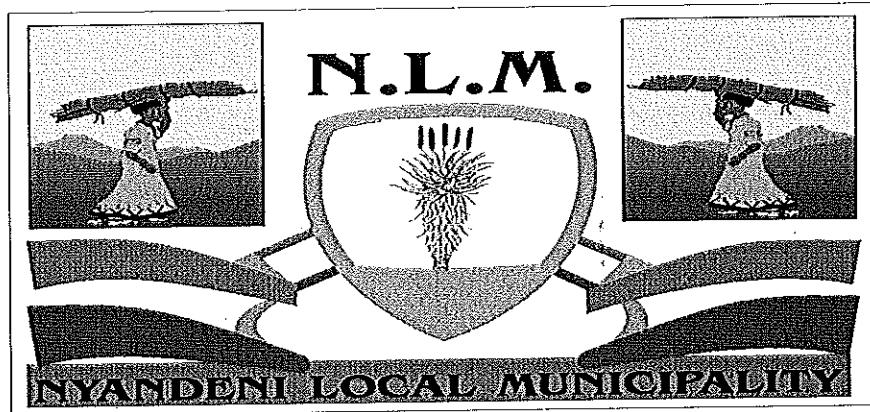


NYANDENI LOCAL MUNICIPALITY



Draft Annual Budget

2014/15MTREF

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Part 1 – Annual Budget

1.1 MAYOR'S REPORT

Section 153 of the Constitution of the Republic of South Africa, 1996, prescribe that a municipality must (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes

To give effect to the above constitutional provisions, section 34 of the Local Government: Municipal Systems Act, 2000, prescribe that a municipal council must review its integrated development plan (i) annually in accordance with an assessment of its performance measurements in terms of section 41 and (ii) to the extent that changing circumstances so demand.

The Annual Budget has been informed by MFMA Circular 70, and 72. Division of Revenue Act of 2014

Social Infrastructure Development will be at the centre of the Reviewed Integrated Development Plan and Budget, focusing on the following

- a. Construction of access road
- b. Maintenance and repairs
- c. Electricity
- d. Refuse Removal
- e. Water and sanitation
- f. Human Settlement
- g. Spatial Development Plan
- h. Storm Water Management

ORGANISATIONAL VALUES

In pursuit of Good Governance Ethos, the IDP Review is underpinned by the following values

Council values

The King III report defines good governance as following:

"Good corporate governance is essentially about effective, responsible leadership. Responsible leadership is characterised by the ethical values of responsibility,

accountability, fairness and transparency. Section 195 of the Constitution of the RSA, 1996 states that public administration must be governed by the democratic values and principles enshrined in the Constitution, including

- ▶ High standard of professional ethics must be promoted and maintained
- ▶ Efficient, economic and effective use of resources must be promoted
- ▶ Public administration must be development oriented

In line with the Constitution the municipality has adopted and ascribe to the following values

- a) **Diligence** (self-driven public representative and management team, commitment to serving the people, assertive in representing the interests of Nyandeni inhabitants)
- b) **Promptness** (responding to matters of public and citizens interests within reasonable time including acknowledging and keeping people informed of all municipal processes)
- c) **Integrity** (transparency, honesty, good democratic ethics, impartial on matters of public good and interest and building a public service that transcends political and social boundaries)
- d) **Accountability** (responsible, taking ownership, discipline, efficient and implanting a culture of a demand driven development paradigm)
- e) **Participative** (building a reciprocal relationship between management and all internal stakeholders, between council and administration, between labour and organizational leadership, and between the municipality and its citizens and social formations)
- f) **Responsive** (building a customer friendly municipal environment, ensuring a proactive, flexible, creative and quality conscious service delivery environment)
- g) **Considerate** (implanting a culture of compassionate, caring and emotional intelligent municipal environment that prioritizes its inhabitants, employees and councillors)

ALIGNMENT WITH NATIONAL AND PROVINCIAL LEGISLATIONS

2014 ANC MANIFESTO

The ruling party, The African National Congress has unveiled its manifesto for 2014 elections commits to build on the progress made in implementing 2009 manifesto priorities, which are;

- Creation of more jobs, decent work and sustainable livelihoods for inclusive growth

- Rural development, land reform and food security
- Education
- Health and
- Fighting crime and corruption

NATIONAL DEVELOPMENT PLAN

The IDP Review for 2014/15 has taken into account *the National Development Plan* which defines South Africa's development trajectory by amongst other things investing in a strong network of economic infrastructure designed to support the country's medium and long term economic and social objectives and improving the quality of education, skills development and innovation

SPLUMA

The Spatial Planning and Land Use Management Act, 2013 (SPLUMA) was assented to by the President of the Republic of South Africa on 5 August 2013. SPLUMA is a framework act for all spatial planning and land use management legislation in South Africa. It seeks to promote consistency and uniformity in procedures and decision-making in this field. The other objects include addressing historical spatial imbalances and the integration of the principles of sustainable development into land use and planning regulatory tools and legislative instruments

