<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>
Supermarket & General Dealer	R 750	R 795	R 842.43
Hawker	R 127	R 134	R 142.38
Caravan (Restaurant& Telephone) p/y	R 127	R 134	R 142.38
Salon (p/y)	R 127	R 134	R 142.38
Funeral Parlor (p/y)	R 750	R 795	R 842.43
Hardware (p/y)	R 750	R 795	R 842.43
Accommodation establishment	R 539	R 571	R 605.13
<b><u>9. MARKET SITE</u></b>			
Hawkers (p/m)	R 32	R 34	R 35.60
Caravan Site(p/m)	R 74	R 78	R 83.06
<b><u>10. CHAIR HIRE</u></b>			
Around town (chair per day)	R 8	R 9	R 9.49
Indemnity fee (per chair)	R 21	R 22	R 23.73
<b><u>11. Application for special consent</u></b>			
Erven 0-2500m2	R 1,426	R 1,511	R 1,601.80
Erven 2501-5000m2	R 2,957	R 3,134	R 3,322.26
Erven5001-1000m2	R 6,442	R 6,828	R 7,237.78
Erven 1 ha – 5ha	R 8,659	R 9,179	R 9,729.48
Erven over 5ha	R 11,722	R 12,425	R 13,170.39
<b><u>12. Application Fees for rezoning</u></b>			
Erven from 0sqm-2500sqm	R 1,795	R 1,903	R 2,017.09
Erven from 2501sqm-5000sqm	R 3,379	R 3,582	R 3,796.87
Erven from 5001sqm- 10000sqm	R 6,758	R 7,164	R 7,593.74
Erven from 1 ha - 5ha	R 8,554	R 9,067	R 9,610.82
Erven over 5 ha	R 11,827	R 12,537	R 13,289.04
<b><u>13. Subdivision and Township Application</u></b>			

<b>CATEGORY</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<input type="checkbox"/> Erven 1-2	R 1,795	R 1,903	R 2,017.09
<input type="checkbox"/> Erven 1-3	R 2,429	R 2,575	R 2,729.00
<input type="checkbox"/> Erven 1-4	R 2,957	R 3,134	R 3,322.26
<input type="checkbox"/> Erven 1-5	R 3,590	R 3,806	R 4,034.17
<input type="checkbox"/> Erven 1-6	R 4,330	R 4,589	R 4,864.74
<input type="checkbox"/> Erven 1-7	R 4,752	R 5,037	R 5,339.35
<input type="checkbox"/> Erven 1-8	R 5,491	R 5,821	R 6,169.91
<input type="checkbox"/> Erven 1-9	R 6,019	R 6,380	R 6,763.17
<input type="checkbox"/> Erven 1-10	R 6,547	R 6,940	R 7,356.43
<input type="checkbox"/> Erven more than 10	R 8,976	R 9,515	R 10,085.43
<b>14. Application for departure from building lines</b>			
Erven 0 – 5000m2	R 1,162	R 1,231	R 1,305.17
Erven 5001 –more	R 1,690	R 1,791	R 1,898.43
Application for Removal of Restrictions	R 8,342	R 8,843	R 9,373.52
Zoning Certificates	R 127	R 134	R 142.38
Extension of time	R 433	R 459	R 486.47
Town Planning Scheme CD	R 232	R 246	R 261.03
Amendments to Existing subdivision	R 1,795	R 1,903	R 2,017.09
Application for consolidation of Erven	R 1,795	R 1,903	R 2,017.09
SG Diagram	R 42	R 45	R 47.46
<b>15. Building plans</b>			
Building Approval Fees per m2	R 32	R 34	R 35.60
Building plan fees:			
A3	R 13	R 13	R 14.24
A2	R 18	R 19	R 20.17
A1	R 30	R 31	R 33.22
Approval fee for minor works(0-10m2):			
Internal alterations per m2	R 18	R 19	R 20.10
External alteration per m2	R 14	R 15	R 15.42
Boundary walls	R 634	R 672	R 711.91
Shelter: Carport per m2	R 19	R 20	R 21.36
Car wash per m2	R 14	R 15	R 15.42

<b><u>CATEGORY</u></b>	<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>
Braai area per m2	R 19	R 20	R 21.36
Temporary structure:			R 21.27
Wendy flats per m2	R 19	R 20	
Prefab per m2	R 19	R 20	R 21.36
Container p.a	R 1,267	R 1,343	R 1,423.83
Caravans per p.a.	R 634	R 672	R 711.91
Storage Facility p.a.	R 1,267	R 1,343	R 1,423.83
Builders Shelter p.a.	R 634	R 672	R 711.91
<b><u>16. Libode eco park</u></b>			
Entrance fee per person	R 10.00	R 10.56	R 11.19
Company events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1 500.00	R 1 584.00	R 1 672.70
Church events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1 200.00	R 1 267.20	R 1 338.16
Entertainment shows per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 2 000.00	R 2 112.00	R 2 230.27
Educational tours per day	R 300.00	R 316.80	R 335.81
Photoshoot per day	R 250.00	R 264.00	R 279.84
Toilet entrance fees	R 2.00	R 2.11	R 2.24
<b><u>17. Property rates</u></b>			
Residential Property	R 0.0082	R 0.0082	R 0.0087
Businesses	R 0.0122	R 0.0122	R 0.0129
Government1	R 0.0122	R 0.0122	R 0.0129
government2	R 0.0122	R 0.0122	R 0.0129
Agriculture1	R 0.0020	R 0.0022	R 0.0023
Agriculture2	R 0.0020	R 0.0022	R 0.0023
Institutions	R 0.0122	R 0.0122	R 0.0129
Clinics	R 0.0122	R 0.0122	R 0.0129
Hospital	R 0.0122	R 0.0122	R 0.0129
Schools	R 0.0122	R 0.0122	R 0.0129
Trading Stations	R 0.0122	R 0.0122	R 0.0129
R 61 Road	R 0.0020	R 0.0020	R 0.0021
N2 Road	R 0.0020	R 0.0020	R 0.0021
<b><u>18. Rates and services clearance certificate</u></b>			

<b><u>CATEGORY</u></b>	<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>
Rates and refuse clearance certificate	R 70.00	R 70.00	R 80.00
<b>19. Sports field</b>			
Commercial & Professional use per day	R 700.00	R 739.20	R 780.60
Amateur bodies, welfare and religious organizations per day	R 400.00	R 422.40	R 446.05
Professional practice per day	R 900.00	R 950.40	R 1 003.62
Amateur practice per day	R 400.00	R 422.40	R 446.05
Special letting – music concerts/festival flairs etc	R 1 700.00	R 1 795.20	R 1 895.73

### **Measurable Performance Objectives**

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

### **Integrated Development Plan**

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

### **Budget Related Polices**

3.7 Council resolves that the following budget related polices be approved

- Supply Chain Management
- Asset Management
- Credit Control and Debt Collection
- Budget and IDP Policy
- Bad debts write off
- Rates policy
- Tariff policy
- Banking and investment policy
- Indigent Policy
- Expenditure management policy

## Cashflow

- 3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme, Finance Management Grant, Expanded Public Works Programme Incentive Grant and Municipal Infrastructure Grant and Small Town Revitalisation.

## 4. THE BUDGET

This section contains an Executive Summary of the annual budget, highlighting the processes and assumptions which lead to the compilation of the annual budget.

### 4.1 Executive Summary

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (1) and (2) of the Municipal Finance Management Act no 56 of 2003:

(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

**(2) In order for the municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.**

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

- (iv) approving any changes to the municipality's integrated development plan; and
- (v) approving any changes to the municipality's budget-related policies."

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

The NLM's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate considerations should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

National Treasury's MFMA Circular No. 66 ,67,70 , 72, 74, 75,78, 79, 82,85,86,89 and 90 were used to guide the compilation of the 2018/19 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**TABLE 1 CONSOLIDATED OVERVIEW OF 2018/19 MTERF**

Description	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2017/18	2018/19	2019/20	2020/2021
Total Operating Revenue	R 340,573,000	R 357,919,000	R 374,769,000	R 385,544,000
Total Operating Expenditure	R 317,340,000	R 335,074,000	R 354,098,000	R 369,670,000
Surplus /(deficit) for the year	R 23,232,000	R 22,845,000	R 20,671,000	R15,873,000
Capital grant	R 86,718,000	R 96,269,000	R 80,597,000	R 75,649,000
<b>Total Capital Expenditure</b>	<b>R 109,951,000</b>	<b>R 119,114,000</b>	<b>R 101,267,000</b>	<b>R 91,522,000</b>

Total operating revenue is R357 919 000 for the 2018/19 financial year. For the two outer years, operational revenue will increase by R16 850 000, and by R10 775 000.

Total operating expenditure for the 2018/19 financial year has been appropriated at R335 074 000 and translates into a balancing budget with no either surplus or deficit where total expenditure equals to the total revenue. For the two outer years, expenditure has been appropriated at R354 098 000 and R369 670 000. Depreciation and provision for bad debts which are non-cash items have been budgeted for, and for the budget to balance we have to transfer funds from our reserves.

