

NYANDENI LOCAL MUNICIPALITY



Draft Annual Budget

3 Year Plan: 2019/20 to 2022

TABLE OF CONTENTS

No	Description	Page
1	Table of Contents	2
2	Mayor's Report	3-5
3	Budget Related Resolutions	6-12
4	The Budget	13
4.1	Executive Summary	13-14
4.2	Operating Revenue Framework	15-17
4.3	Operating Expenditure Framework	17-19
4.4	Capital Expenditure	19
4.5	Annual Budget Schedules	20-35
	Supporting Documentation	36
5	Budget Process Overview	36-47
6	Alignment of Budget with Integrated Development Plan	48
7	Budget Related Policies Overview and Amendments	48
8	Budget Assumptions	49
9	Funding the Budget	50-51
10	Annual budgets and service delivery and budget implementation plans – internal departments	52
11	Contracts having future budgetary implications	52
12	Legislation compliance	53
13	Other supporting documents	54-57
14	Municipal Manager's quality certification	58

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 2019/2020**

REVENUE & EXPENDITURE MTERF 2019/2020-2022				
DESCRIPTION	2018/2019	2019/2020	2020/2021	2021/2022
Own Revenue	R 23,768,062	R 31 680,000	R 33,076,000	R 34,556,000
Transfer from Reserves	R 76,500,821	R 86,829,000	R 88,588,000	R 86,072,000
Transfer Grants - Operational	R 256,542,000	R 284 141 000	R 292,236,000	R 311,008,000
TOTAL OPERATING REVENUE	R 356,810,883	R 402,650,000	R 413,900,000	R 431,636,000
Transfer Grants - Capital	R 99,250,000	R 80,598,000	R 75,649,000	R 65,610,000
TOTAL REVENUE	R 456,060,883	R 483,248,000	R 489,549,000	R 497,246,000
Salaries & Wages	R 160,886,905	R 170,744,000	R 182,867,000	R 196,582,000
Contracted and operational costs	R 103,479,888	R 124,008,000	R 126,355,000	R 132,015,000
Repairs & Maintenance	R 15,273,887	R 21,777,000	R 23,320,000	R 25,008,000
Depreciation and Provisions for bad debts	R 57,651,453	R 57,842,000	R 58,043,000	R 58,257,000
Capital Expenditure	R 118,768,750	R 108,877,000	R 98,964,000	R 85,384,000
TOTAL EXPENDITURE	R 456,060,883	R 483,248,000	R 489,549,000	R 497,246,000
SURPLUS / (DEFICIT)	R 0	R 0	R 0	R 0

3. BUDGET RELATED RESOLUTIONS

Draft Annual Budget for 2019/20

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2019/2020 and the indicated two outer years of 2020/2021 and 2021/2022 which has been tabled for public scrutiny 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 2019 to 30 June 2020, 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 2019-20.

CATEGORY	2019/2020	2020/2021	2021/2022
1. HALL HIRE CHARGES			
Refundable security fee	R 901	R 955	R 1,012
Hourly rate Ngqeleni (Day)	R 78	R 83	R 88
Hourly rate Ngqeleni (Night)	R 78	R 83	R 88
Hourly rate Libode (Day)	R 90	R 96	R 101
Hourly rate Libode (Night)	R 78	R 83	R 88
2. POUND FEES			
Driving fee	R 68	R 72	R 76
Daily fee	R 101	R 107	R 113
Cattle, horse basic charge	R 246	R 261	R 276
Sheep & Goat basic charge	R 123	R 130	R 138
5. REFUSE REMOVAL			
Residential	R 39	R 42	R 44
General business	R 179	R 190	R 201
Commercial	R 471	R 499	R 529
Government	R 169	R 179	R 189
Special collection	388	411	436
6. CEMETERY			
Living in town	R 347	R 367	R 389
Outside town	R 493	R 522	R 554
7. TENDER FEES			
R50 000.00-R200 000.0	R 258	R 273	R 289
R200 000.00-R500 000.00	R 336	R 356	R 378
R500 000.00-R800 000.00	R 425	R 451	R 478
R800 000.00-R1000 000.00 Or More	R 504	R 534	R 566

<u>CATEGORY</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
8. BUSINESS LICENCE			
Supermarket & General Dealer	R 795	R 843	R 893
Hawker	R 135	R 143	R 151
Caravan (Restaurant& Telephone) p/y	R 135	R 143	R 151
Salon (p/y)	R 135	R 143	R 151
Funeral Parlor (p/y)	R 795	R 843	R 893
Hardware (p/y)	R 795	R 843	R 893
Accommodation establishment	R 571	R 606	R 642
9. MARKET SITE			
Hawkers (p/m)	R 34	R 36	R 38
Caravan Site(p/m)	R 78	R 83	R 88
10. CHAIR HIRE			
Around town (chair per day)	R 8	R 9	R 10
Indemnity fee (per chair)	R 22	R 24	R 25
11. Application for special consent			
Erven 0-2500m2	R 1,512	R 1,602	R 1,698
Erven 2501-5000m2	R 3,134	R 3,322	R 3,522
Erven5001-1000m2	R 6,829	R 7,238	R 7,673
Erven 1 ha – 5ha	R 9,179	R 9,729	R 10,313
Erven over 5ha	R 12,425	R 13,171	R 13,961
12. Application Fees for rezoning			
Erven from 0sqm-2500sqm	R 1,903	R 2,017	R 2,138
Erven from 2501sqm-5000sqm	R 3,582	R 3,797	R 4,024
Erven from 5001sqm- 10000sqm	R 7,163	R 7,593	R 8,049
Erven from 1 ha - 5ha	R 9,067	R 9,611	R 10,188

<u>CATEGORY</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
Erven over 5 ha	R 12,537	R 13,289	R 14,086
<u>13. Subdivision and Township Application</u>			
<input type="checkbox"/> Erven 1-2	R 1,903	R 2,017	R 2,138
<input type="checkbox"/> Erven 1-3	R 2,575	R 2,729	R 2,893
<input type="checkbox"/> Erven 1-4	R 3,134	R 3,322	R 3,522
<input type="checkbox"/> Erven 1-5	R 3,805	R 4,034	R 4,276
<input type="checkbox"/> Erven 1-6	R 4,590	R 4,865	R 5,157
<input type="checkbox"/> Erven 1-7	R 5,037	R 5,339	R 5,660
<input type="checkbox"/> Erven 1-8	R 5,820	R 6,170	R 6,540
<input type="checkbox"/> Erven 1-9	R 6,380	R 6,763	R 7,169
<input type="checkbox"/> Erven 1-10	R 6,940	R 7,356	R 7,798
<input type="checkbox"/> Erven more than 10	R 9,515	R 10,085	R 10,691
<u>14. Application for departure from building lines</u>			
Erven 0 – 5000m2	R 1,232	R 1,306	R 1,384
Erven 5001 –more	R 1,791	R 1,899	R 2,013
Application for Removal of Restrictions	R 8,843	R 9,373	R 9,935
Zoning Certificates	R 135	R 143	R 151
Extension of time	R 459	R 487	R 516
Town Planning Scheme CD	R 246	R 261	R 276
Amendments to Existing subdivision	R 1,903	R 2,017	R 2,138
Application for consolidation of Erven	R 1,903	R 2,017	R 2,138
SG Diagram	R 45	R 47	R 50
<u>15. Building plans</u>			
Building Approval Fees per m2	R 34	R 36	R 38
A3	R 14	R 15	R 15
A2	R 19	R 20	R 21
A1	R 32	R 34	R 36
Approval fee for minor works(0-10m2):	R 19	R 20	R 21