Medium Term service delivery objectives

This section represents the service delivery highlights for 2013/2014

- 1. To Improve Municipal Planning and policy development**
 - IDP, budget and SDBIP for 2013/14 were compiled and Adopted by Council on time and in accordance with the norms and standards as prescribed by National Treasury
 - Financial policies have been reviewed particularly the Supply Chain Management, Asset Management and Human Resource Management
- 2. To ensure a tool for measuring achievement of pre-determined objectives**
 - Mid-year performance assessment report compiled and adopted by Council
 - Annual report for 2013/14 tabled to Council and Oversight report adopted by 31 March 2014

- Annual Report for 2012/2013 approved without any reservations
3. **To achieve clean audit report by 2014**
 - Audit opinion has improved from a Qualified Opinion to Unqualified Opinion
 - A Comprehensive Action Plan has been developed and implementation is monitored
 4. **To ensure good governance and public participation**
 - All wards committees are in place are participating in municipal development programmes
 - Fraud Prevention Policy has been developed
 - Risk Management Framework, Register and policy developed
 5. **To improve livelihood in urban and rural areas through infrastructure development and maintenance**
 - Streets lights have been maintained in both towns of Libode and Ngqeleni
 - Construction and maintenance of access roads
 - Refuse removal

1.2 BUDGET RELATED RESOLUTIONS

Draft Annual Budget for 2014/15

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2014/2015 and the indicated two outer years of 2015/2016 and 2016/2017 which was tabled for public scrutiny and input 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 Taxes

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 2014 to 30 June 2015, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

3.4 Council resolves that the following draft tariffs and charges be applied.

1.HALL HIRE CHARGES	2012/2013	2013/2014	2014/2015 at 5.9 CPIX
Meeting, workshop, conference	R152.50	R160.00	R169
Memorial & Religious services	R254.16	R268.00	R284
Concerts, Contests & shows	R508.32	R535.00	R567
Wedding, Parties	R635.40	R669.00	R708
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R381.24	R402.00	R426
2. SECURITY FEES			
Memorial, religious services	R254.16	R268.00	R284
Concerts, contests & shows (day/night)	R762.48	R802.00	R849
Parties, discos	R1270.80	R1338.00	R1 417
Weddings	R889.56	R936.00	R991
Gospel concerts, shows (day/night)	R254.16	R268.00	R284
3. WOODSALE			
Head load	R12.71	R13.00	R14
Bakkie	R190.62	R200.00	R212
Truck	R381.24	R402.00	R426
Lantjies	R6.35	R7.00	R7
Lantjies	R11.44	R12.00	R13
Poles	R4.45	R5.00	R5
Tree	R19.06	R20.00	R21
4. POUND FEES			
Entrance fee	R63.54	R66.00	R70
Driving fee	R50.83	R54.00	R57
Day charges	R25.42	R26.00	R28
Outgoing fees	R63.54	R66.00	R70
Cattle, horse	R50.83	R54.00	R57
Sheep & Goat	R25.42	R27.00	R29
5. REFUSE REMOVAL			
Households	R22.87	R24.00	R25
Businesses: General	R127.08	R134.00	R142
: Big Retailers	R279.58	R353.00	R374
Government: Category 1	R127.08	R134.00	R142
: Category2	R2563.00	R2570.00	R2 722
Churches	R22.87	R24.00	R25
6. CEMETERY			
Living in town	R264.75	R278.00	R294
Outside town	R370.65	R390.00	R413
7. TENDER FEES			
R50 000.00-R200 000.0	R190.62	R200.00	R212
R200 000.00-R500 000.00	R254.16	R268.00	R284
R500 000.00-R800 000.00	R317.70	R335.00	R355
R800 000.00-R1000 000.00 Or More	R381.24	R402.00	R426
8. BUSINESS LICENCE			
Supermarket & General Dealer	R468.35	R600.00	R635
Hawker	R33.45	R100.00	R106