The capital budget for 2018-19 has been appropriated at R119 114 000, for two outer years at R101 267 000 and R91 522 000. In the current year, MIG revenue has decreased by an amount of R2 569 000 from R61 894 000, which is 4.15% as compared to previous year. Small Town Revitalisation has increased by an amount of R11 706 000 from R27 919 000 which is 42% as compared to previous year. An amount of R11 864 000 has been funded from the Reserves, and R8 000 000 funded from the Equitable share. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

#### **4.2 OPERATING REVENUE FRAMEWORK**

The NLM will be implementing its Integrated Revenue Enhancement Strategy which is built around the following key components

- National Treasury's guidelines and macroeconomic policy;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws

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The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

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EC155 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		184,809	244,739	240,310	302,086	307,527	307,527	329,408	349,346	369,170
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		184,809	244,739	240,310	302,086	307,527	307,527	329,408	349,346	369,170
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		3,627	2,801	4,292	456	456	456	440	443	445
Community and social services		300	344	50	456	456	456	440	443	445
Sport and recreation		-	-	400	-	-	-	-	-	-
Public safety		3,327	2,457	3,842	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		75,071	60,133	62,412	100,928	97,928	-	105,814	89,219	84,796
Planning and development		38	105	101	42	42	-	132	140	149
Road transport		75,033	60,028	62,311	100,886	97,886	-	105,683	89,079	84,647
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		188	25,382	13,353	21,344	21,381	6,381	18,526	16,358	6,781
Energy sources		-	25,000	11,250	15,000	15,000	-	18,189	16,000	6,400
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		188	382	2,103	6,344	6,381	6,381	337	358	381
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	263,696	333,055	320,367	424,814	427,291	314,364	454,188	455,366	461,193
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		228,769	228,102	127,489	196,302	200,109	196,794	220,418	236,039	254,275
Executive and council		17,014	18,041	57,239	56,325	59,420	59,420	66,137	70,985	76,287
Finance and administration		211,755	210,061	70,250	136,711	137,373	137,373	150,756	161,270	173,923
Internal audit		-	-	-	3,266	3,315	-	3,524	3,783	4,065
<b>Community and public safety</b>		-	-	37,884	22,478	22,391	-	22,686	24,323	26,102
Community and social services		-	-	15,572	14,316	14,228	-	14,816	15,874	17,024
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	19,967	3,246	3,246	-	2,559	2,748	2,951
Housing		-	-	2,345	4,379	4,379	-	4,683	5,027	5,402
Health		-	-	-	537	537	-	629	674	725
<b>Economic and environmental services</b>		4,938	4,964	62,752	54,886	57,457	-	56,980	59,699	63,513
Planning and development		-	-	10,559	19,980	19,306	-	18,896	20,281	21,796
Road transport		4,938	4,964	52,193	34,906	38,151	-	38,084	39,419	41,716
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	22,207	18,266	35,099	19,499	-	32,306	31,158	22,684
Energy sources		-	22,207	10,566	17,951	2,351	-	20,959	18,973	9,595
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	7,699	17,148	17,148	-	11,348	12,185	13,089
<b>Other</b>	4	-	-	579	2,658	2,884	-	2,684	2,879	3,096
<b>Total Expenditure - Functional</b>	3	233,708	255,274	246,970	311,423	302,340	196,794	335,074	354,098	369,670
<b>Surplus/(Deficit) for the year</b>		29,988	77,781	73,397	113,391	124,951	117,570	119,114	101,268	91,523

**TABLE 3 Percentage growth in revenue by main revenue source**

Description R thousand	Ref	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease) %	Budget Year	Budget Year 2018/19	Increase/(decrease) %	Budget Year +1 2019/20	Increase/(decrease) %	Budget Year +2 2020/21	Increase/(decrease)%
<b>Revenue By Source</b>										
Property rates	2	4 999		4 999	5 726	15%	6 138	7%	6 605	7.6%
Service charges - electricity revenue	2	(2 153)		(2 153)	–		–		–	
Service charges - water revenue	2	–		–	–		–		–	
Service charges - sanitation revenue	2	–		–	–		–		–	
Service charges - refuse revenue	2	210		210	277	31%	295	6.5%	313	6%
Service charges – other										

Rental of facilities and equipment		42	42	45	7%	47	4%	50	6%
Interest earned - external investments		8 000	8 000	8 300	4%	8 831	6.3%	9 396	6%
Interest earned - outstanding debtors		1 270	1 270	1 233	(3%)	1 312	6.4%	1 396	6%
Dividends received		–	–						
Fines, penalties and forfeits		382	382	430	13%	457	6.2%	487	7%
Licences and permits		4 012	4 012	4 356	9%	4 635	6.4%	4 931	6%
Agency services		400	400	426	7%	453	6.3%	482	6%
Transfers and subsidies		253 218	253 218	259 523	2.4%	277 609	7%	287 586	4%
Other revenue	2	707	707	1 010	43%	755	(25%)	804	6%
Gains on disposal of PPE		69 486	69 486	78 435	13%	70 358	(10%)	67 461	(4%)
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>340 573</b>	<b>340 573</b>	<b>359 760</b>		<b>370 891</b>		<b>379 511</b>	

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

Revenue generated from rates and services charges forms 2 percent of the revenue basket for the NLM. In the 2018/19 financial year, revenue from rates and taxes total R7 632 180 or 2 per cent, and the figure exclude the revenue forgone.

In 2019/20 it shows an amount of R8 181 697, and in 2020/21 year shows an amount of R8 803 506. The revenue generated from rates and taxes has increased by 6 per cent in 2018/19, for two outer years increased by 6 per cent constantly. The above mentioned rates and taxes revenue for the 2018/19 -21 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue foregone for each year shows an amount of R1 906 186, R2 043 431 and R2 198 732.

The Municipality will implement a new General Valuation roll from 1 July 2018. The new General Valuation roll will be valid for a period of 5 years and it will be updated with supplementary valuation rolls each year as per the requirements of Municipal Property Rates Act. Upon implementing the Municipal Property Rates Act, the municipality has a Tariff Policy. The tariff policy has considered the rebates for some of customers that may be regarded as indigent.

## Transfers and Grants receipts

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		185,930	-	-	244,334	244,334	244,334	258,723	276,783	286,733
Local Government Equitable Share		169,496			223,248	223,248	223,248	234,532	256,041	275,422
Finance Management		1,791			1,700	1,700	1,700	1,700	1,700	1,700
Integrated National Electrification Programme		934						18,189	16,000	6,400
EPWP Incentive		12,537			15,000	15,000	15,000	1,321		
		1,172			1,291	1,291	1,291			
MIG Operational					3,095	3,095	3,095	2,981	3,042	3,211
<b>Provincial Government:</b>		300	-	1,400	400	400	400	400	400	400
Sport and Recreation		300		400	400	400	400	400	400	400
MIG Operational				1,000						
<b>District Municipality:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	400	426	453
LGSETA								400	426	453
<b>Total Operating Transfers and Grants</b>	5	186,230	-	1,400	244,734	244,734	244,734	259,523	277,609	287,586
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		61,324	-	58,050	-	64,989	-	56,644	57,802	61,003
Municipal Infrastructure Grant (MIG)		61,324		58,050		64,989		56,644	57,802	61,003
Other capital transfers/grants <i>[insert desc]</i>										
<b>Provincial Government:</b>		-	-	-	-	27,919	-	39,625	22,795	14,646
Small Town Revitalisation						27,919		39,625	22,795	14,646
<b>District Municipality:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
LGSETA										
<b>Total Capital Transfers and Grants</b>	5	61,324	-	58,050	-	92,908	-	96,269	80,597	75,649
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		247,554	-	59,450	244,734	337,642	244,734	355,792	358,206	363,235

In 2018/19 financial year, the operational grants show an amount of R259 523 000. For the two outer years, the operational grants have increased by R18 086 000, and R9 977 000. The increase is due to MIG Operational Grant, which consistently increase by R3 million each year i.e. 2019-20 and 2020-21.

**Table 5 Proposed rates to be levied for the 2018/19 financial year**

**RATES TARRIF**

**DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2018-30 JUNE 2019**

<b><u>Property rates</u></b>	<b><u>2018/2019</u></b>
Residential Property	R 0.0082
Businesses	R 0.0122
Government1	R 0.0122
government2	R 0.0122
Agriculture1	R 0.0020
Agriculture2	R 0.0020
Institutions	R 0.0122
Clinics	R 0.0122
Hospital	R 0.0122
Schools	R 0.0122
Trading Stations	R 0.0122
R 61 Road	R 0.0020
N2 Road	R 0.0020



### **4.3 OPERATING EXPENDITURE FRAMEWORK**

The NLM's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.
- Also, there is a new reform i.e. MSCOA, which indicates that each line item, for each to be budgeted, such a project should be in the Integrated Development Plan.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