<u>CATEGORY</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
External alteration per m2	R 15	R 16	R 17
Boundary walls	R 672	R 712	R 755
Shelter: Carport per m2	R 20	R 21	R 23
Car wash per m2	R 15	R 16	R 17
Braai area per m2	R 20	R 21	R 23
Temporary structure:	R 20	R 21	R 23
Prefab per m2	R 20	R 21	R 23
Container p.a	R 1,343	R 1,424	R 1,509
Caravans per p.a.	R 672	R 712	R 755
Storage Facility p.a.	R 1,343	R 1,424	R 1,509
Builders Shelter p.a.	R 672	R 712	R 755
<u>16. Libode eco park</u>			
Entrance fee per person	R 11	R 11	R 12
Company events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,590	R 1,685	R 1,787
Church events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,272	R 1,348	R 1,429
Entertainment shows per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 2,120	R 2,247	R 2,382
Educational tours per day	R 318	R 337	R 357

<u>CATEGORY</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
Photoshoot per day	R 265	R 281	R 298
Toilet entrance fees	R 2	R 2	R 2
<u>17. Property rates</u>			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024
<u>18. Rates and services clearance certificate</u>			
Rates and refuse clearance certificate	R 74	R 79	R 83
<u>19. Sports field</u>			
Commercial & Professional use per day	R 742	R 787	R 834
Amateur bodies, welfare and religious organizations per day	R 424	R 449	R 476
Professional practice per day	R 954	R 1,011	R 1,072
Amateur practice per day	R 424	R 449	R 476
Special letting – music concerts/festival flairs etc	R 1,802	R 1,910	R 2,025

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
- Debt Write off 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, Small Towns Revitalisation Programme grant and Municipal Infrastructure Grant.

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 2019/20 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, 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2019/20 MTERF

Description	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2018/19	2019/20	2020/21	2021/2022
Total Operating Revenue	356,810,883	402,900,000	413,900,000	431,636,000
Total Operating Expenditure	-337,292,133	-374,371,000	-390,585,000	-416,862,000
Capital grant	99,250,000	80,598,000	75,649,000	65,610,000
Capital expenditure	-118,768,750	-108,877,000	-98,964,000	-85,384,000
SURPLUS/DEFICIT	0	0	0	0

Total operating revenue is R402 900 000 for the 2019/20 financial year. For the two outer years, operational revenue will increase to R413 900 000, and R431 636 000 respectively.

Total operating expenditure for the 2019/20 financial year has been appropriated at R374 371 000. Depreciation and provision for bad debts which are non-cash items have been budgeted for, and these have been funded through transfer from the municipal reserves.

The capital grants for 2019/20 has been appropriated at R80 598 000 for two outer years at R75 649 000 and R65 610 000 respectively.

Capital expenditure is budgeted for 2019/20 at R108 877 000 and for two outer year at R98 964 000 and R85 384 000 respectively.

This translates into a balanced budget with no surplus or deficit for the MTERF.

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.

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
-

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	5 605	5 726	5 732	7 405	10 911	10 911	10 911	14 947	15 340	15 756
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	200	202	229	227	227	227	227	240	254	268
Rental of facilities and equipment		61	178	63	45	45	45	45	47	50	53
Interest earned - external investments		7 231	8 198	12 519	8 300	10 300	10 300	10 300	8 798	9 326	9 885
Interest earned - outstanding debtors		204	1 163	975	1 293	1 293	1 293	1 293	1 371	1 453	1 540
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76	196	572	430	430	430	430	456	483	512
Licences and permits		2 357	3 284	2 961	4 356	4 356	4 356	4 356	4 617	4 894	5 188
Agency services		235	540	731	426	426	426	426	451	478	507
Transfers and subsidies		245 981	232 507	249 829	259 523	259 773	259 773	259 773	284 141	292 236	311 008
Other revenue	2	12 295	10 323	5 136	710	710	710	710	753	798	846
Gains on disposal of PPE		-	-	-	76 801	89 921	89 921	89 921	86 829	88 588	86 072
Total Revenue (excluding capital transfers and contributions)		274 246	262 317	278 747	359 514	378 391	378 391	378 391	402 650	413 900	431 636

TABLE 3 Percentage growth in revenue by main revenue source

Description	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Increase/(decrease) %	Budget Year	Budget Year 2019/20	Increase/(decrease) %	Budget Year +1 2020/21	Increase/(decrease) %	Budget Year +2 2021/22
Revenue By Source								
Property rates	7,448	-	7,448	14,947	3%	15,340	3%	15,756
Service charges - electricity revenue	-	-	-	-	0	-	0	-
Service charges - water revenue	-	-	-	-	0	-	0	-
Service charges - sanitation revenue	-	-	-	-	0	-	0	-
Service charges - refuse revenue	277	-	277	240	6%	254	5%	268
Service charges - other	-	-	-	-	0	-	0	-
Rental of facilities and equipment	45	-	45	47	6%	50	6%	53
Interest earned - external investments	8,300	-	8,300	8,798	6%	9,326	6%	9,885
Interest earned - outstanding debtors	1,293	-	1,293	1,371	6%	1,453	6%	1,540
Dividends received	-	-	-	-	0	-	0	-
Fines, penalties and forfeits	430	-	430	456	6%	483	6%	512
Licences and permits	4,356	-	4,356	4,617	6%	4,894	6%	5,188
Agency services	426	-	426	451	6%	478	6%	507
Transfers and subsidies	259,523	-	259,523	284,141	3%	292,236	6%	311,008
Other revenue	710	-	710	753	6%	798	6%	846
Gains on disposal of PPE	76,801	-	76,801	86,829	2%	88,588	-3%	86,072
Total Revenue (excluding capital transfers and contributions)	359,609		359,609	402,650		413,900		431,635

The Municipality implemented 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.

TABLE 4: Transfers and Grants Receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	244,334	258,723	-	258,723	283,141	291,218	309,971
Local Government Equitable Share				223,248	234,532	-	234,532	262,068	277,790	295,066
Finance Management				1,700	1,700	-	1,700	1,700	1,700	1,700
Integrated National Electrification Programme					18,189	-	18,189	15,010	8,517	9,752
EPWP Incentive				15,000	1,321	-	1,321	1,321		
				1,291						
MIG Operational				3,095	2,981	-	2,981	3,042	3,211	3,453
Provincial Government:		400	400	400	400	250	650	700	700	700
Sport and Recreation		400	400	400	400	250	650	700	700	700
MIG Operational										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	400	-	400	300	318	337
LGSETA					400	-	400	300	318	337
Total Operating Transfers and Grants	5	400	400	244,734	259,523	250	259,773	284,141	292,236	311,008
Capital Transfers and Grants										
National Government:		-	58,050	64,989	56,644	9,000	65,644	57,802	61,003	65,610
Municipal Infrastructure Grant (MIG)			58,050	64,989	56,644	9,000	65,644	57,802	61,003	65,610
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	39,625	-	39,625	22,795	14,646	-
Office of the Premier					39,625	-	39,625	22,795	14,646	
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
LGSETA										
Total Capital Transfers and Grants	5	-	58,050	64,989	96,269	9,000	105,269	80,597	75,649	65,610
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	58,450	309,723	355,792	9,250	365,042	364,738	367,885	376,618

In 2019/20 financial year, the operational grants show an amount of R262 068 000. For the two outer years, the operational grants have increased to R277 790 000, and R295 066 000 respectively.