Caravan (Restaurant & Telephone) p/y	R66.91	R100.00	R106
Salon (p/y)	R66.91	R100.00	R106
Funeral Parlour (p/y)	R535.26	R600.00	R635
Hardware (p/y)	R468.35	R550.00	R582
Accommodation establishment	R401.45	R432.00	R457
9. MARKET SITE			
Hawkers (p/m)	R25.42	R27.00	R29
Caravan Site(p/m)	R63.54	R66.00	R70
10. CHAIR HIRE			
Around town (chair per day)	R6.35	R7.00	R7
Indemnity fee (per chair)	R12.71	R13.00	R14
11. TOWN PLANNING TARIFFS			
	2012/2013	2013/2014	2014/2015
11.1 Zoning Certificates	R30.00	R32.00	R34
11.2 Town Planning scheme document	R300.00	R300.00	R318
11.3 Application for special consent			
Application fees	R450.00	R476.00	R504
application form			
Rezoning Application			
Advertising	Price as quoted by Daily Dispatch		
11.4 Application Fees			
Erven from 500sqm-1000sqm	R725/site	R768.00/site	R813
Erven from 1000sqm-1500sqm	R825/site	R874.00/site	R926
Erven from 1500sqm- 2000sqm	R925/site	R980.00/site	R1 038
Erven from 2000sqm and >	R1025/site	R1085.00/site	R1 149
11.5 Subdivision and Township Application			
Basic Subdivision fee	R625	R662.00	R701
Charges per subdivision	R55	R55.00	R58
(Remainder considered a subdivision)			
11.6 Application for Removal of Restrictive Conditions			
Application fee	R1500	R1500	R1 589
11.7 Relaxation of Building Line	R200	R212.00	R225
11.8 Consolidation	R500	R500	R530
11.9 Building Plan Approval	R35.00/sqm	R37.00/sqm	R39

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2014-30 JUNE 2015

<u>CATEGORY</u>	<u>TARRIF</u>
Residential Property	0.0078
Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture1	0.0101

Agriculture2	0.0101
Institutions	0.0116
Clinics	0.0116
Hospital	0.0116
Schools	0.0116
Trading Stations	0.0116
R 61 Road	0.0019
N2 Road	0.0019

Category2

	2012/13	2013/14	204/2015
Refuse Removal	127.08	134.00	R142
Bags (1000*R0,80)	(1000*R0,90) 900.00	900.00	(1000*.95) R953
Mileage (24km*2days*4weeks in month)	1536.00	1536.00	R1 627
	2563.08	2570.00	R2 722

NOTES

- Property rates –no change in tariffs
 - Other tariffs – 5.9% increase based on CPIX across the board will be a fair percentage so as to be close to the tariffs levied by other rural municipalities.
 - On Refuse Removal- 5.9% increase.
 - General business is classified as your small micro medium enterprises (SMME'S).
 - -Big Retailers are classified as those bigger than general business, e.g:- Superspar, U-Save, Build it etc.
 - -Category1 for government Offices and other government institutions.
- Category2 will be your Hospitals.

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 draft budget related polices be approved

- Supply Chain Management
- Fleet Management
- Asset Management
- Credit Control and Debt Collection
- Budget Policy

- Bad debts write off
- Rates policy
- Tariff policy
- Banking and investment policy
- Virement policy
- Fleet Maintenance 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,(Municipal) Grant,Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant.

1.3 Executive Summary

Overview

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 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases 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 and 72 were used to guide the compilation of the 2014/15 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2014/15 MTREF

R thousand	Adjustment Budget 2013/14	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Operating Revenue	180 697 000	195 547 000	252 822 000	261 125 000
Total Operating Expenditure	216 030 000	222 866 000	263 080 000	283 973 000
Surplus / (deficit) for the year	(35 333 000)	(27 319 000)	(10 258 000)	(22 848 000)
Total Capital Expenditure	78 225 000	67 102 000	91 061 000	84 969 000

Total operating revenue has grown by 8 per cent or R14850000 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 29% or R57 257 000, and 3% or R8 303 000.

Total operating expenditure for the 2014/15 financial year has been appropriated at R222 866 000 million and translates into a deficit where total expenditure exceeds the total revenue. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by an amount of R6 836 000 which is 3 per cent, and in 2015/16 by 18 per cent, in

2016/17 by 8 per cent for each of the respective outer years of the MTREF. The municipality has a deficit of R27 319 000 for 2014/15, R10 258 000 for 2015/16, and R22 848 000 for 2016/17. This is due to the depreciation and debt write off that has been budgeted for 2014/15 until 2016/17. Depreciation is a non-cash item but the municipality still needs to show it in its budget.

The capital budget of R67 102 000 million for 2014/15 has decreased by an amount of R1 464 000 million which is 2% as compared to previous year. The decrease is due to the capital grants that have drastically decreased. Such grant is Integrated National Electrification Grant.

For the two outer years, capital expenditure has steadily increased by R3 959 000 million and R3 908 000 million which is 5 per cent and 5 per cent. A substantial portion of the capital budget is currently funded from the conditional grants over the MTREF.