EC155 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	5,690	5,605	5,726	4,999	4,999	4,999	-	5,726	6,138	6,605
Service charges - electricity revenue	2	-	-	-	(2,153)	(2,153)	(2,153)	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	188	200	202	210	210	210	-	277	295	313
Service charges - other											
Rental of facilities and equipment		86	61	178	42	42	42		45	47	50
Interest earned - external investments		4,931	7,231	8,198	5,978	8,000	8,000		8,300	8,831	9,396
Interest earned - outstanding debtors			204	1,163		1,270	1,270		1,293	1,376	1,464
Dividends received											
Fines, penalties and forfeits		45	76	196	382	382	382		430	457	487
Licences and permits		3,274	2,357	3,284	4,012	4,012	4,012		4,356	4,635	4,931
Agency services			235	540	400	400	400		426	453	482
Transfers and subsidies		186,230	245,981	232,507	251,218	253,218	253,218		259,523	277,609	287,586
Other revenue	2	1,928	12,295	10,323	707	707	707	-	710	755	804
Gains on disposal of PPE					67,301	69,486			76,834	74,172	73,425
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>202,372</b>	<b>274,246</b>	<b>262,317</b>	<b>333,095</b>	<b>340,573</b>	<b>271,086</b>	<b>-</b>	<b>357,919</b>	<b>374,769</b>	<b>385,544</b>
<b>Expenditure By Type</b>											
Employee related costs	2	92,149	105,285	113,638	131,929	131,161	-	-	142,453	151,249	162,444
Remuneration of councillors		17,014	17,001	18,411	17,909	21,727	21,727		23,145	24,857	26,697
Debt impairment	3	2,836	5,135	1,604	3,000	3,000	3,000		3,171	3,399	3,658
Depreciation & asset impairment	2	33,632	31,807	35,084	41,815	41,815	-	-	54,480	58,403	62,842
Finance charges		117	161	131							
Bulk purchases	2	-	-	-	440	440	-	-	468	504	542
Other materials	8	4,938	4,964	4,572	10,035	10,849	10,849		10,557	11,185	12,033
Contracted services		497	-	-	52,015	53,787	-	-	49,141	48,765	41,581
Transfers and subsidies		-	-	-	7,350	6,970	2,234	-	4,463	3,500	3,765
Other expenditure	4, 5	77,621	87,667	69,874	49,034	49,826	-	-	47,196	52,236	56,110
Loss on disposal of PPE		4,903	3,253	3,656	130						
<b>Total Expenditure</b>		<b>233,708</b>	<b>255,273</b>	<b>246,970</b>	<b>313,657</b>	<b>319,575</b>	<b>37,810</b>	<b>-</b>	<b>335,074</b>	<b>354,098</b>	<b>369,670</b>
<b>Surplus/(Deficit)</b>		<b>(31,336)</b>	<b>18,972</b>	<b>15,347</b>	<b>19,438</b>	<b>20,998</b>	<b>233,276</b>	<b>-</b>	<b>22,845</b>	<b>20,671</b>	<b>15,873</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,324	58,809	58,050	91,718	86,718	86,718	80,533	96,269	80,597	75,649
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		29,988	77,781	73,397	111,156	107,716	319,994	80,533	119,114	101,267	91,522
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>											
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>

**(i) Employee Related Costs**

The three-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018 is coming to end on 30 June 2018. A new agreement has not been issued and for purposes of preparing the draft budget the municipality took into consideration the agreement that is coming to end in June 2018, when a new agreement is issued the budget will be adjusted as such if the new agreement is issued before the adoption of the final budget. The following was used in preparing the 2018/19 MTERF:

2018/19 Financial year – average CPI ( 6.4%) + 1 percent, that makes 7.4%

For the outer years the inflation rate based on average CPI plus 1per cent for 2020 and 2021 has been considered.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the NLM's budget.

The overall amount of the Salaries and Wages is R165 598 000, and for two outer years, its R176 106 000 (5.7%) and R189 141 000 (5.6%).

#### **(ii) Depreciation & asset impairment & Debt impairment**

Depreciation and Debt Impairment has been provided for at R57,6 million in 2018/19, R57 million in 2019/20 and R62 million in 2020/21.

#### **(iii) Contracted Services**

Contracted services has been provided at R48 million

#### **(iv) Transfers & Grants:**

An amount of R4, 9 million has been provided for free basic services in the form of Eskom coupons and alternative energy.

#### **(v) Materials and Other Bulk Purchases:**

This includes the repairs and maintenance. An amount of R12 138 093 is budgeted for in 2018-19. The budget has increased for two outer years to R13 million and R10 million. The repairs and maintenance expenditure has increased by R1 289 000 which is 11% as compared to previous year.

#### **(vi) Other Expenditure**

General expenditures has been appropriated at R47, 3 million

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2018/19 financial year.

**PERCENTAGE ALLOCATION FOR 2018/2019 FINANCIAL YEAR.**

<b>EXPENDITURE ITEM</b>	<b>EXPENDITURE PERCENTAGE %</b>
Personnel expenditure	49%
General expenditure	30%
Repairs and Maintenance	4%
Provisions	17%
<b>TOTAL %</b>	<b>100 %</b>

#### 4.4 CAPITAL EXPENDITURE

EC155 Nyandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	23,110	20,869	13,341
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	16,515	1,926	1,305
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	39,625	22,795	14,646
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	735	-	-	100	100	-	-	-	-

Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES	2,955	5,708	7,642	6,672	8,112	8,112	-	9,845	4,670	3,745
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY	6,324	-	2,491	-	-	-	-	1,000	2,000	2,128
Vote 4 - PLANNING & DEVELOPMENT	-	-	-	-	20	20	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES	488	9,239	-	8,000	-	-	-	-	-	-
Vote 6 - HOUSING	-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT	64,654	69,115	69,251	82,999	94,725	94,725	-	68,644	71,802	71,003
Vote 8 - PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH	-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION	-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY	-	-	-	4,119	4,119	4,119	-	-	-	-
Vote 12 - WASTE MANAGEMENT	-	-	259	11,600	2,875	2,875	-	-	-	-
Vote 13 - OTHER	-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>74,421</b>	<b>84,797</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>109,951</b>	<b>-</b>	<b>79,489</b>	<b>78,472</b>	<b>76,877</b>
<b>Total Capital Expenditure - Vote</b>	<b>74,421</b>	<b>84,797</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>109,951</b>	<b>-</b>	<b>119,114</b>	<b>101,267</b>	<b>91,523</b>
<b><u>Capital Expenditure - Functional</u></b>										
<b>Governance and administration</b>	<b>9,279</b>	<b>6,444</b>	<b>10,133</b>	<b>6,672</b>	<b>8,212</b>	<b>-</b>	<b>-</b>	<b>10,845</b>	<b>6,670</b>	<b>5,873</b>
Executive and council		735			100					
Finance and administration	9,279	5,708	10,133	6,672	8,112			10,845	6,670	5,873
Internal audit										
<b>Community and public safety</b>	<b>488</b>	<b>9,239</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	488	9,239		8,000						
Sport and recreation										
Public safety										
Housing										

Health											
<b>Economic and environmental services</b>		64,654	69,115	69,251	82,999	94,745	-	-	91,754	92,671	84,344
Planning and development						20					
Road transport		64,654	69,115	69,251	82,999	94,725			91,754	92,671	84,344
Environmental protection											
<b>Trading services</b>		-	-	259	15,719	6,994	-	-	16,515	1,926	1,305
Energy sources					4,119	4,119					
Water management											
Waste water management											
Waste management				259	11,600	2,875			16,515	1,926	1,305
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	74,421	84,798	79,643	113,391	109,951	-	-	119,114	101,267	91,523
<b>Funded by:</b>											
National Government		68,749	58,809	58,050	58,799	55,925			56,644	57,802	61,003
Provincial Government					32,919	30,794			39,625	22,795	14,646
District Municipality											
Other transfers and grants		5,672	21,449								
<b>Transfers recognised - capital</b>	4	74,421	80,258	58,050	91,718	86,718	-	-	96,269	80,597	75,649
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>			4,540	21,593	21,672	23,232			22,845	20,670	15,873
<b>Total Capital Funding</b>	7	74,421	84,798	79,643	113,391	109,951	-	-	119,114	101,267	91,523

When comparing the previous budget of R109, 9 million, there is an increase of R9,1 million which is 8%. In a total budget of R119,1 million for the budget year 2018/19, an amount of R105,7 million is allocated to the infrastructure assets, R5 million to the upgrade of offices, R4 million to the plant& machinery, R3,1 million to other assets and R1,3 million to the intangibles assets.

For the two outer years there is a decrease to R101,2 million and R91,5 million.