Table 5 Proposed rates to be levied for the 2019/20 financial year

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2019-30 JUNE 2020

Property rates for 2019/20			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2019/20 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 2019/20 budget and MTREF (classified per main type of operating expenditure):

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	105 285	113 638	130 174	136 962	136 962	136 962	136 962	146 138	156 514	168 253
Remuneration of councillors		17 001	18 411	21 880	23 061	23 061	23 061	23 061	24 606	26 353	28 329
Debt impairment	3	5 135	1 604	2 299	3 171	3 171	3 171	3 171	3 361	3 563	3 777
Depreciation & asset impairment	2	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Finance charges		161	131	130							
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4 964	4 572	3 025	10 557	11 591	11 591	11 591	13 612	14 574	15 606
Contracted services		-	-	38 504	52 103	63 242	63 242	63 242	64 481	62 717	65 806
Transfers and subsidies		-	-	2 612	4 361	8 004	8 004	8 004	8 166	8 746	9 402
Other expenditure	4, 5	87 667	69 874	46 228	43 723	52 981	52 981	52 981	59 528	63 638	66 209
Loss on disposal of PPE		3 253	3 656	499							
Total Expenditure		255 273	246 970	286 297	328 419	353 492	353 492	353 492	374 371	390 585	411 862

(i) Employee Related Costs

The three-year Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021 was used for the calculation of the budgeted employee cost.

The increment of salaries was estimated at 7% for the 2019/20 financial year as well as the two outer years as per the salary and wage collective agreement.

The cost associated with the remuneration of councillors 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 R170 744 000, and for two outer years, its R182 867 000 and R196 582 000 respectively.

(ii) Depreciation,:

Depreciation has been provided for at R57,8 million in 2019/20, R58 million in 2020/21 and R58,2 million in 2021/22.

(iii) Transfers & Grants:

An amount of R8,1 million has been provided for free basic services in the form of Eskom coupons and alternative energy.

(iv) Materials and Other Bulk Purchases:

This includes the repairs and maintenance. An amount of R13,6 million is budgeted for in 2019-20 and for the two outer year it is budgeted at R14,5 million and R15,6 million respectively.

(v) Contracted Services & Other expenditures

The overall amount has been provided for at R124 million in 2019-20, and for the outer years, it is budgeted at R126,3 million and R132 million.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2019/20 financial year.

PERCENTAGE ALLOCATION FOR 2019/2020 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	46%
General expenditure	33%
Repairs and Maintenance	6%
Provisions	15%
TOTAL %	100 %

4.4 CAPITAL EXPENDITURE

When comparing the previous budget of R130 167 000 to the current year budget of R125 112 000, there is a decrease of R5 million which is 4%. For the two outer years the capital expenditure budget is R108,8 million and R76 million respectively.

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	23 110	23 110	23 110	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	16 515	16 515	16 515	1 926	1 305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	39 625	39 625	39 625	39 625	22 795	14 646	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		735	-	1 100	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	7 642	-	9 600	9 600	9 600	9 600	11 130	6 960	2 107
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		5 708	2 491	7 452	1 000	1 000	1 000	1 000	-	1 002	1 202
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	950	643	691
Vote 5 - COMMUNITY & SOCIAL SERVICES		9 239	-	-	-	106	106	106	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		69 115	69 251	70 772	52 229	62 168	62 168	62 168	88 311	84 336	72 092
Vote 8 - PUBLIC SAFETY		-	-	-	100	153	153	153	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	259	8 683	16 515	17 515	17 515	17 515	1 926	1 305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		84 798	79 643	88 008	79 444	90 542	90 542	90 542	102 317	94 245	76 092
Total Capital Expenditure - Vote		84 798	79 643	88 008	119 069	130 167	130 167	130 167	125 112	108 891	76 092