OPERATING REVENUE FRAMEWORK

The NLM will be implementing its 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 policies of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):
Table 2 Summary of revenue classified by main revenue source

Description	R thousand	Current Year 2013/14					2014/15 Medium Term Revenue & Expenditure Framework					
		2010/11	2011/12	2012/13	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Revenue By Source												
Property rates	1	997	834	693	619	219	4	219	4	305	5	624
Property rates - penalties & collection charges	2											
Service charges - electricity revenue	2											
Service charges - water revenue	2											
Service charges - sanitation revenue	2											
Service charges - refuse revenue	2	71	159	168	200	200		200		212		223
Service charges - other												
Rental of facilities and equipment		113	102	137	165	165		165		175		185
Interest earned - external investments		469	552	850	000	000		000		3005		618
Interest earned - outstanding debtors												
Dividends received												
Fines		331	602	277	350	350		350		890		56
Licences and permits					500	500		500		890		303
Agency services												
Transfers recognised - operational		91	161	127	146	146		146				
Other revenue	2	649	185	418	287	287		287		234225		241412
Gains on disposal of PPE		3	2	7	17	20		20		663		702
Other revenue		675	743	624	975	975		975				
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		306	175	167	096	697	180	697	180	195547	252822	261125

TABLE 3 Percentage growth in revenue by main revenue source

Description		Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	% increase/(decrease)	Budget Year 2014/15	% increase/(decrease)	Budget Year +1 2015/16	% increase/(decrease)	Budget Year +2 2016/17	% increase/(decrease)
R thousand	Ref								
	1								
Revenue By Source									
Property rates	2	4 219		5 005	19%	5 305	6%	5 624	6%
Property rates - penalties & collection charges									
Service charges - electricity revenue	2	-		-		-		-	
Service-charges - water revenue	2	-		-		-		-	
Service charges - sanitation revenue	2	-		-		-		-	
Service charges - refuse revenue	2	200		200	0	212	6%	225	6%
Service charges - other									
Rental of facilities and equipment		165		165	0	175	6%	185	6%
Interest earned - external investments		4 000		4 000	25%	300	6%	618	6%
Interest earned - outstanding debtors									
Dividends received									
Fines		350		50	-86%	53	6%	56	6%
Licences and permits		4 500		500	44%	890	6%	303	6%
Agency services									
Transfers recognised - operational		146 287		178 002	22%	225	32%	412	32%
Other revenue	2	20 975		625	-97%	663	6%	702	6%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		180 697		195 547		252 822		261 125	

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

Revenue generated from rates and services charges forms 3 percent of the revenue basket for the NLM. In the 2013/14 financial year, revenue from rates and taxes totalled R4 219 000 million or 2 per cent, and the figure excluded the revenue forgone.

In 2014/15 it shows an amount of R5million, and two outer years show an amount of R5, 3 million and R5,6 million. The revenue generated from rates and taxes has increased by 19 per cent in 2014/15, and increased by 6 per cent and 6 per for the two outer years. The above for the 2014/15 -2017 MTREF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each shows an amount of R965 000, R1 022 000 and R1 084 000. Revenue forgone shows a constant percentage of 6% each year

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.

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:					165 787	165 787	165 787	177 202	239 141	246 511
Local Government Equitable Share					143 347	143 347	143 347	169 496	216 524	218 793
Finance Management					1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement					890	890	890	924	967	1 018
Integrated National Electrification Programme					19 000	19 000	19 000	4 000	20 000	25 000
EPWP Incentive					1 000	1 000	1 000	1 172	-	-
Provincial Government:					300	300	300	300	318	337
Spot and Recreation					300	300	300	300	318	337
District Municipality (insert description)					-	-	-	-	-	-
Other grant providers:					500	500	500	500	-	-
LG SETA					500	500	500	500	-	-
Total Operating Transfers and Grants	5				166 587	166 587	166 587	178 002	239 459	246 848
Capital Transfers and Grants										
National Government:					48 566	48 566	48 566	56 324	59 368	61 990
Municipal Infrastructure Grant (MIG)					48 566	48 566	48 566	56 324	59 368	61 990
Provincial Government:					-	-	-	-	-	-
Other capital transfers/grants (insert description)					-	-	-	-	-	-
District Municipality (insert description)					-	-	-	-	-	-
Other grant providers:					-	-	-	-	-	-
Total Capital Transfers and Grants	5				48 566	48 566	48 566	56 324	59 368	61 990
TOTAL RECEIPTS OF TRANSFERS & GRANTS					215 153	215 153	215 153	234 326	298 827	308 838

In 2014/15 financial year, the operational grants show an increase of R19 173 000 which is 9%. For the two outer years, the operational grants have increased by R64 501 000 and R10 011 000 which 27% and 3%.