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## 4.5 ANNUAL BUDGET TABLES

### 4.5.1 Table A1: Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	5,690	5,605	5,726	4,999	4,999	4,999	-	5,726	6,138	6,605
Service charges	188	200	202	(1,943)	(1,943)	(1,943)	-	277	295	313
Investment revenue	4,931	7,231	8,198	5,978	8,000	8,000	-	8,300	8,831	9,396
Transfers recognised - operational	186,230	245,981	232,507	251,218	253,218	253,218	-	259,523	277,609	287,586
Other own revenue	5,333	15,228	15,684	72,844	76,299	6,813	-	84,093	81,896	81,643
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>202,372</b>	<b>274,246</b>	<b>262,317</b>	<b>333,095</b>	<b>340,573</b>	<b>271,086</b>	<b>-</b>	<b>357,919</b>	<b>374,769</b>	<b>385,544</b>
Employee costs	92,149	105,285	113,638	131,929	131,161	-	-	142,453	151,249	162,444
Remuneration of councillors	17,014	17,001	18,411	17,909	21,727	21,727	-	23,145	24,857	26,697
Depreciation & asset impairment	33,632	31,807	35,084	41,815	41,815	-	-	54,480	58,403	62,842
Finance charges	117	161	131	-	-	-	-	-	-	-
Materials and bulk purchases	4,938	4,964	4,572	10,475	11,289	10,849	-	11,025	11,689	12,575
Transfers and grants	-	-	-	7,350	6,970	2,234	-	4,483	3,500	3,765
Other expenditure	85,857	96,055	75,134	104,180	106,613	3,000	-	99,507	104,400	101,349
<b>Total Expenditure</b>	<b>233,708</b>	<b>255,273</b>	<b>246,970</b>	<b>313,657</b>	<b>319,575</b>	<b>37,810</b>	<b>-</b>	<b>335,074</b>	<b>354,098</b>	<b>369,670</b>
<b>Surplus/(Deficit)</b>	<b>(31,336)</b>	<b>18,972</b>	<b>15,347</b>	<b>19,438</b>	<b>20,998</b>	<b>233,276</b>	<b>-</b>	<b>22,845</b>	<b>20,671</b>	<b>15,873</b>
Transfers and subsidies - capital (monetary allocation)	61,324	58,809	58,050	91,718	86,718	86,718	80,533	96,269	80,597	75,649
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>74,421</b>	84,798	79,643	113,391	109,951	-	-	119,114	101,267	91,523
Transfers recognised - capital	74,421	80,258	58,050	91,718	86,718	-	-	96,269	80,597	75,649
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	4,540	21,593	21,672	23,232	-	-	22,845	20,670	15,873
<b>Total sources of capital funds</b>	<b>74,421</b>	<b>84,798</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>-</b>	<b>-</b>	<b>119,114</b>	<b>101,267</b>	<b>91,523</b>
<b>Financial position</b>										
Total current assets	75,685	109,093	140,754	171,144	123,553	123,553	-	127,280	135,262	144,183
Total non current assets	355,809	405,884	449,893	499,748	507,908	507,908	-	462,898	452,722	448,368
<b>Total current liabilities</b>	<b>17,662</b>	20,386	22,394	27,775	27,775	12,514	-	26,762	26,762	26,762
Total non current liabilities	4,221	4,857	5,120	1,600	1,600	1,600	-	1,702	1,825	1,964
Community wealth/Equity	409,612	489,735	563,132	593,926	(492,135)	-	-	561,714	559,398	563,825
<b>Cash flows</b>										
Net cash from (used) operating	64,354	106,775	110,543	164,620	(269,779)	-	-	97,745	87,663	87,674
Net cash from (used) investing	(73,100)	(71,559)	(74,851)	(113,391)	-	-	-	(118,814)	(101,267)	(91,522)
Net cash from (used) financing	(1,000)	1,037	(3,319)	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>65,694</b>	<b>101,947</b>	<b>134,320</b>	<b>153,175</b>	<b>(269,779)</b>	<b>-</b>	<b>-</b>	<b>113,251</b>	<b>99,647</b>	<b>95,799</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	65,694	101,947	134,320	149,537	101,947	101,947	-	110,247	119,078	128,474
Application of cash and investments	6,946	15,700	17,047	(181,964)	12,514	12,514	-	(2,989)	(2,243)	(1,829)
<b>Balance - surplus (shortfall)</b>	<b>58,749</b>	<b>86,247</b>	<b>117,273</b>	<b>331,502</b>	<b>89,433</b>	<b>89,433</b>	<b>-</b>	<b>113,236</b>	<b>121,321</b>	<b>130,303</b>
<b>Asset management</b>										
Asset register summary (WDV)	333,561	405,884	449,893	499,748	499,748	-	-	505,094	511,299	512,398
Depreciation	33,632	31,807	35,084	41,815	41,815	-	-	54,480	53,663	59,284
Renewal of Existing Assets	-	-	-	38,800	36,675	-	-	8,000	9,000	10,000
Repairs and Maintenance	4,938	4,964	4,572	11,789	-	-	-	12,138	13,232	10,792
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	953	-	-	3,217	3,258	3,258	1,956	1,956	2,097	2,257
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## Explanatory Notes

- Table A1 is a budget summary and provides a concise overview of the NLM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- 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.
- Financial management reforms emphasises 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:

## 4.5.2 Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)

EC155 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		184,809	244,739	240,310	302,086	307,527	307,527	329,408	349,346	369,170
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		184,809	244,739	240,310	302,086	307,527	307,527	329,408	349,346	369,170
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		3,627	2,801	4,292	456	456	456	440	443	445
Community and social services		300	344	50	456	456	456	440	443	445
Sport and recreation		-	-	400	-	-	-	-	-	-
Public safety		3,327	2,457	3,842	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		75,071	60,133	62,412	100,928	97,928	-	105,814	89,219	84,796
Planning and development		38	105	101	42	42	-	132	140	149
Road transport		75,033	60,028	62,311	100,886	97,886	-	105,683	89,079	84,647
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		188	25,382	13,353	21,344	21,381	6,381	18,526	16,358	6,781
Energy sources		-	25,000	11,250	15,000	15,000	-	18,189	16,000	6,400
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		188	382	2,103	6,344	6,381	6,381	337	358	381
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	263,696	333,055	320,367	424,814	427,291	314,364	454,188	455,366	461,193
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		228,769	228,102	127,489	196,302	200,109	196,794	220,418	236,039	254,275
Executive and council		17,014	18,041	57,239	56,325	59,420	59,420	66,137	70,985	76,287
Finance and administration		211,755	210,061	70,250	136,711	137,373	137,373	150,756	161,270	173,923
Internal audit		-	-	-	3,266	3,315	-	3,524	3,783	4,085
<b>Community and public safety</b>		-	-	37,884	22,478	22,391	-	22,686	24,323	26,102
Community and social services		-	-	15,572	14,316	14,228	-	14,816	15,874	17,024
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	19,967	3,246	3,246	-	2,559	2,748	2,951
Housing		-	-	2,345	4,379	4,379	-	4,683	5,027	5,402
Health		-	-	-	537	537	-	629	674	725
<b>Economic and environmental services</b>		4,938	4,964	62,752	54,886	57,457	-	56,980	59,699	63,513
Planning and development		-	-	10,559	19,980	19,306	-	18,896	20,281	21,796
Road transport		4,938	4,964	52,193	34,906	38,151	-	38,084	39,419	41,716
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	22,207	18,266	35,099	19,499	-	32,306	31,158	22,684
Energy sources		-	22,207	10,566	17,951	2,351	-	20,959	18,973	9,595
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	7,699	17,148	17,148	-	11,348	12,185	13,089
<b>Other</b>	4	-	-	579	2,658	2,884	-	2,684	2,879	3,096
<b>Total Expenditure - Functional</b>	3	233,708	255,274	246,970	311,423	302,340	196,794	335,074	354,098	369,670
<b>Surplus/(Deficit) for the year</b>		29,988	77,781	73,397	113,391	124,951	117,570	119,114	101,268	91,523

## Explanatory Notes

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.

## 4.5 3 Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)

EC155 Nyandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SER		958	441	583	400	400	-	400	426	453
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREA		183,852	244,297	239,728	301,686	307,127	-	330,908	345,106	362,753
Vote 4 - PLANNING & DEVELOPMENT		38	105	101	42	42	-	132	140	149
Vote 5 - COMMUNITY & SOCIAL SERVICES		300	344	50	456	456	-	440	443	445
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		75,033	60,028	62,311	100,886	97,886	-	105,683	89,079	84,647
Vote 8 - PUBLIC SAFETY		3,327	2,457	3,842	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	400	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	25,000	11,250	15,000	15,000	-	18,189	16,000	6,400
Vote 12 - WASTE MANAGEMENT		188	382	2,103	6,344	6,381	-	277	295	313
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>263,696</b>	<b>333,055</b>	<b>320,367</b>	<b>424,814</b>	<b>427,291</b>	-	<b>456,029</b>	<b>451,488</b>	<b>455,161</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		17,014	18,041	57,239	56,325	59,420	-	73,910	76,558	82,288
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SER		92,149	104,244	36,066	38,060	35,247	-	33,530	35,956	38,651
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREA		-	-	-	98,651	102,126	-	109,908	114,102	124,111
Vote 4 - PLANNING & DEVELOPMENT		-	-	10,559	19,980	19,306	-	18,033	19,355	20,801
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	15,572	14,316	14,228	-	20,051	21,515	23,125
Vote 6 - HOUSING		-	-	-	4,379	4,379	-	4,683	5,016	5,389
Vote 7 - ROAD TRANSPORT		4,938	4,964	52,193	34,906	38,151	-	38,238	39,845	39,380
Vote 8 - PUBLIC SAFETY		-	-	-	3,246	3,246	-	2,782	2,985	3,204
Vote 9 - HEALTH		-	-	-	537	537	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	22,207	10,566	17,951	17,351	-	19,990	17,935	8,478
Vote 12 - WASTE MANAGEMENT		-	-	7,699	17,148	17,148	-	11,270	12,100	12,997
Vote 13 - OTHER		-	-	579	2,658	2,884	-	1,030	1,083	1,163
Vote 14 - INTERNAL AUDIT		-	-	-	3,266	3,315	-	3,491	3,771	4,052
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>114,102</b>	<b>149,457</b>	<b>190,474</b>	<b>311,423</b>	<b>317,340</b>	-	<b>336,915</b>	<b>350,221</b>	<b>363,639</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>149,594</b>	<b>183,598</b>	<b>129,893</b>	<b>113,391</b>	<b>109,951</b>	-	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>

### Explanatory Notes

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the NLM.