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	5 605	5 726	5 732	7 405	10 911	10 911	10 911	14 947	15 340	15 756
Service charges	200	202	229	227	227	227	227	240	254	268
Investment revenue	7 231	8 198	12 519	8 300	10 300	10 300	10 300	8 798	9 326	9 885
Transfers recognised - operational	245 981	232 507	249 829	259 523	259 773	259 773	259 773	284 141	292 236	311 008
Other own revenue	15 228	15 684	10 438	84 060	97 180	97 180	97 180	94 524	96 744	94 718
Total Revenue (excluding capital transfers and contributions)	274 246	262 317	278 747	359 514	378 391	378 391	378 391	402 650	413 900	431 636
Employee costs	105 285	113 638	130 174	136 962	136 962	136 962	136 962	146 138	156 514	168 253
Remuneration of councillors	17 001	18 411	21 880	23 061	23 061	23 061	23 061	24 606	26 353	28 329
Depreciation & asset impairment	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Finance charges	161	131	130	-	-	-	-	-	-	-
Materials and bulk purchases	4 964	4 572	3 025	10 557	11 591	11 591	11 591	13 612	14 574	15 606
Transfers and grants	-	-	2 612	4 361	8 004	8 004	8 004	8 166	8 746	9 402
Other expenditure	96 055	75 134	87 530	98 998	119 394	119 394	119 394	127 370	129 918	135 792
Total Expenditure	255 273	246 970	286 297	328 419	353 492	353 492	353 492	374 371	390 585	411 862
Surplus/(Deficit)	18 972	15 347	(7 549)	31 096	24 899	24 899	24 899	28 279	23 315	19 774
Transfers and subsidies - capital (monetary allocations) (Net)	58 809	58 050	78 646	96 269	105 269	105 269	105 269	80 598	75 649	65 610
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384
Capital expenditure & funds sources										
Capital expenditure	84 798	79 643	88 008	118 869	130 167	130 167	130 167	102 317	94 245	76 092
Transfers recognised - capital	80 258	58 050	82 271	96 269	104 308	104 308	104 308	75 437	70 931	60 579
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	4 540	21 593	5 737	22 700	25 860	25 860	25 860	26 880	23 315	15 513
Total sources of capital funds	84 798	79 643	88 008	118 969	130 167	130 167	130 167	102 317	94 245	76 092
Financial position										
Total current assets	109 093	140 754	193 928	127 280	127 280	127 280	127 280	26 385	45 219	(5 219)
Total non current assets	405 884	449 893	503 532	505 094	511 002	511 002	511 002	512 348	515 120	448 444
Total current liabilities	20 385	22 394	51 654	26 762	38 262	38 262	38 262	20 201	22 043	23 229
Total non current liabilities	4 857	5 120	6 171	1 702	1 702	1 702	1 702	1 825	1 964	2 074
Community wealth/Equity	489 735	563 132	639 635	603 910	609 819	609 819	609 819	516 707	536 332	490 014
Cash flows										
Net cash from (used) operating	106 775	110 543	136 517	102 280	88 859	88 859	88 859	63 540	53 928	54 508
Net cash from (used) investing	(71 559)	(74 851)	(82 040)	(118 669)	(130 669)	(130 669)	(130 669)	(108 877)	(98 964)	(85 384)
Net cash from (used) financing	1 037	(3 319)	(4 388)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	101 947	134 320	184 409	117 931	54 353	(41 809)	(41 809)	139 071	94 035	63 159
Cash backing/surplus reconciliation										
Cash and investments available	101 947	134 320	184 409	110 247	110 247	110 247	110 247	10 201	29 510	(21 807)
Application of cash and investments	15 701	17 047	43 523	(2 272)	11 853	11 853	11 853	(4 086)	(2 172)	(2 498)
Balance - surplus (shortfall)	86 246	117 273	140 885	112 519	98 394	98 394	98 394	14 287	31 682	(19 309)
Asset management										
Asset register summary (WDV)	405 884	455 299	503 532	505 094	505 094	505 094	505 094	42 266	10 222	(1 030)
Depreciation	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Renewal and Upgrading of Existing Assets	-	-	-	8 000	10 000	10 000	10 000	-	-	-
Repairs and Maintenance	4 964	4 572	8 286	12 138	13 488	2 620	2 620	18 566	19 884	21 375
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	278	278	278	295	295	314	334
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		244 739	240 310	249 345	330 797	349 629	349 629	376 620	395 157	411 037
Executive and council		-	-	614	-	-	-	-	-	-
Finance and administration		244 297	239 728	248 731	330 797	349 629	349 629	376 620	395 157	411 037
Internal audit		441	583	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 801	4 292	412	5 552	5 802	5 802	6 161	6 488	6 836
Community and social services		344	50	412	440	690	690	742	745	748
Sport and recreation		-	400	-	-	-	-	-	-	-
Public safety		2 457	3 842	-	5 112	5 112	5 112	5 418	5 743	6 088
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		60 133	62 412	86 218	100 703	109 703	109 703	85 101	79 008	69 220
Planning and development		105	101	107	132	132	132	140	148	157
Road transport		60 028	62 311	86 111	100 571	109 571	109 571	84 961	78 860	69 063
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		25 382	13 353	21 419	16 442	18 526	18 526	15 367	8 896	10 153
Energy sources		25 000	11 250	15 000	16 105	18 189	18 189	15 010	8 517	9 752
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		382	2 103	6 419	337	337	337	357	379	401
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	333 055	320 367	357 393	453 493	483 659	483 659	483 248	489 549	497 246
Expenditure - Functional										
<i>Governance and administration</i>		228 102	127 489	181 710	217 580	226 269	226 269	242 844	256 043	269 075
Executive and council		18 041	57 239	59 413	64 915	65 312	65 312	73 859	79 103	84 316
Finance and administration		105 816	34 184	121 493	149 211	157 483	157 483	164 988	172 660	180 158
Internal audit		104 244	36 066	804	3 453	3 473	3 473	3 997	4 280	4 601
<i>Community and public safety</i>		-	37 884	14 632	36 332	36 619	36 619	40 147	42 948	46 018
Community and social services		-	15 572	9 228	14 381	14 518	14 518	16 171	17 269	18 472
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	19 967	1 827	16 674	16 824	16 824	17 949	19 223	20 607
Housing		-	2 345	3 132	4 648	4 648	4 648	5 130	5 494	5 906
Health		-	-	446	629	629	629	898	961	1 034
<i>Economic and environmental services</i>		4 964	62 752	59 829	45 789	46 876	46 876	55 783	59 743	61 933
Planning and development		-	10 559	16 998	19 427	19 554	19 554	23 239	24 889	24 925
Road transport		4 964	52 193	42 831	26 362	27 322	27 322	32 544	34 854	37 008
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 207	18 266	28 423	32 242	41 048	41 048	32 737	28 787	31 542
Energy sources		22 207	10 566	15 092	20 945	29 030	29 030	19 948	15 304	17 048
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	7 699	13 331	11 297	12 018	12 018	12 789	13 483	14 495
<i>Other</i>	4	-	579	1 703	2 681	2 681	2 681	2 860	3 063	3 293
Total Expenditure - Functional	3	255 274	246 971	286 297	334 624	353 492	353 492	374 371	390 585	411 862
Surplus/(Deficit) for the year		77 781	73 397	71 097	118 869	130 167	130 167	108 877	98 964	85 384

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	614	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		-	-	-	400	400	400	300	318	337
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		244 297	239 728	248 731	330 397	349 229	349 229	376 320	394 839	410 700
Vote 4 - PLANNING & DEVELOPMENT		105	101	107	132	132	132	140	148	157
Vote 5 - COMMUNITY & SOCIAL SERVICES		344	50	412	440	690	690	742	745	748
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		60 028	62 311	86 111	100 571	109 571	109 571	84 961	78 860	69 063
Vote 8 - PUBLIC SAFETY		2 457	3 842	-	5 112	5 112	5 112	5 418	5 743	6 088
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	400	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		25 000	11 250	15 000	16 105	18 189	18 189	15 010	8 517	9 752
Vote 12 - WASTE MANAGEMENT		382	2 103	6 419	337	337	337	357	379	401
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		441	583	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	333 055	320 367	357 393	453 493	483 659	483 659	483 248	489 549	497 246
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		18 041	57 239	59 413	64 915	65 312	65 312	73 859	79 103	84 316
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		-	-	-	38 091	40 497	40 497	44 801	47 979	50 421
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		105 816	34 184	121 493	111 120	116 987	116 987	120 187	124 681	129 737
Vote 4 - PLANNING & DEVELOPMENT		-	10 559	16 998	19 427	19 554	19 554	23 239	24 889	24 925
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	15 572	9 228	14 381	14 518	14 518	16 171	17 269	18 472
Vote 6 - HOUSING		-	2 345	3 132	4 648	4 648	4 648	5 130	5 494	5 906
Vote 7 - ROAD TRANSPORT		4 964	52 193	42 831	26 362	27 322	27 322	32 544	34 854	37 008
Vote 8 - PUBLIC SAFETY		-	19 967	1 827	16 674	16 824	16 824	17 949	19 223	20 607
Vote 9 - HEALTH		-	-	446	629	629	629	898	961	1 034
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		22 207	10 566	15 092	20 945	29 030	29 030	19 948	15 304	17 048
Vote 12 - WASTE MANAGEMENT		-	7 699	13 331	11 297	12 018	12 018	12 789	13 483	14 495
Vote 13 - OTHER		-	579	1 703	2 681	2 681	2 681	2 860	3 063	3 293
Vote 14 - INTERNAL AUDIT		104 244	36 066	804	3 453	3 473	3 473	3 997	4 280	4 601
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	255 274	246 971	286 297	334 624	353 492	353 492	374 371	390 585	411 862
Surplus/(Deficit) for the year	2	77 781	73 397	71 097	118 869	130 167	130 167	108 877	98 964	85 384