Table 5 Comparison of proposed rates to belevied for the 2014/15 financial year

RATES TARRIF

DETERMINATION OF TARRIFS AS PER CATERGORY AS FROM 1 JULY 2014-30 JUNE 2015

	Current Year 2013/14	Proposed tariffs 2014/15
CATERGORY		
Residential Property	0.0078	0.0078
Businesses	0.0116	0.0116
Government1	0.0116	0.0116
government2	0.0116	0.0116
Agriculture1	0.0101	0.0101
Agriculture2	0.0101	0.0101
Institutions	0.0116	0.0116
Clinics	0.0116	0.0116
Hospital	0.0116	0.0116
Schools	0.0116	0.0116
Trading Stations	0.0116	0.0116
R 61 Road	0.0019	0.0019
N2 Road	0.0019	0.0019

Category2

	2012/13	2013/14	2014/2015
Refuse Removal	127.08	134.00	R142
Bags (1000*R0,80)	(1000*R0,90) 900.00	900.00	(1000*.95) R953
Mileage (24km*2days*4weeks in month)	1536.00	1536.00	R1 627
	2563.08	2570.00	R2 722

There is no change on the tariffs for rates and taxes. Upon checking the collection rate within the institution, the tariffs have not been increased.

On refuse removal, there is a small increase of 5.9% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has increased to R953rands.

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2014/15 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.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework							
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17		
R thousand	1															
<u>Expenditure By Type</u>																
Employee related costs	2	50 416	55 187	61 358	821	821	821	75	821	821	75	-	928	107	86	91
Remuneration of councillors	3	11 261	12 333	13 719	144	144	144	15	144	144	15	3	174	209	17	18
Debt impairment	3	-	-	-	500	500	500	3	500	500	3	3	500	707	3	3
Depreciation & asset impairment	2	-	31 480	30 986	741	741	741	44	741	741	44	-	598	244	38	41
Finance charges	2	91	-	285	-	-	-	-	-	-	-	-	105	112	3	118
Bulk purchases	2	-	7 158	4 771	-	-	-	13	-	-	17	-	720	939	27	4
Other materials	8	3 096	3 708	6 685	660	660	660	660	660	660	660	660	846	050	27	28
Contracted services	4	-	-	-	-	-	-	4	-	-	4	-	-	-	-	-
Transfers and grants	5	-	-	-	000	000	000	55	000	000	55	-	-	-	36	95
Other expenditure	5	31 804	44 512	52 506	563	163	163	163	163	163	163	-	995	712	381	381
Loss on disposal of PPE		383	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		97 051	154 379	170 309	430	030	216	030	216	030	216	-	866	080	263	283

Employee Related Costs

The municipality has taken into consideration the multi year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for the 2014/15 financial year (with effect from 1 July 2014).

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 R97,1 million at 6.9% and, for two outer years, its R103,3million and R109,9 million.

NLM is currently performing a reconciliation of the Salary budget to the Approved organogram, this exercise is to ensure that the Salary budget is credible and is within the norms prescribed by circular 71 for Financial Ratios and Norms, the results of this will be incorporated in the final budget.

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R34,2 million in 2014/15, R38,2 million in 2015/16 and R41,9 million in 2016/17.

Other Expenditures:

The other expenditure include R3000 000 for the audit fees, and general expenditure. In 2014/15 financial year it shows an amount of R74 million. For the outer years it has increased by 5.5% and 5.9% for each year

Materials and Other Bulk Purchases:

This includes the repairs and maintenance and free basic electricity amounting to R3.7 million. The amount for 2014/15 budget year is R17,6million. For the two outer years it has increased by 5.5% and 5% each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2014/15 financial year.

PERCENTAGE ALLOCATION FOR 2014/2015 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	52 %
General expenditure	40 %
Repairs and Maintenance	8%
TOTAL %	100 %

4.4 CAPITAL EXPENDITURE

EC155 Nyandeni - Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	Current year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	% increase/(decrease)	Budget Year 2014/15	% increase/(decrease)	Budget Year +1 2015/16	% increase/(decrease)	Budget Year +2 2016/17	% increase/(decrease)
R thousand									
Single-year expenditure to be appropriated									
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION	1	2100		3600		8128	700%	8218	6.00%
Vote 2 - BUDGET AND TREASURY	2	450		7895		3618	316%	8218	6.00%
Vote 3 - CORPORATE SERVICES		900		3895		3618	316%	8218	6.00%
Vote 4 - COMMUNITY AND SOCIAL SERVICES		710		685		725	-82%	765	6.00%
Vote 5 - PLANNING AND DEVELOPMENT		100		54		58		61	
Vote 6 - INFRASTRUCTURE		965		922		163	-22%	362	6.00%
Total Capital Expenditure - Vote		78225		67102		71061		74969	

When comparing the previous budget of R78,2 million, there is an increase of R11,1million which is 14%. In a total budget of R67,1 million for the budget-year-2014/15, an amount of R56-million is allocated to the construction of the access roads. For the two outer years the increase in capital budget is showed at 6% and 6% each year.

When comparing each vote from previous year budget, there is an increase at Budget & Treasury and Corporate Services. This is due to the proposed acquisition of the municipal fleet and acquisition of more parkhomes for offices. The decrease at Community & Social services is due to the fact that in the previous year the department acquired the refuse removal trucks, and Infrastructure is due to the decrease of the Electrification Programme Grant.