## 4.5.4 Table A4 : Budget financial performance (revenue and expenditure)

EC155 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	5,690	5,605	5,726	4,999	4,999	4,999	-	5,726	6,138	6,605
Service charges - electricity revenue	2	-	-	-	(2,153)	(2,153)	(2,153)	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	188	200	202	210	210	210	-	277	295	313
Service charges - other											
Rental of facilities and equipment		86	61	178	42	42	42		45	47	50
Interest earned - external investments		4,931	7,231	8,198	5,978	8,000	8,000		8,300	8,831	9,396
Interest earned - outstanding debtors			204	1,163		1,270	1,270		1,293	1,376	1,464
Dividends received											
Fines, penalties and forfeits		45	76	196	382	382	382		430	457	487
Licences and permits		3,274	2,357	3,284	4,012	4,012	4,012		4,356	4,635	4,931
Agency services			235	540	400	400	400		426	453	482
Transfers and subsidies		186,230	245,981	232,507	251,218	253,218	253,218		259,523	277,609	287,586
Other revenue	2	1,928	12,295	10,323	707	707	707	-	710	755	804
Gains on disposal of PPE					67,301	69,486			76,834	74,172	73,425
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>202,372</b>	<b>274,246</b>	<b>262,317</b>	<b>333,095</b>	<b>340,573</b>	<b>271,086</b>	<b>-</b>	<b>357,919</b>	<b>374,769</b>	<b>385,544</b>
<b>Expenditure By Type</b>											
Employee related costs	2	92,149	105,285	113,638	131,929	131,161	-	-	142,453	151,249	162,444
Remuneration of councillors		17,014	17,001	18,411	17,909	21,727	21,727		23,145	24,857	26,697
Debt impairment	3	2,836	5,135	1,604	3,000	3,000	3,000		3,171	3,399	3,658
Depreciation & asset impairment	2	33,632	31,807	35,084	41,815	41,815	-	-	54,480	58,403	62,842
Finance charges		117	161	131							
Bulk purchases	2	-	-	-	440	440	-	-	468	504	542
Other materials	8	4,938	4,964	4,572	10,035	10,849	10,849		10,557	11,185	12,033
Contracted services		497	-	-	52,015	53,787	-	-	49,141	48,765	41,581
Transfers and subsidies		-	-	-	7,350	6,970	2,234	-	4,463	3,500	3,765
Other expenditure	4, 5	77,621	87,667	69,874	49,034	49,826	-	-	47,196	52,236	56,110
Loss on disposal of PPE		4,903	3,253	3,656	130						
<b>Total Expenditure</b>		<b>233,708</b>	<b>255,273</b>	<b>246,970</b>	<b>313,657</b>	<b>319,575</b>	<b>37,810</b>	<b>-</b>	<b>335,074</b>	<b>354,098</b>	<b>369,670</b>
<b>Surplus/(Deficit)</b>		<b>(31,336)</b>	<b>18,972</b>	<b>15,347</b>	<b>19,438</b>	<b>20,998</b>	<b>233,276</b>	<b>-</b>	<b>22,845</b>	<b>20,671</b>	<b>15,873</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,324	58,809	58,050	91,718	86,718	86,718	80,533	96,269	80,597	75,649
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>29,988</b>	<b>77,781</b>	<b>73,397</b>	<b>111,156</b>	<b>107,716</b>	<b>319,994</b>	<b>80,533</b>	<b>119,114</b>	<b>101,267</b>	<b>91,522</b>

### Explanatory Notes:

Total revenue (excluding capital transfers and contributions) is R357,9 million in 2018/19 and escalates to R374,7 million by 2019/20 and to R385,5 million in 2020/21.

## 4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

EC155 Nyandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be appropriated</b>	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SER		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREA		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	23,110	20,869	13,341	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	16,515	1,926	1,305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	<b>39,625</b>	<b>22,795</b>	<b>14,646</b>	-
<b>Single-year expenditure to be appropriated</b>	2											
Vote 1 - EXECUTIVE & COUNCIL		-	735	-	-	100	100	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SER		2,955	5,708	7,642	6,672	8,112	8,112	-	9,845	4,670	3,745	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREA		6,324	-	2,491	-	-	-	-	1,000	2,000	2,128	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	20	20	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		488	9,239	-	8,000	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		64,654	69,115	69,251	82,999	94,725	94,725	-	68,644	71,802	71,003	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	4,119	4,119	4,119	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	259	11,600	2,875	2,875	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>74,421</b>	<b>84,797</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>109,951</b>	<b>-</b>	<b>79,489</b>	<b>78,472</b>	<b>76,877</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>74,421</b>	<b>84,797</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>109,951</b>	<b>-</b>	<b>119,114</b>	<b>101,267</b>	<b>91,523</b>	<b>-</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		9,279	6,444	10,133	6,672	8,212	-	-	10,845	6,670	5,873	-
Executive and council		-	735	-	-	100	-	-	-	-	-	-
Finance and administration		9,279	5,708	10,133	6,672	8,112	-	-	10,845	6,670	5,873	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		488	9,239	-	8,000	-	-	-	-	-	-	-
Community and social services		488	9,239	-	8,000	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		64,654	69,115	69,251	82,999	94,745	-	-	91,754	92,671	84,344	-
Planning and development		-	-	-	-	20	-	-	-	-	-	-
Road transport		64,654	69,115	69,251	82,999	94,725	-	-	91,754	92,671	84,344	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	259	15,719	6,994	-	-	16,515	1,926	1,305	-
Energy sources		-	-	-	4,119	4,119	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	259	11,600	2,875	-	-	16,515	1,926	1,305	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>74,421</b>	<b>84,798</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>-</b>	<b>-</b>	<b>119,114</b>	<b>101,267</b>	<b>91,523</b>	<b>-</b>
<b>Funded by:</b>												
National Government		68,749	58,809	58,050	58,799	55,925	-	-	56,644	57,802	61,003	-
Provincial Government		-	-	-	32,919	30,794	-	-	39,625	22,795	14,646	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		5,672	21,449	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>74,421</b>	<b>80,258</b>	<b>58,050</b>	<b>91,718</b>	<b>86,718</b>	<b>-</b>	<b>-</b>	<b>96,269</b>	<b>80,597</b>	<b>75,649</b>	<b>-</b>
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	4,540	21,593	21,672	23,232	-	-	22,845	20,870	15,873	-
<b>Total Capital Funding</b>	7	<b>74,421</b>	<b>84,798</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>-</b>	<b>-</b>	<b>119,114</b>	<b>101,267</b>	<b>91,523</b>	<b>-</b>

### Explanatory Notes

When comparing the previous budget of R109,9 million, there is an increase of R9,2 million which is 8%. For the two outer years there is a decrease to R101,2 million and R91,5 million.

## 4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		18,103	36,028	42,833	101,947	101,947	101,947		110,247	119,078	128,474
Call investment deposits	1	47,591	65,919	91,486	47,591	-	-	-	-	-	-
Consumer debtors	1	4,978	1,398	1,703	16,118	16,118	16,118	-	12,035	11,627	11,548
Other debtors		4,761	5,389	4,452	4,902	4,902	4,902		4,412	3,971	3,573
Current portion of long-term receivables					227	227	227		227	227	227
Inventory	2	252	360	280	360	360	360		360	360	360
<b>Total current assets</b>		<b>75,685</b>	<b>109,093</b>	<b>140,754</b>	<b>171,144</b>	<b>123,553</b>	<b>123,553</b>	<b>-</b>	<b>127,280</b>	<b>135,262</b>	<b>144,183</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		61,683	62,053	65,151	61,683	61,683	61,683		61,683	61,683	61,683
Investment in Associate											
Property, plant and equipment	3	293,162	343,171	384,540	436,605	444,465	444,465	-	398,507	388,373	383,985
Agricultural											
Biological											
Intangible		964	659	202	1,459	1,759	1,759		2,707	2,666	2,699
Other non-current assets											
<b>Total non current assets</b>		<b>355,809</b>	<b>405,884</b>	<b>449,893</b>	<b>499,748</b>	<b>507,908</b>	<b>507,908</b>	<b>-</b>	<b>462,898</b>	<b>452,722</b>	<b>448,368</b>
<b>TOTAL ASSETS</b>		<b>431,495</b>	<b>514,977</b>	<b>590,647</b>	<b>670,892</b>	<b>631,461</b>	<b>631,461</b>	<b>-</b>	<b>590,178</b>	<b>587,984</b>	<b>592,550</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	368	453	333	-	-	-	-	-	-	-
Consumer deposits		266	289	416							
Trade and other payables	4	16,685	18,899	21,133	12,514	12,514	12,514	-	11,500	11,500	11,500
Provisions		343	765	513	15,262	15,262			15,262	15,262	15,262
<b>Total current liabilities</b>		<b>17,662</b>	<b>20,386</b>	<b>22,394</b>	<b>27,775</b>	<b>27,775</b>	<b>12,514</b>	<b>-</b>	<b>26,762</b>	<b>26,762</b>	<b>26,762</b>
<b>Non current liabilities</b>											
Borrowing		552	624	235	1,600	1,600	1,600	-	1,702	1,825	1,964
Provisions		3,669	4,233	4,885	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>4,221</b>	<b>4,857</b>	<b>5,120</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>-</b>	<b>1,702</b>	<b>1,825</b>	<b>1,964</b>
<b>TOTAL LIABILITIES</b>		<b>21,882</b>	<b>25,242</b>	<b>27,515</b>	<b>29,375</b>	<b>29,375</b>	<b>14,114</b>	<b>-</b>	<b>28,464</b>	<b>28,587</b>	<b>28,725</b>
<b>NET ASSETS</b>	5	<b>409,612</b>	<b>489,735</b>	<b>563,132</b>	<b>641,516</b>	<b>602,086</b>	<b>617,347</b>	<b>-</b>	<b>561,714</b>	<b>559,398</b>	<b>563,825</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		409,612	487,438	557,738	593,926	(492,135)			561,714	559,398	563,825
Reserves	4	-	2,297	5,394	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>409,612</b>	<b>489,735</b>	<b>563,132</b>	<b>593,926</b>	<b>(492,135)</b>	<b>-</b>	<b>-</b>	<b>561,714</b>	<b>559,398</b>	<b>563,825</b>

### Explanatory Notes:

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

The municipality cash flow shows a positive position for 2018/19 where current assets reflect an amount of R127,2 million.