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

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	5 605	5 726	5 732	7 405	10 911	10 911	10 911	14 947	15 340	15 756
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	200	202	229	227	227	227	227	240	254	268
Rental of facilities and equipment		61	178	63	45	45	45	45	47	50	53
Interest earned - external investments		7 231	8 198	12 519	8 300	10 300	10 300	10 300	8 798	9 326	9 885
Interest earned - outstanding debtors		204	1 163	975	1 293	1 293	1 293	1 293	1 371	1 453	1 540
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76	196	572	430	430	430	430	456	483	512
Licences and permits		2 357	3 284	2 961	4 356	4 356	4 356	4 356	4 617	4 894	5 188
Agency services		235	540	731	426	426	426	426	451	478	507
Transfers and subsidies		245 981	232 507	249 829	259 523	259 773	259 773	259 773	284 141	292 236	311 008
Other revenue	2	12 295	10 323	5 136	710	710	710	710	753	798	846
Gains on disposal of PPE		-	-	-	76 801	89 921	89 921	89 921	86 829	88 588	86 072
Total Revenue (excluding capital transfers and contributions)		274 246	262 317	278 747	359 514	378 391	378 391	378 391	402 650	413 900	431 636
Expenditure By Type											
Employee related costs	2	105 285	113 638	130 174	136 962	136 962	136 962	136 962	146 138	156 514	168 253
Remuneration of councillors		17 001	18 411	21 880	23 061	23 061	23 061	23 061	24 606	26 353	28 329
Debt impairment	3	5 135	1 604	2 299	3 171	3 171	3 171	3 171	3 361	3 563	3 777
Depreciation & asset impairment	2	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Finance charges		161	131	130	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4 964	4 572	3 025	10 557	11 591	11 591	11 591	13 612	14 574	15 606
Contracted services		-	-	38 504	52 103	63 242	63 242	63 242	64 481	62 717	65 806
Transfers and subsidies		-	-	2 612	4 361	8 004	8 004	8 004	8 166	8 746	9 402
Other expenditure	4, 5	87 667	69 874	46 228	43 723	52 981	52 981	52 981	59 528	63 638	66 209
Loss on disposal of PPE		3 253	3 656	499	-	-	-	-	-	-	-
Total Expenditure		255 273	246 970	286 297	328 419	353 492	353 492	353 492	374 371	390 585	411 862
Surplus/(Deficit)		18 972	15 347	(7 549)	31 096	24 899	24 899	24 899	28 279	23 315	19 774
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		58 809	58 050	78 646	96 269	105 269	105 269	105 269	80 598	75 649	65 610
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)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		77 781	73 397	71 097	127 365	130 167	130 167	130 167	108 877	98 964	85 384

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	23 110	23 110	23 110	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	16 515	16 515	16 515	1 926	1 305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	39 625	39 625	39 625	39 625	22 795	14 646	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		735	-	1 100	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	7 642	-	9 600	9 600	9 600	9 600	11 130	6 960	2 107
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		5 708	2 491	7 452	1 000	1 000	1 000	1 000	-	1 002	1 202
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	950	643	691
Vote 5 - COMMUNITY & SOCIAL SERVICES		9 239	-	-	-	106	106	106	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		69 115	69 251	70 772	52 229	62 168	62 168	62 168	88 311	84 336	72 092
Vote 8 - PUBLIC SAFETY		-	-	-	100	153	153	153	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	259	8 683	16 515	17 515	17 515	17 515	1 926	1 305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		84 798	79 643	88 008	79 444	90 542	90 542	90 542	102 317	94 245	76 092
Total Capital Expenditure - Vote		84 798	79 643	88 008	119 069	130 167	130 167	130 167	125 112	108 891	76 092
Capital Expenditure - Functional											
Governance and administration		6 444	10 133	8 552	10 600	10 600	10 600	10 600	11 130	7 962	3 309
Executive and council		735	-	1 100	-	-	-	-	-	-	-
Finance and administration		5 708	2 491	7 452	10 600	10 600	10 600	10 600	11 130	7 962	3 309
Internal audit		-	7 642	-	-	-	-	-	-	-	-
Community and public safety		9 239	-	-	-	259	259	259	-	-	-
Community and social services		9 239	-	-	-	106	106	106	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	153	153	153	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		69 115	69 251	70 773	91 754	101 793	101 793	101 793	89 261	84 978	72 783
Planning and development		-	-	-	-	-	-	-	950	643	691
Road transport		69 115	69 251	70 773	91 754	101 793	101 793	101 793	88 311	84 336	72 092
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	259	8 683	16 515	17 515	17 515	17 515	1 926	1 305	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	259	8 683	16 515	17 515	17 515	17 515	1 926	1 305	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	84 798	79 643	88 008	118 869	130 167	130 167	130 167	102 317	94 245	76 092
Funded by:											
National Government		58 809	58 050	48 398	56 644	64 683	64 683	64 683	52 917	56 285	60 579
Provincial Government		-	-	33 173	39 625	39 625	39 625	39 625	22 520	14 646	-
District Municipality		-	-	700	-	-	-	-	-	-	-
Other transfers and grants		21 449	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	80 258	58 050	82 271	96 269	104 308	104 308	104 308	75 437	70 931	60 579
Borrowing	6										
Internally generated funds		4 540	21 593	5 737	22 700	25 860	25 860	25 860	26 880	23 315	15 513
Total Capital Funding	7	84 798	79 643	88 008	118 969	130 167	130 167	130 167	102 317	94 245	76 092

4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		36 028	42 833	34 106	110 247	110 247	110 247	110 247	10 201	29 510	(21 807)
Call investment deposits	1	65 919	91 486	150 303	-	-	-	-	-	-	-
Consumer debtors	1	1 398	1 706	645	12 035	16 447	16 447	16 447	15 598	15 121	15 968
Other debtors		5 389	4 449	8 608	4 412	-	-	-	-	-	-
Current portion of long-term receivables					227	227	227	227	227	227	240
Inventry	2	360	280	266	360	360	360	360	360	360	380
Total current assets		109 093	140 754	193 928	127 280	127 280	127 280	127 280	26 385	45 219	(5 219)
Non current assets											
Long-term receivables											
Investments											
Investment property		62 053	65 151	67 952	61 683	61 683	61 683	61 683	61 683	61 683	65 137
Investment in Associate											
Property, plant and equipment	3	343 171	384 540	434 800	440 703	446 612	446 612	446 612	447 749	450 435	380 121
Biological											
Intangible		659	202	779	2 707	2 707	2 707	2 707	2 916	3 003	3 186
Other non-current assets											
Total non current assets		405 884	449 893	503 532	505 094	511 002	511 002	511 002	512 348	515 120	448 444
TOTAL ASSETS		514 977	590 647	697 459	632 374	638 283	638 283	638 283	538 733	560 339	443 225
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	453	333	305	-	-	-	-	-	-	-
Consumer deposits		269	416	907							
Trade and other payables	4	18 899	21 133	49 685	11 500	23 000	23 000	23 000	4 940	6 781	7 113
Provisions		764	513	756	15 262	15 262	15 262	15 262	15 262	15 262	16 116
Total current liabilities		20 385	22 394	51 654	26 762	38 262	38 262	38 262	20 201	22 043	23 229
Non current liabilities											
Borrowing		624	235	438	1 702	1 702	1 702	1 702	1 825	1 964	2 074
Provisions		4 233	4 885	5 733	-	-	-	-	-	-	-
Total non current liabilities		4 857	5 120	6 171	1 702	1 702	1 702	1 702	1 825	1 964	2 074
TOTAL LIABILITIES		25 241	27 515	57 825	28 464	39 964	39 964	39 964	22 026	24 007	25 303
NET ASSETS	5	489 735	563 132	639 635	603 910	598 319	598 319	598 319	516 707	536 332	417 922
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		487 439	557 738	639 635	603 910	609 819	609 819	609 819	516 707	536 332	490 014
Reserves	4	2 297	5 394	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	489 735	563 132	639 635	603 910	609 819	609 819	609 819	516 707	536 332	490 014