1.4 ANNUAL BUDGET TABLES

1.4.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	3 997	3 834	4 693	2 619	4 219	4 219	-	5 005	5 305	5 624
Service charges	71	159	168	200	200	200	-	200	212	225
Investment revenue	2 459	2 552	2 850	3 000	4 000	4 000	-	5 000	5 300	5 618
Transfers recognised - operational	91 649	161 185	127 418	145 237	145 237	145 237	-	178 002	234 225	241 412
Other own revenue	4 119	3 447	8 033	20 950	25 990	25 990	-	7 340	7 780	8 247
Total Revenue (excluding capital transfers and contributions)	102 306	171 175	143 167	173 056	180 697	180 697	-	195 547	252 822	261 125
Employees costs	50 416	55 187	61 358	75 821	75 821	75 821	-	80 928	85 107	91 618
Remuneration of councillors	11 261	12 333	13 719	15 144	15 144	15 144	-	16 174	17 269	18 310
Depreciation & asset impairment	-	31 420	30 926	44 741	44 741	44 741	-	34 593	33 244	41 916
Finance charges	91	-	285	-	-	-	-	105	112	118
Materials and bulk purchases	3 056	10 667	11 457	13 660	17 660	17 660	-	20 556	30 999	32 719
Transfers and grants	-	-	-	4 000	4 000	4 000	-	-	-	-
Other expenditure	32 186	44 512	52 506	55 663	58 663	58 663	-	70 495	90 419	99 292
Total Expenditure	97 051	154 379	170 309	203 430	216 030	216 030	-	222 656	263 060	283 973
Surplus/(Deficit)	5 255	16 796	(27 142)	(35 333)	(35 333)	(35 333)	-	(27 319)	(10 238)	(22 848)
Transfers recognised - capital	26 785	-	39 753	68 588	68 588	68 588	-	58 324	59 388	61 990
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	32 040	16 796	12 611	33 233	33 233	33 233	-	29 005	49 110	39 142
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	32 040	16 796	12 611	33 233	33 233	33 233	-	29 005	49 110	39 142
Capital expenditure & funds sources										
Capital expenditure	30 734	31 430	34 339	78 698	78 225	78 225	-	67 102	91 061	84 969
Transfers recognised - capital	30 734	31 430	39 753	78 698	78 225	78 225	-	67 102	91 061	84 969
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	30 734	31 430	39 753	78 698	78 225	78 225	-	67 102	91 061	84 969
Financial position										
Total current assets	75 714	71 510	88 259	7 833	7 833	7 833	-	89 168	85 550	89 928
Total non current assets	316 080	239 699	254 124	364 174	364 174	364 174	-	316 819	323 259	443 234
Total current liabilities	14 581	15 542	19 475	-	-	-	-	-	-	-
Total non current liabilities	537	452	1 075	191	191	191	-	1 142	1 209	1 276
Community wealth/Equity	4 177	-	359 828	371 855	371 855	371 855	-	404 845	431 599	531 885
Cash flows										
Net cash from (used) operating	33 311	55 359	55 906	81 474	81 474	81 474	-	65 245	120 418	120 650
Net cash from (used) investing	(30 734)	(51 542)	(52 331)	(78 698)	(78 225)	(78 225)	-	(67 102)	(91 061)	(84 969)
Net cash from (used) financing	-	85	669	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	2 577	6 518	10 763	16 257	16 930	16 930	13 631	(1 250)	28 101	63 811
Cash backing/surplus reconciliation										
Cash and investments available	66 392	60 482	82 687	76 471	76 471	76 471	-	82 687	62 637	82 687
Application of cash and investments	(918)	(1 433)	(2 458)	(1 350)	(1 360)	(1 360)	-	(6 157)	(6 520)	(6 875)
Balance - surplus (shortfall)	67 310	61 555	85 174	77 831	77 831	77 831	-	88 844	69 207	89 555
Asset management										
Asset register summary (WDA)	60 192	61 414	60 883	365 551	365 551	365 551	360 482	360 482	397 325	425 852
Depreciation & asset impairment	-	31 420	30 926	44 741	44 741	44 741	34 593	34 593	33 244	41 916
Reversal of Existing Assets	-	-	-	78 698	78 225	78 225	78 225	67 102	70 531	74 411
Repairs and Maintenance	-	-	-	13 660	17 660	17 660	16 845	16 845	27 050	28 562
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	4 251	4 908	4 908	4 685	4 685	4 961	5 234
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory Notes

- Table A1 is a budget summary and provides a concise overview of the NLM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