## 4.5.7 Table A7: Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		5,690	5,605	7,623	6,054				5,440	5,831	6,275
Service charges		188	200	202	260				277	295	313
Other revenue		5,333	4,108	6,523	73,244				5,967	6,347	6,754
Government - operating	1	186,230	245,981	229,130	247,723				259,523	277,609	287,586
Government - capital	1	61,324	58,809	58,809	94,813				96,269	80,597	75,649
Interest		4,931	7,231	8,198	5,978				9,533	10,143	10,792
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(199,336)	(215,154)	(199,813)	(261,363)	(267,790)			(274,267)	(287,783)	(293,912)
Finance charges		(6)	(5)	(131)	-	-			-	-	-
Transfers and Grants	1				(2,089)	(1,989)			(4,996)	(5,376)	(5,784)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>64,354</b>	<b>106,775</b>	<b>110,543</b>	<b>164,620</b>	<b>(269,779)</b>	<b>-</b>	<b>-</b>	<b>97,745</b>	<b>87,663</b>	<b>87,674</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		1,316		994					300	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(74,416)	(71,559)	(75,845)	(113,391)				(119,114)	(101,267)	(91,522)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(73,100)</b>	<b>(71,559)</b>	<b>(74,851)</b>	<b>(113,391)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118,814)</b>	<b>(101,267)</b>	<b>(91,522)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		(513)	1,615	(2,810)					-	-	-
<b>Payments</b>											
Repayment of borrowing		(486)	(578)	(509)					-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1,000)</b>	<b>1,037</b>	<b>(3,319)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(9,746)</b>	<b>36,253</b>	<b>32,373</b>	<b>51,229</b>	<b>(269,779)</b>	<b>-</b>	<b>-</b>	<b>(21,069)</b>	<b>(13,604)</b>	<b>(3,848)</b>
Cash/cash equivalents at the year begin:	2	75,440	65,694	101,947	101,947				134,320	113,251	99,647
Cash/cash equivalents at the year end:	2	65,694	101,947	134,320	153,176	(269,779)			113,251	99,647	96,799

### Explanatory Notes

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The cash flow of the municipality shows an increase for the 2018/19 MTERF.



#### 4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EC155 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	65,694	101,947	134,320	153,175	(269,779)	-	-	113,251	99,647	95,799
Other current investments > 90 days		(0)	(0)	-	(3,638)	371,726	101,947	-	(3,004)	19,431	32,676
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>65,694</b>	<b>101,947</b>	<b>134,320</b>	<b>149,537</b>	<b>101,947</b>	<b>101,947</b>	<b>-</b>	<b>110,247</b>	<b>119,078</b>	<b>128,474</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	6,946	15,700	17,047	(181,964)	12,514	12,514	-	(2,989)	(2,243)	(1,829)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>6,946</b>	<b>15,700</b>	<b>17,047</b>	<b>(181,964)</b>	<b>12,514</b>	<b>12,514</b>	<b>-</b>	<b>(2,989)</b>	<b>(2,243)</b>	<b>(1,829)</b>
<b>Surplus(shortfall)</b>		<b>58,749</b>	<b>86,247</b>	<b>117,273</b>	<b>331,502</b>	<b>89,433</b>	<b>89,433</b>	<b>-</b>	<b>113,236</b>	<b>121,321</b>	<b>130,303</b>

#### Explanatory Notes.

The municipality have the reserves that are cash backed for 2017/18 MTERF. These reserves are fully funded by the short term call investments that are kept by the municipality in both the FNB, Standard Bank and Ned Bank Bankers.

#### 4.5.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	74,421	84,798	79,643	74,591	73,276	-	119,114	101,267	91,523
<i>Roads Infrastructure</i>		64,568	63,766	68,427	50,799	53,925	-	81,797	86,651	83,269
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	4,119	4,119	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	16,515	1,926	1,305
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>64,568</b>	<b>63,766</b>	<b>68,427</b>	<b>54,918</b>	<b>58,044</b>	<b>-</b>	<b>98,312</b>	<b>88,577</b>	<b>84,574</b>
Community Facilities		488	9,239	259	8,000	-	-	5,957	1,020	1,075
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>488</b>	<b>9,239</b>	<b>259</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>5,957</b>	<b>1,020</b>	<b>1,075</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	5,000	7,000	-	5,000	1,000	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>7,000</b>	<b>-</b>	<b>5,000</b>	<b>1,000</b>	<b>-</b>
Operational Buildings	99	4,017	6,860	-	-	-	-	500	500	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>99</b>	<b>4,017</b>	<b>6,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-

Licences and Rights	919	180	64	800	1,100	-	1,300	500	500
<b>Intangible Assets</b>	<b>919</b>	<b>180</b>	<b>64</b>	<b>800</b>	<b>1,100</b>	<b>-</b>	<b>1,300</b>	<b>500</b>	<b>500</b>
<b>Computer Equipment</b>	-	-	-	500	810	-	1,945	1,500	2,000
<b>Furniture and Office Equipment</b>	1,938	1,692	719	372	372	-	1,100	1,170	1,245
<b>Machinery and Equipment</b>	86	4,069	824	5,000	5,000	-	4,000	5,000	-
<b>Transport Assets</b>	6,324	1,835	2,491	-	950	-	1,000	2,000	2,128
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b><u>Total Renewal of Existing Assets</u></b>	2	-	-	38,800	36,675	-	8,000	9,000	10,000
<i>Roads Infrastructure</i>	-	-	-	16,300	25,000	-	8,000	9,000	10,000
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	11,600	2,875	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	27,900	27,875	-	8,000	9,000	10,000
Community Facilities	-	-	-	10,900	8,800	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	10,900	8,800	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-

<b>Intangible Assets</b>		-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-
<b><u>Total Upgrading of Existing Assets</u></b>	6	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-

<b>Total Capital Expenditure</b>	4										
<i>Roads Infrastructure</i>		64,568	63,766	68,427	67,099	78,925	-	89,797	95,651	93,269	
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	4,119	4,119	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	11,600	2,875	-	16,515	1,926	1,305	
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>64,568</b>	<b>63,766</b>	<b>68,427</b>	<b>82,818</b>	<b>85,918</b>	<b>-</b>	<b>106,312</b>	<b>97,577</b>	<b>94,574</b>	
Community Facilities		488	9,239	259	18,900	8,800	-	5,957	1,020	1,075	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>488</b>	<b>9,239</b>	<b>259</b>	<b>18,900</b>	<b>8,800</b>	<b>-</b>	<b>5,957</b>	<b>1,020</b>	<b>1,075</b>	
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Revenue Generating		-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	5,000	7,000	-	5,000	1,000	-	
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>7,000</b>	<b>-</b>	<b>5,000</b>	<b>1,000</b>	<b>-</b>	
Operational Buildings		99	4,017	6,860	-	-	-	500	500	-	
Housing		-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>99</b>	<b>4,017</b>	<b>6,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>	
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Servitudes		-	-	-	-	-	-	-	-	-	-
Licences and Rights		919	180	64	800	1,100	-	1,300	500	500	
<b>Intangible Assets</b>		<b>919</b>	<b>180</b>	<b>64</b>	<b>800</b>	<b>1,100</b>	<b>-</b>	<b>1,300</b>	<b>500</b>	<b>500</b>	
Computer Equipment		-	-	-	500	810	-	1,945	1,500	2,000	
Furniture and Office Equipment		1,938	1,692	719	372	372	-	1,100	1,170	1,245	
Machinery and Equipment		86	4,069	824	5,000	5,000	-	4,000	5,000	-	
Transport Assets		6,324	1,835	2,491	-	950	-	1,000	2,000	2,128	
Libraries		-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-