4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5 605	14 349	10 920	6 331	6 331	6 331	6 331	6 711	7 114	7 512
Service charges		200			235	235	235	235	251	266	281
Other revenue		4 108			5 903	5 903	5 903	5 903	6 279	6 682	7 056
Government - operating	1	245 981	229 130	275 144	259 523	259 773	259 773	259 773	277 609	287 586	303 690
Government - capital	1	58 809	58 809	78 646	96 269	105 269	105 269	105 269	80 598	75 649	79 886
Interest		7 231	8 198	12 519	8 103	8 103	8 103	8 103	8 622	9 173	9 687
Dividends					-				-	-	-
Payments											
Suppliers and employees		(215 154)	(199 813)	(240 582)	(269 088)	(291 899)	(291 899)	(291 899)	(308 364)	(323 796)	(344 203)
Finance charges		(5)	(131)	(130)	-	-	-	-	-	-	-
Transfers and Grants	1				(4 996)	(4 855)	(4 855)	(4 855)	(8 166)	(8 746)	(9 402)
NET CASH FROM/(USED) OPERATING ACTIVITIES		106 775	110 543	136 517	102 280	88 859	88 859	88 859	63 540	53 928	54 508
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			994	207	300	300	300	300	-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(71 559)	(75 845)	(82 247)	(118 969)	(130 969)	(130 969)	(130 969)	(108 877)	(98 964)	(85 384)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(71 559)	(74 851)	(82 040)	(118 669)	(130 669)	(130 669)	(130 669)	(108 877)	(98 964)	(85 384)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		1 615	(2 810)	(4 212)					-	-	-
Payments											
Repayment of borrowing		(578)	(509)	(176)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 037	(3 319)	(4 388)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		36 253	32 373	50 089	(16 389)	(41 809)	(41 809)	(41 809)	(45 337)	(45 036)	(30 876)
Cash/cash equivalents at the year begin:	2	65 694	101 947	134 320	134 320	96 163			184 409	139 071	94 035
Cash/cash equivalents at the year end:	2	101 947	134 320	184 409	117 931	54 353	(41 809)	(41 809)	139 071	94 035	63 159

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	101 947	134 320	184 409	117 931	54 353	(41 809)	(41 809)	139 071	94 035	63 159
Other current investments > 90 days		(0)	(0)	0	(7 684)	55 893	152 056	152 056	(128 870)	(64 525)	(84 966)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		101 947	134 320	184 409	110 247	110 247	110 247	110 247	10 201	29 510	(21 807)
Application of cash and investments											
Unspent conditional transfers		-	217	25 532	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	15 701	16 830	17 992	(2 272)	11 853	11 853	11 853	(4 086)	(2 172)	(2 498)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		15 701	17 047	43 523	(2 272)	11 853	11 853	11 853	(4 086)	(2 172)	(2 498)
Surplus(shortfall)		86 246	117 273	140 885	112 519	98 394	98 394	98 394	14 287	31 682	(19 309)

Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	R e f	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	84 798	79 643	88 008	110 969	119 848	119 848	102 317	94 245	76 092
<i>Roads Infrastructure</i>		63 766	70 765	70 425	73 797	67 295	67 295	74 741	79 261	72 092
<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>		-	-	-	16 515	16 515	16 515	1 926	1 305	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		63 766	70 765	70 425	90 312	83 810	83 810	76 667	80 566	72 092
Community Facilities		9 239	259	8 683	5 957	17 221	17 221	9 120	1 075	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		9 239	259	8 683	5 957	17 221	17 221	9 120	1 075	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	5 000	5 000	5 000	9 000	5 000	-

Investment properties	-	-	-	5 000	5 000	5 000	9 000	5 000	-
Operational Buildings	4 017	4 521	5 132	500	1 564	1 564	300	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	4 017	4 521	5 132	500	1 564	1 564	300	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	180	64	725	1 300	1 300	1 300	750	803	863
Intangible Assets	180	64	725	1 300	1 300	1 300	750	803	863
Computer Equipment	1 307	-	-	1 500	1 500	1 500	600	643	691
Furniture and Office Equipment	385	719	791	1 400	3 453	3 453	1 080	1 157	1 243
Machinery and Equipment	4 069	824	347	4 000	4 000	4 000	4 000	4 000	-
Transport Assets	1 835	2 491	1 904	1 000	2 000	2 000	800	1 002	1 202
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	8 000	10 000	10 000	-	-	-
<i>Roads Infrastructure</i>	-	-	-	8 000	10 000	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>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-

Infrastructure				8 000	10 000	10 000			
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets									
Heritage Assets									
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties									
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets									
Biological or Cultivated Assets									
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets									
Computer Equipment									
Furniture and Office Equipment									
Machinery and Equipment									
Transport Assets									
Land									
Zoo's, Marine and Non-biological Animals									
Total Upgrading of Existing Assets	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>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-

Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	84 798	79 643	88 008	118 969	129 848	129 848	102 317	94 245	76 092
<i>Roads Infrastructure</i>	63 766	70 765	70 425	81 797	77 295	77 295	74 741	79 261	72 092
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	16 515	16 515	16 515	1 926	1 305	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	63 766	70 765	70 425	98 312	93 810	93 810	76 667	80 566	72 092
Community Facilities	9 239	259	8 683	5 957	17 221	17 221	9 120	1 075	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	9 239	259	8 683	5 957	17 221	17 221	9 120	1 075	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	5 000	5 000	5 000	9 000	5 000	-
Investment properties	-	-	-	5 000	5 000	5 000	9 000	5 000	-
Operational Buildings	4 017	4 521	5 132	500	1 564	1 564	300	-	-
Housing	-	-	-	-	-	-	-	-	-

Other Assets		4 017	4 521	5 132	500	1 564	1 564	300	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		180	64	725	1 300	1 300	1 300	750	803	863
Intangible Assets		180	64	725	1 300	1 300	1 300	750	803	863
Computer Equipment		1 307	–	–	1 500	1 500	1 500	600	643	691
Furniture and Office Equipment		385	719	791	1 400	3 453	3 453	1 080	1 157	1 243
Machinery and Equipment		4 069	824	347	4 000	4 000	4 000	4 000	4 000	–
Transport Assets		1 835	2 491	1 904	1 000	2 000	2 000	800	1 002	1 202
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		84 798	79 643	88 008	118 969	129 848	129 848	102 317	94 245	76 092
ASSET REGISTER SUMMARY - PPE (WDV)	5	405 884	455 299	503 532	505 094	505 094	505 094	42 266	10 222	(1 030)
<i>Roads Infrastructure</i>		289 316	328 764	363 739	365 435	365 435	365 435	(101 472)	(116 836)	(123 379)
<i>Storm water Infrastructure</i>								(4 041)	(4 427)	(4 675)
<i>Electrical Infrastructure</i>								360	289	305
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>					9 280	9 280	9 280	700	258	(1 106)
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Infrastructure</i>	Communication									
Infrastructure		289 316	328 764	363 739	374 715	374 715	374 715	(104 453)	(120 717)	(128 855)
Community Assets		11 179	10 433	17 610	2 903	2 903	2 903	13 371	(901)	(2 086)