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

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

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue - Standard										
<i>Governance and administration</i>		101 904	135 293	142 723	169 571	175 171	175 171	183 150	225 164	228 008
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		101 904	135 293	142 723	169 071	174 671	174 671	182 650	225 164	228 008
Corporate services		-	-	-	500	500	500	500	-	-
<i>Community and public safety</i>		331	602	277	3 290	5 290	5 290	6 999	7 409	7 854
Community and social services		-	-	-	440	440	440	440	466	454
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		331	602	277	2 850	4 850	4 850	6 550	6 943	7 360
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		26 785	35 121	43 353	68 601	68 601	68 601	57 531	39 405	62 029
Planning and development		-	-	-	35	35	35	35	37	39
Road transport		26 785	35 121	43 353	68 565	68 565	68 565	57 495	39 368	61 990
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		71	159	168	200	200	200	4 200	20 212	25 225
Electricity		-	-	-	-	-	-	4 000	20 000	25 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		71	159	168	200	200	200	200	212	225
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	129 091	171 175	186 520	241 662	249 262	249 262	251 871	312 191	323 116
Expenditure - Standard										
<i>Governance and administration</i>		97 051	133 292	170 309	145 133	148 813	148 813	138 747	148 813	159 094
Executive and council		11 261	12 333	13 719	47 725	49 625	49 625	54 434	57 811	61 309
Budget and treasury office		35 374	85 772	95 233	73 789	74 289	74 289	63 576	65 992	74 459
Corporate services		50 416	55 187	61 358	23 619	24 899	24 899	20 737	22 010	23 317
<i>Community and public safety</i>		-	-	-	33 268	33 244	33 244	37 394	38 737	42 184
Community and social services		-	-	-	29 938	29 845	29 845	34 622	35 801	39 037
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 430	1 400	1 400	1 462	1 548	1 633
Housing		-	-	-	1 500	1 539	1 539	1 310	1 337	1 454
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	106 002	109 963	109 963	45 622	73 361	81 462
Planning and development		-	-	-	12 050	12 051	12 051	12 768	13 555	14 367
Road transport		-	-	-	93 912	97 912	97 912	32 854	59 806	67 095
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	2 674	2 657	2 657	1 104	1 169	1 233
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	2 674	2 657	2 657	1 104	1 169	1 233
Other	4	-	-	-	250	250	250	-	-	-
Total Expenditure - Standard	3	97 051	153 292	170 309	287 326	294 926	294 926	222 887	263 050	283 973
Surplus/(Deficit) for the year		32 040	17 883	16 211	(45 664)	(45 664)	(45 664)	29 004	49 110	39 142

Explanatory Notes

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

1.4.3 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	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION	1	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		101 504	135 293	142 723	169 071	174 671	174 671	182 650	225 164	228 003
Vote 3 - CORPORATE SERVICES		-	-	-	500	500	500	500	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		401	761	445	3 490	5 490	5 490	7 190	7 621	8 079
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	35	35	35	35	37	39
Vote 6 - INFRASTRUCTURE		26 785	35 121	43 353	68 565	68 565	68 565	61 496	79 368	85 990
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	129 691	171 175	186 520	241 662	249 262	249 262	251 871	312 191	323 116
Expenditure by Vote to be appropriated										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION	1	11 251	12 333	13 719	47 725	49 625	49 625	54 434	57 811	61 309
Vote 2 - BUDGET AND TREASURY		35 374	85 772	95 233	73 769	74 269	74 269	83 576	88 992	74 489
Vote 3 - CORPORATE SERVICES		50 416	55 187	61 353	23 619	24 859	24 859	20 737	22 010	23 317
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	34 042	33 662	33 662	37 188	39 519	41 953
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	14 240	14 240	14 240	14 075	14 943	15 831
Vote 6 - INFRASTRUCTURE		-	-	-	93 912	97 912	97 912	32 854	59 806	67 055
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	97 051	153 292	170 399	287 326	294 926	294 926	222 867	263 060	283 973
Surplus/(Deficit) for the year	2	32 640	17 883	16 211	(45 664)	(45 664)	(45 664)	29 004	49 110	39 142