<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>74,421</b>	<b>84,798</b>	<b>79,643</b>	<b>113,391</b>	<b>109,951</b>	<b>-</b>	<b>127,114</b>	<b>110,267</b>	<b>101,523</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Roads Infrastructure</i>		259,292	289,316	326,580	359,239	359,239		365,435	370,385	373,185
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>					4,119	4,119				
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>					11,600	11,600		9,280	7,424	6,339
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		<b>259,292</b>	<b>289,316</b>	<b>326,580</b>	<b>374,958</b>	<b>374,958</b>	<b>-</b>	<b>374,715</b>	<b>377,809</b>	<b>379,524</b>
Community Facilities		3,273	11,179	10,433	2,903	2,903		2,903	2,903	2,903
Sport and Recreation Facilities										
<b>Community Assets</b>		<b>3,273</b>	<b>11,179</b>	<b>10,433</b>	<b>2,903</b>	<b>2,903</b>	<b>-</b>	<b>2,903</b>	<b>2,903</b>	<b>2,903</b>
<b>Heritage Assets</b>										
Revenue Generating										
Non-revenue Generating		61,683	62,053	65,151	61,683	61,683		61,683	61,683	61,683
<b>Investment properties</b>		<b>61,683</b>	<b>62,053</b>	<b>65,151</b>	<b>61,683</b>	<b>61,683</b>	<b>-</b>	<b>61,683</b>	<b>61,683</b>	<b>61,683</b>
Operational Buildings			21,123	27,102	26,025	26,025		31,025	32,025	33,025
Housing										
<b>Other Assets</b>		<b>-</b>	<b>21,123</b>	<b>27,102</b>	<b>26,025</b>	<b>26,025</b>	<b>-</b>	<b>31,025</b>	<b>32,025</b>	<b>33,025</b>
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights		964	659	202	1,459	1,459		1,592	1,774	1,919
<b>Intangible Assets</b>		<b>964</b>	<b>659</b>	<b>202</b>	<b>1,459</b>	<b>1,459</b>	<b>-</b>	<b>1,592</b>	<b>1,774</b>	<b>1,919</b>
<b>Computer Equipment</b>			<b>2,645</b>	<b>2,296</b>	<b>3,145</b>	<b>3,145</b>		<b>3,516</b>	<b>4,313</b>	<b>5,450</b>
<b>Furniture and Office Equipment</b>		<b>1,938</b>	<b>3,051</b>	<b>2,269</b>	<b>8,718</b>	<b>8,718</b>		<b>7,975</b>	<b>7,444</b>	<b>7,087</b>
<b>Machinery and Equipment</b>		<b>86</b>	<b>6,624</b>	<b>6,466</b>	<b>12,404</b>	<b>12,404</b>		<b>13,923</b>	<b>16,138</b>	<b>12,910</b>

Transport Assets		6,324	9,233	9,394	8,452	8,452		7,762	7,210	7,896
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	333,561	405,884	449,893	499,748	499,748	-	505,094	511,299	512,398
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	33,632	31,807	35,084	41,815	41,815	-	54,480	53,663	59,284
<b>Repairs and Maintenance by Asset Class</b>	3	4,938	4,964	4,572	11,789	-	-	12,138	13,232	10,792
<i>Roads Infrastructure</i>		4,938	4,964	2,161	7,761	-	-	8,000	8,798	6,025
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	849	814	-	-	500	536	577
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		4,938	4,964	3,010	8,575	-	-	8,500	9,334	6,602
Community Facilities		-	-	-	143	-	-	152	162	172
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	143	-	-	152	162	172
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	468	591	-	-	842	902	971
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	468	591	-	-	842	902	971
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	118	-	-	113	121	130

Furniture and Office Equipment	-	-	54	241	-	-	244	261	279
Machinery and Equipment	-	-	1,004	902	-	-	1,000	1,072	1,153
Transport Assets	-	-	36	1,218	-	-	1,288	1,380	1,485
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>38,571</b>	<b>36,772</b>	<b>39,656</b>	<b>53,604</b>	<b>41,815</b>	<b>-</b>	<b>66,619</b>	<b>66,895</b>	<b>70,076</b>

## Explanatory Notes

Table A9 provides an overview of municipal capital allocations to its assets and the renewal of existing assets, which is dominated by the construction of the access road as well as spending on repairs and maintenance by asset class.

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. Currently in the municipal budget 26% is allocated to capital expenditure and 3% is allocated to repairs and maintenance when taking into consideration the total budget.



## **SUPPORTING DOCUMENTS**

### **5. Annual Budget Process Overview**

#### **5.1 Background**

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The NLM IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Nyandeni is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and

encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Nyandeni. For this reason NLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to health education, service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Nyandeni;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

## **DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN**

### **Guiding Principles**

The development of the Integrated Development Plan(IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2018-2019 IDP priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the draft SDBIP.

The municipality adhered to the process plan for the review of the draft IDP and preparation of the multi-year budget for 2018/19 to 2023. The IDP development and Budget preparation has been done as per MSCOA requirements, which indicates that the municipality should capture each projects with its objectives in the IDP and budget for those projects for a period of five years.

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IDP AND BUDGET PROCESS PLAN

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	BTO Special Standing Committee to consider Draft AFS		22 August 2017	
	Audit Committee Meeting	Municipal Manager	23 August 2017	
	Table IDP, PMS and Annual Budget Process Plan for 2018/19 to the Executive Committee adoption including the following documents <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2016/2017 FY</li> <li>✓ Performance Information report (MSA-s46) 2016-2017</li> <li>✓ Draft Annual Report for 2016/2017</li> </ul>	Municipal Manager	23 August 2017	MFMA 21(1)(b) & 53 (1) (b)
	Audit Committee Meeting to consider the following documents <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2016/2017</li> <li>✓ Performance Information report (MSA-s46) 2016-2017</li> </ul> Draft Annual Report for 2016/2017		23 August 2017	MFMA s65 & 66

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Tabling of IDP & Annual Budget Process Plan, AFS & Performance information report to Council for adoption including the following documents <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2016/2017</li> <li>✓ Performance Information report (MSA-s46)</li> <li>✓ Annual Report for 2016/2017</li> </ul>	Mayor	25 August 2017	MFMA 21(1)(b) & 53 (1) (b)
	Printing of Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2017	MM	29-31 August 2017	MFMA 126 (1) (a)
	Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2017 to Auditor General	Chief Financial Officer, MM	31 August 2017	MFMA 126 (1) (a)
<b>SEPTEMBER 2017</b>				
	IDP Roll –Out Programme targeting Ward Committees &	SM: Operations	8-9 September 2017	MSA S16 & 21

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Stakeholders			
	IDP REP FORUM	Municipal Manager	13 September 2017	
	Advertise budget & IDP time schedule	SM: Operations	September 2017	
	Intergovernmental Engagements (IGR FORUM)	Mayor	19 September 2017	Constitution of RSA, s41 & MSA s24
	Ordinary Audit, Risk & Performance Committee		20 September 2017	
	State of the Local Address (SOLA)		October 2017	MSA s18
<b>OCTOBER 2017</b>				
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	October 2017	Chapter 3, Constitution of the RSA, 1996
	IDP & Budget Steering Committee	Municipal Manager	09 October 2017	IDP Guide
	Consultation and inclusion of Sector Department information		October 2017	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	to the IDP			
	Risk Committee Meeting		12 October 2017	
	Audit Committee Meeting		25 October 2017	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	31 October 2017	MFMA s52(d)
<b>NOVEMBER 2017</b>				
	Mayoral Imbizo's to give service delivery feedback and get community priority needs		13-17 November 2017	MSA s34 & s16
	Management Retreat (Preparation of Council Legkotla)	Municipal Manager	20-21 November 2017	
<b>DECEMBER 2017</b>				
	Special Exco Meeting		06 December 2017	
	Special Council Meeting		08 December 2017	
<b>JANUARY 2018</b>				
	Convene Management Retreat to compile and finalize Mid-	Municipal	12-13 January 2017	MFMA s72 (1) & 11

<b>PHASE</b>	<b>ACTIVITIES</b>	<b>COORDINATING DEPARTMENT</b>	<b>TIMEFRAME</b>	<b>LEGISLATIVE FRAMEWORK</b>
	year report, adjustment budget and Revised SDBIP	Manager & Senior Managers		
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	17 & 18 January 2018	MFMA s72 (1) & 11
	Risk Management Committee		17 January 2018	
	Special Exco Meeting to Table Mid-year Report, revised SDBIP and Adjustment Budget for approval and Annual Report		18 January 2018	
	Ordinary Audit, Risk & Performance Committee (Assessment of Mid-year performance)	Internal Audit Unit	22 January 2018	
	Table Mid-year Report, revised SDBIP and Annual Report to the Special Council Meeting	Mayor & MM	24 January 2018	MFMA s72 (1) & 11
<b>FEBRUARY 2018</b>				
	Special Council Meeting to consider Oversight Report		02 February 2018	MFMA s129



<b>PHASE</b>	<b>ACTIVITIES</b>	<b>COORDINATING DEPARTMENT</b>	<b>TIMEFRAME</b>	<b>LEGISLATIVE FRAMEWORK</b>
	Approval of the Adjustment Budget	CFO & MM	26 February 2018	MFMA s72 (1) & 11
	IDP Strategic Planning	MM	27 February 2018 – 02 March 2018	
<b>MARCH 2018</b>				
	Ward Councilors Forum	Mayor	15 March 2018	
<b>COUNCIL SITTING</b>	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	23 March 2018	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	29 March 2018	MFMA s16 (2)
<b>APRIL 2018</b>				
	Risk Committee		05 April 2018	
	IDP Representative Forum	Mayor	10 April 2018	
	Audit Committee		19 March 2018	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Conduct IDP & Budget Public Hearings	Mayor	16-20 April 2018	
	Special Executive Committee Meeting		20 April 2018	
	Table third quarter performance report including financial performance analysis report to Council	Mayor	26 April 2018	MFMA s52(d)
<b>MAY 2018</b>				
	Council Policy Consultative Workshop		15 – 18 May 2018	
	Ordinary Exco Meeting		24 May 2018	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	30 May 2018	MFMA s24 (1)
<b>JUNE 2018</b>				
	Ordinary Audit, Risk & Performance Committee		21 June 2018	
	Special Exco Meeting to consider End of the Year Road Map and Financial Related Reports		22 June 2018	
	Ordinary Council Meeting		28 June 2018	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
<b>END</b>				

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## **6 Alignment of Budget with Integrated Development Plan**

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed stakeholders such as government departments, ward committees, CDW, NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

## **7 Budget Related Policies Overview and Amendments**

Section 18 of the Municipal Finance Management Act(MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4,17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

- Supply Chain Management Policy
- Cash Management & Investment Policy
- Property Rates Policy
- Tariff Policy
- Bad debts & Write Off Policy
- Credit Control and Debt Collection Policy
- Asset management Policy
- IDP & Budget Policy
- Indigent Policy
- Revenue Enhancement Strategy

## 8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 89 and 91 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2017/2018	2018/2019	2019/2020	2020/2021
	Estimate	Forecast		
CPI Inflation	6.4%	7.2%	7.6%	7.6%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

*2018/19 Financial Year – average CPI + 1 per cent*

*The previous years were:*

*2015/16 Financial Year – 7 per cent*

*2016/17 Financial Year – average CPI + 1 per cent*

8.3 Municipalities are advised to structure their 2018/19 electricity tariffs based on the **9.4 per cent** guideline.

### 8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni Local Municipality's collection rate analytical review shows that the municipality has been collecting at an average of 38%. However, the municipality has employed mechanism to improve collection rates, in this instance, the municipality has budgeted to collect 86% of the billed amount each year. Also, the debt collector has been sourced to further assist the municipality to improve the collection of rates.