Heritage Assets									
Investment properties									
		62 053	65 151	67 952	61 683	61 683	61 683	61 683	65 137
Other Assets									
		22 205	25 420	29 263	31 025	31 025	31 025	37 124	33 422
Biological or Cultivated Assets									
Intangible Assets									
		659	202	779	1 592	1 592	1 592	2 916	3 003
Computer Equipment									
		2 645	3 678	3 165	3 516	3 516	3 516	6 279	6 305
Furniture and Office Equipment									
		1 970	2 927	2 869	7 975	7 975	7 975	5 297	5 369
Machinery and Equipment									
		6 624	7 531	6 993	13 923	13 923	13 923	19 000	20 000
Transport Assets									
		9 233	11 193	11 160	7 762	7 762	7 762	1 049	2 058
Land Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	405 884	455 299	503 532	505 094	505 094	505 094	42 266	10 222
EXPENDITURE OTHER ITEMS									
		36 772	39 656	49 231	66 619	67 969	57 100	73 046	75 856
<u>Depreciation</u>	7								
		31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480
<u>Repairs and Maintenance by Asset Class</u>	3								
		4 964	4 572	8 286	12 138	13 488	2 620	18 566	19 884
<i>Roads Infrastructure</i>									
		4 964	2 161	8 286	8 000	8 650	-	11 867	12 709
<i>Storm water Infrastructure</i>									
		-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>									
		-	849	-	500	500	-	955	1 023
<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>	-	-	-	-	-	-	-	-	-
Infrastructure	4 964	3 010	8 286	8 500	9 150	-	12 822	13 732	14 762
Community Facilities	-	-	-	152	177	-	350	375	403
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	152	177	-	350	375	403
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	1 562	-	842	1 542	-	2 100	2 249	2 418
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	1 562	-	842	1 542	-	2 100	2 249	2 418
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	113	113	113	100	107	115
Furniture and Office Equipment	-	-	-	244	208	208	320	343	368
Machinery and Equipment	-	-	-	1 000	1 012	1 012	1 500	1 607	1 727
Transport Assets	-	-	-	1 288	1 288	1 288	1 374	1 471	1 582
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	36 772	39 656	49 231	66 619	67 969	57 100	73 046	74 364	75 856

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 development of the draft IDP and preparation of the multi-year budget for 2019/20 to 2022. 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.

IDP AND BUDGET PROCESS PLAN

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
AUGUST 2018				
	Conclude performance agreements for the 2018-2019	Mayor & Municipal Manager	August 2018	MFMA Sec 53(1)c & MSA sec 56
	Make public the annual performance agreements and place copies to the municipal website	Office of the Municipal Manager	11 August 2018	MFMA 53(3)(a)
	Place the annual performance agreements on the municipal website	Office of the Municipal Manager	16 August 2018	MFMA 75 (1)(d)

	<p>Table IDP, PMS and Annual Budget Process Plan for 2019/20 to the Executive Committee including the following documents</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2017/2018 FY ✓ Performance Information report (MSA-s46) 2017-2018 ✓ Draft Annual Report for 2017/2018 	Municipal Manager	22 August 2018	MFMA 21(1)(b) & 53 (1) (b)
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HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<p>Audit Committee Meeting to consider the review the:</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2017/20178 ✓ Performance Information report (MSA-s46) 2017-2018 <p>Draft Annual Report for 2017/2018</p>	Office of the MM	22 August 2018	MFMA s65 & 66

	<p>Tabling of IDP & Annual Budget Process Plan, AFS & Performance information report to Council for adoption including the following documents</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2017/2018 ✓ Performance Information report (MSA-s46) ✓ Annual Report for 2017/2018 	Mayor	29 August 2018	MFMA 21(1)(b) & 53 (1) (b)
	<p>Printing of Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2018</p>	MM	29-30 August 2018	MFMA 126 (1) (a)

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
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	Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2018 to Auditor General Office	Chief Financial Officer, MM	31 August 2018	MFMA 126 (1) (a)
SEPTEMBER 2018				
	Publish approved 2019/2020 IDP, PMS and Budget Process Plan and Framework on website and newspaper	SM: Operations	13 September 2018	MSA S16 & 21
	Submit approved 2019/20 IDP, PMS and Budget Process Plan and Framework to CoGTA, and Provincial Treasury, Auditor General (within 10 days of approval)	SM: Operations	13 September 2018	MFMA Sec 75 (2)
	Intergovernmental Engagements (IGR FORUM)	Mayor	19 September 2018	Constitution of RSA, s41 & MSA s24
OCTOBER 2018				
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	October 2018	Chapter 3, Constitution of

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
				the RSA, 1996
	District Planning Forum sitting to share socio-economic data	ORTAMBO DM	11 October 2018	
	IDP & Budget Steering Committee	Municipal Manager	09 October 2018	IDP Guide
	Consultation and inclusion of Sector Department information to the IDP		October 2018	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	31 October 2018	MFMA s52(d)
NOVEMBER 2018				
	Convene IDP Rep Forum to present Situational Analysis	MM	06 November 2018	
	Place quarterly performance report on the municipal website	Office of the Municipal Manager	05 November 2018	MFMA 75 (1)K & 52(d)

	Mayoral Imbizo's to give service delivery feedback and get community priority needs		19-23 2018	November	MSA s34 & s16

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
DECEMBER 2018				
	District Cluster Forums (to present situational analysis and project identification for 2019/20)		6-7 December 2018	
	Special Exco Meeting		07 December 2018	
	Special Council Meeting		14 December 2018	
JANUARY 2019				
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	15-16 January 2019	MFMA s72 (1) & 11
	Risk Management Committee		17 January 2019	

	Special Exco Meeting to Table Mid-year Report, revised SDBIP and Adjustment Budget for approval and Annual Report		21 January 2019	
	Ordinary Audit, Risk & Performance Committee (Assessment of Mid-year performance)	Internal Audit Unit	22 January 2019	
	Table Mid-year Report, revised SDBIP and Annual	Mayor & MM	24 January 2019	MFMA s72 (1) &

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Report to the Special Council Meeting			11
FEBRUARY 2019				
	Special Council Meeting to consider Oversight Report		05 February 2019	MFMA s129
	Place the Annual Report for 2017-2018 on the municipal website	Office of the Municipal Manager	10 February 2019	MFMA 75 (1)©

	Place the quarterly performance report (s52(d) on the municipal website			
	Provincial Treasury Mid-year assessment		21 February 2019	
	Table 2018/19 Adjustment Budget to Council for approval. (Possibly Amend IDP and Top Layer SDBIP).	CFO & MM	27 February 2019	MFMA s72 (1) & 11
	Convene Strategic Planning Session to review municipal high level overarching strategies and short term development objectives	Council	04 – 08 March 2019	
MARCH 2019				
COUN CIL	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive	Municipal Manager & CFO	23 March 2018	

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
SITTING	Committee			
	Convene IDP Rep Forum to present Draft IDP 2019/20 Review and Draft budget 2019/20	MM	27 March 2019	

	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	29 March 2019	MFMA s16 (2)
APRIL 2019				
	Risk Committee		05 April 2019	
	IDP Representative Forum	Mayor	10 April 2019	
	Special Executive Committee Meeting		20 April 2019	
	MTREF Engagement and Benchmarking(Conducted by Provincial Treasury)	MM	22 April 2019	
	Table third quarter performance report including financial performance analysis report to Council	Mayor	26 April 2018	MFMA s52(d)
HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
MAY 2019				

	IDP and Budget Public Hearings		7-10 May 2019	
	Council Policy Consultative Workshop		21 – 23 May 2019	
	Ordinary Exco Meeting		24 May 2019	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	30 May 2019	MFMA s24 (1)
JUNE 2019				
	Ordinary Audit, Risk & Performance Committee		07 June 2019	
	Submit approved annual budget and IDP to NT & PT		10 June 2019	MFMA 24 (3)
	Publish the IDP and Budget for 2019-2020		07 June 2019	
	Special Exco Meeting to consider End of the Year Road Map and Financial Related Reports		June 2019	
	Ordinary Council Meeting		27 June 2019	

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
- ❑ Budget Policy
- ❑ Indigent Policy

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 94 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2018/2019	2019/2020	2020/2021	2021/2022
	Estimate	Forecast		
CPI Inflation	4.7%	5.2%	5.4%	5.4%

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 2018 to 30 June 2021. The preparation of the 2019/20 MTREF constitutes implementation of the second year of the agreement, which municipalities must implement as follows:

2019/20 Financial Year – average CPI + 1 per cent

The previous years were:

2017/18 Financial Year – average CPI + 1 per cent

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

For the remuneration of Councillors, the municipality has budget based on actual costs approved in accordance with the Government Gazette No. 20 of 1998 on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance (DCoG).

8.3 Municipalities are advised to structure their 2019/20 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 2019/2020 capital budget amounts to R125,1 million, and for the two outer years its R108, 8 million and R76 million. It is predominantly funded through the MIG funding, Small Town Revitalisation and Internally Generated Funding.

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 2019. 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 R14,9 million for the current year, and for two outer years is R15,3 million and R15,7 million.

The income received in the form of the Equitable Share Grant is R262 million and for the two outer years is R277 million and R295 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2019-20	R1 700 000
INEP	2019-20	R15 010 000
EPWP	2019-20	R1 321 000
LIBRARY SUBSIDY	2019-20	R750 000

Capital Grants are as follows:

Grant Name	Financial Year	Amount
MIG	2019-20	R60 844 000
STR	2019-20	R22 795 000

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 2019 to 30 June 2020. 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 2019/2020 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 2019/20 MTREF in May 2019. 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

13. Other Supporting Documents

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		5 605	5 726	5 732	7 632	11 138	11 138	11 138	15 189	15 597	16 029
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>					228	228	228	228	242	257	273
Net Property Rates		5 605	5 726	5 732	7 405	10 911	10 911	10 911	14 947	15 340	15 756
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>					-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	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>					-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
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>					-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue		200	202	229	277	277	277	277	293	311	330
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>					50	50	50	50	53	57	61

less Cost of Free Basis Services (removed once a week to indigent households)	–	–	–	–	–	–	–	–	–	–	
Net Service charges - refuse revenue	200	202	229	227	227	227	227	240	254	268	
Other Revenue by source											
<i>Commission charged</i>	44			200	200	200	200	212	225	238	
<i>Site Rental</i>				38	38	38	38	–	–	–	
<i>Tender sales</i>	541			400	400	400	400	424	449	476	
Building plan approval				6	6	6	6	7	7	8	
Plan fees	1	10 323		25	25	25	25	27	29	30	
Funeral fees	0			20	20	20	20	21	22	24	
Eco-park fees				20	20	20	20	21	22	24	
Training LGSETA	441										
Vending & Hawking	69										
Fair value gain on short term investments	267										
Donations received	10 904										
Sundry income	3 28		5 136					40	43	45	
Total 'Other' Revenue	12 295	10 323	5 136	710	710	710	710	753	798	846	
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2 105 285	66 538	130 174	89 529	89 529	89 529	89 529	88 602	94 893	102 010	
Pension and UIF Contributions		6 632		13 594	13 594	13 594	13 594	14 505	15 535	16 700	
Medical Aid Contributions		6 210		15 517	15 517	15 517	15 517	16 556	17 732	19 062	
Overtime		6 632		6 007	6 007	6 007	6 007	6 118	6 552	7 044	
Performance Bonus		5 698		688	688	688	688	7 113	7 618	8 190	
Motor Vehicle Allowance		9 031		5 535	5 535	5 535	5 535	5 906	6 326	6 800	
Cellphone Allowance					–		–	–	–	–	
Housing Allowances		5 954		3 553	3 553	3 553	3 553	3 791	4 060	4 364	
Other benefits and allowances		6 943		2 355	2 355	2 355	2 355	3 511	3 761	4 043	
Payments in lieu of leave					–		–	–	–	–	
Long service awards				183	183	183	183	35	38	41	
Post-retirement benefit obligations	4				–		–	–	–	–	
sub-total	5	105 285	113 638	130 174	136 962	136 962	136 962	136 962	146 138	156 514	168 253
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	105 285	113 638	130 174	136 962	136 962	136 962	136 962	146 138	156 514	168 253

Contributions recognised - capital										
<i>List contributions by contract</i>										
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	31 807	35 084	40 945	54 480	54 480	54 480	54 480	54 480	54 480	54 480
Bulk purchases										
Electricity Bulk Purchases										
Water Bulk Purchases										
Total bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants										
Cash transfers and grants	-	-	2 612	2 291	4 855	4 855	4 855	6 756	7 236	7 778
Non-cash transfers and grants	-	-	-	2 071	3 149	3 149	3 149	1 410	1 510	1 623
Total transfers and grants	-	-	2 612	4 361	8 004	8 004	8 004	8 166	8 746	9 402
Contracted services										
<i>List services provided by contract</i>			38 504	52 103	63 242	63 242	63 242	64 481	62 717	65 806
sub-total	-	-	38 504	52 103	63 242	63 242	63 242	64 481	62 717	65 806
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										

Total contracted services		-	-	38 504	52 103	63 242	63 242	63 242	64 481	62 717	65 806
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses	3	87 667	69 874	46 228	43 723	52 981	52 981	52 981	59 528	63 638	66 209
<i>List Other Expenditure by Type</i>											
Total 'Other' Expenditure	1	87 667	69 874	46 228	43 723	52 981	52 981	52 981	59 528	63 638	66 209
Repairs and Maintenance by Expenditure Item	8										
Employee related costs									2 000	2 142	2 303
Other materials					10 557	1 974	1 974	1 974	2 927	3 135	3 370
Contracted Services		(4 964)	(4 572)	3 025		8 287	8 287	8 287	13 340	14 287	15 359
Other Expenditure						296	296	296	299	320	344
Total Repairs and Maintenance Expenditure	9	(4 964)	(4 572)	3 025	10 557	10 557	10 557	10 557	18 566	19 884	21 375