## 9 Funding the Budget (including fiscal overview and sources of funding)

### 9.1 FUNDING OF THE CAPITAL BUDGET

The 2018/2019 capital budget amounts to R119,1 million, and for the two outer years its R101,2 million and R91,5 million. It is predominantly funded through the MIG funding and Small Town Revitalisation and Equitable share.

### 9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection;
- Other income and
- Operating Grants and Subsidies.

**Assessment Rates.** The Municipal Property Rates Act will be implemented on July 1 2018. The assessment rates will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

Income derived from **services** is mainly used to fund the cost rendering the service (both operating and capital needs).

The total budget for the assessment rates is R7,6 million for the current year, and for two outer years is R8,1 million and R8,8 million.

The income received in the form of the Equitable Share Grant is R234, 5 million and for the two outer years is R256 million and R275, 4 million.

**Other Grants and subsidies are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
FMG	2018/19	R 1 700 000
INEP	2018/19	R18 189 000
EPWP	2018/19	R 1 321 000
LIBRARY SUBSIDIES	2018/19	R 400 000
LGSETA	2018/19	R 400 000

**Capital Grants are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
MIG	2018/19	R59 625 000
STR	201819	R39 625 000

## **10 Annual budgets and service delivery and budget implementation plans – Internal departments**

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Monthly projections of –
  - (i) Revenue to be collected, by source, and
  - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2018 to 30 June 2019 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The SDBIP for the 2018/2019 financial year has been prepared for submission to Treasury.

### **11. Contracts having future budgetary implications**

In terms of the NLM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.



## **12. Legislation Compliance**

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 Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the NLM's website.

### **2. Supply Chain Management**

The procurement plans have been compiled for the projects that are above R200 000, and will form part of the submissions to National Treasury. The measures will be put into place to ensure that the Departments adhere to such procurement plans as to enhance service delivery. Supply Chain Management Practitioners will be capacitated to ensure that they comprehend with all the necessary compliance matters as enshrined in the SCM Regulations and any relevant Circulars.

### **3. Cost Containment Measures**

With reference to circular 82, the municipality will apply the stringent measures to ensure that it complies with the circular, in order to minimise the costs in relation to non-core functions, travel and accommodation, catering, and meetings.

### **4. Budget and Treasury Office**

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

### **5. Audit Committee**

An Audit Committee has been established and is fully functional.

### **6. Service Delivery and Implementation Plan**

The detailed SDBIP document will finalised after adoption and approval of the 2018/19 MTREF in May 2018. It will be submitted to National Treasury.

## **7. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements but there is still a need for improvement.

## **8. MFMA Training**

The MFMA training is being implemented as there are staff members that have enrolled in the Municipal Finance Certificate Programme

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### 13. Other Supporting Documents

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		6,643	5,605	5,726	6,013	6,054	6,054		7,632	8,182	8,804
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		953			1,014	1,055	1,055		1,906	2,043	2,199
<b>Net Property Rates</b>		<b>5,690</b>	<b>5,605</b>	<b>5,726</b>	<b>4,999</b>	<b>4,999</b>	<b>4,999</b>	<b>-</b>	<b>5,726</b>	<b>6,138</b>	<b>6,605</b>
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>					2,153	2,153	2,153				
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-		-	-	-
<b>Net Service charges - electricity revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,153)</b>	<b>(2,153)</b>	<b>(2,153)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-		-	-	-
<b>Net Service charges - water revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											

<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	-	-
<b><u>Service charges - refuse revenue</u></b>	6									
Total refuse removal revenue		188	200	202	260	260	260	327	348	371
Total landfill revenue						0	0			
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>					50	50	50	50	54	58
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-
<b>Net Service charges - refuse revenue</b>		<b>188</b>	<b>200</b>	<b>202</b>	<b>210</b>	<b>210</b>	<b>210</b>	<b>277</b>	<b>295</b>	<b>313</b>
<b><u>Other Revenue by source</u></b>										
<i>Library fees</i>		9	-		20	20	20			
<i>Plan fees</i>		3	1	10,323	30	30	30	32	34	36
Other income(Cemetery fees,site rental and Eco-park fees)		155	0		120	36	36	78	83	88
Tender sales		368	541		299	299	299	400	426	453
Training-LGSETA		958	441		-					
Vending & Hawking fees		34	69							
Auction Sale		72								-
Fees earned		54	44							
Commissions received		156	-		239	239	239	200	213	226
Fair value gain on short term investments		118	267							
Donations received			10,904			36	36			
Sundry income	3		28			48	48			
<b>Total 'Other' Revenue</b>	<b>1</b>	<b>1,928</b>	<b>12,295</b>	<b>10,323</b>	<b>707</b>	<b>707</b>	<b>707</b>	<b>710</b>	<b>755</b>	<b>804</b>
<b>EXPENDITURE ITEMS:</b>										
<b><u>Employee related costs</u></b>										

Basic Salaries and Wages	2	92,149	105,285	66,538	85,011	84,964			92,837	97,961	105,213
Pension and UIF Contributions				6,632	13,792	13,792			14,812	15,909	17,086
Medical Aid Contributions				6,210	14,768	14,768			15,861	17,035	18,296
Overtime				6,632	6,007	6,007			6,452	6,929	7,442
Performance Bonus				5,698	783	783			841	904	970
Motor Vehicle Allowance				9,031	5,160	5,160			5,542	5,952	6,393
Cellphone Allowance											
Housing Allowances				5,954	3,542	3,542			3,804	4,085	4,388
Other benefits and allowances				6,943	2,647	1,926			2,068	2,221	2,386
Payments in lieu of leave											
Long service awards					219	219			235	252	271
Post-retirement benefit obligations	4						-				
<b>sub-total</b>	5	<b>92,149</b>	<b>105,285</b>	<b>113,638</b>	<b>131,929</b>	<b>131,161</b>	<b>-</b>	<b>-</b>	<b>142,453</b>	<b>151,249</b>	<b>162,444</b>
Less: Employees costs capitalised to PPE											
<b>Total Employee related costs</b>	1	<b>92,149</b>	<b>105,285</b>	<b>113,638</b>	<b>131,929</b>	<b>131,161</b>	<b>-</b>	<b>-</b>	<b>142,453</b>	<b>151,249</b>	<b>162,444</b>
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		33,632	31,807	35,084	41,815	41,815			54,480	58,403	62,842
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
<b>Total Depreciation &amp; asset impairment</b>	1	<b>33,632</b>	<b>31,807</b>	<b>35,084</b>	<b>41,815</b>	<b>41,815</b>	<b>-</b>	<b>-</b>	<b>54,480</b>	<b>58,403</b>	<b>62,842</b>

<b>Bulk purchases</b>											
Electricity Bulk Purchases				440	440			468	504	542	
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	-	-	-	440	440	-	-	468	504	542
<b>Transfers and grants</b>											
Cash transfers and grants		-	-	-	4,324	6,855	2,234	-	4,098	3,107	3,343
Non-cash transfers and grants		-	-	-	3,026	115	-	-	365	393	422
<b>Total transfers and grants</b>	1	-	-	-	7,350	6,970	2,234	-	4,463	3,500	3,765
<b>Contracted services</b>											
Contracted services		497			1,600	53,787			49,141	48,765	41,581
Contracted services					50,415						

	<i>sub-total</i>	1	497	-	-	52,015	53,787	-	-	49,141	48,765	41,581
<b>Allocations to organs of state:</b>												
Electricity												
Water												
Sanitation												
Other												
<b>Total contracted services</b>												
<b>497 - - 52,015 53,787 - - 49,141 48,765 41,581</b>												
<b><u>Other Expenditure By Type</u></b>												
Collection costs												
Contributions to 'other' provisions												
Consultant fees												
4,238												
Audit fees												
3,823												
General expenses												
3 69,560 87,667 69,874 43,294 44,086 47,196 52,236 56,110												
<i>Fair value loss on short term investments</i>												
SCOA												
1,500 1,500												

<b>Total 'Other' Expenditure</b>	1	77,621	87,667	69,874	49,034	49,826	-	-	47,196	52,236	56,110
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs											
Other materials					11,789	10,849			12,138	13,232	10,792
Contracted Services											
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	9	-	-	-	11,789	10,849	-	-	12,138	13,232	10,792

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