Explanatory Notes

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

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

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	3 597	3 834	4 693	2 619	4 219	4 219	-	5 005	5 365	5 624
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	71	159	168	200	200	200	-	200	212	225
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		113	102	137	165	165	165	-	165	175	185
Interest earned - external investments		2 459	2 552	2 850	3 000	4 000	4 000	-	5 000	5 300	5 618
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		331	602	277	350	350	350	-	50	53	58
Licenses and permits		-	-	-	2 500	4 500	4 500	-	6 500	6 800	7 303
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		91 649	161 185	127 418	146 287	145 287	145 287	-	178 002	234 225	241 412
Other revenue	2	3 675	2 743	7 624	17 975	20 975	20 975	-	625	663	702
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		182 306	171 175	143 187	173 698	184 697	184 697	-	195 547	252 822	261 125
Expenditure By Type											
Employee related costs	2	50 416	55 187	61 358	75 821	75 821	75 821	-	80 928	86 107	91 618
Remuneration of councillors		11 261	12 333	13 719	15 144	15 144	15 144	-	16 174	17 209	18 310
Debt Impairment	3	-	-	-	3 500	3 500	3 500	-	3 500	3 707	3 910
Depreciation & asset impairment	2	-	31 450	30 886	44 741	44 741	44 741	-	34 569	38 244	41 916
Finance charges		91	-	285	-	-	-	-	105	112	118
Bulk purchases	2	-	7 158	4 771	-	-	-	-	3 720	3 939	4 158
Other materials	8	3 056	3 703	6 685	13 660	17 660	17 660	-	16 848	27 050	28 562
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	4 000	4 000	4 000	-	-	-	-
Other expenditure	4, 5	31 804	44 512	52 506	51 563	55 163	55 163	-	65 955	66 712	65 331
Loss on disposal of PPE		383	-	-	-	-	-	-	-	-	-
Total Expenditure		97 051	154 379	170 309	288 438	216 030	216 030	-	222 866	261 689	263 973
Surplus/(Deficit)		5 235	16 796	(27 142)	(35 333)	(35 333)	(35 333)	-	(27 319)	(10 259)	(22 848)
Transfers recognised - capital		26 785	-	39 753	68 566	68 566	68 566	-	56 324	59 365	61 960
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		32 040	16 796	12 611	33 233	33 233	33 233	-	29 065	49 110	39 142
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		32 040	16 796	12 611	33 233	33 233	33 233	-	29 065	49 110	39 142
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		32 040	16 796	12 611	33 233	33 233	33 233	-	29 065	49 110	39 142
Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		32 040	16 796	12 611	33 233	33 233	33 233	-	29 065	49 110	39 142

Explanatory Notes:

Total revenue is R195 million in 2014/15 and escalates to R252 million by 2015/16 and R261 million by 2016/17.

1.4.5 Table A5 : Budgeted capital expenditure by vote and funding

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

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	2 100	2 100	2 100	-	-	-	-
Vote 2 - BUDGET AND TREASURY		3 147	1 250	1 500	450	450	450	-	3 600	3 812	4 022
Vote 3 - CORPORATE SERVICES		1 033	1 359	743	1 900	1 900	1 900	-	7 855	8 361	8 821
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	529	-	3 710	3 710	3 710	-	635	725	785
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	100	100	100	-	-	-	-
Vote 6 - INFRASTRUCTURE		26 553	28 342	32 091	70 638	69 965	69 965	-	54 922	78 163	71 362
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		30 734	31 480	34 339	78 898	78 225	78 225	-	67 102	91 661	84 969
Total Capital Expenditure - Vote		30 734	31 480	34 339	78 898	78 225	78 225	-	67 102	91 661	84 969
Capital Expenditure - Standard											
Governance and administration		4 188	2 669	2 248	4 459	4 459	4 459	-	11 495	12 173	12 843
Executive and council		-	-	-	2 100	2 100	2 100	-	-	-	-
Budget and treasury office		3 199	1 303	1 500	1 200	1 200	1 200	-	3 600	3 812	4 022
Corporate services		531	1 306	743	1 150	1 150	1 150	-	7 855	8 361	8 821
Community and public safety		-	529	-	1 810	2 110	2 110	-	460	487	514
Community and social services		-	529	-	1 350	1 650	1 650	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	460	460	460	-	460	487	514
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		26 553	28 342	32 091	70 738	70 665	70 665	-	54 922	78 163	71 362
Planning and development		-	-	-	100	100	100	-	-	-	-
Road transport		26 553	28 342	32 091	70 638	69 965	69 965	-	54 922	78 163	71 362
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	1 900	1 600	1 600	-	225	238	251
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	1 600	1 600	1 600	-	225	238	251
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	30 734	31 480	34 339	78 898	78 225	78 225	-	67 102	91 661	84 969
Funded by:											
National Government		30 734	31 450	39 753	48 566	48 566	48 566	-	55 324	59 368	61 990
Provincial Government		-	-	-	19 000	19 000	19 000	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	11 332	10 659	10 659	-	10 778	31 693	22 979
Transfers recognised - capital	4	30 734	31 480	39 753	78 898	78 225	78 225	-	67 102	91 661	84 969
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	30 734	31 480	39 753	78 898	78 225	78 225	-	67 102	91 661	84 969

Explanatory Notes

The capital expenditure for 2013/15 is budgeted at R67 102000, and it has steadily increase by 5.5, and 5.5 for two outer years. That means capital expenditure has increased by R3 959 000 and R3 908 000.

1.4.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		15 010	9 426	13 681	6 523	6 523	6 523		13 681	13 681	13 681
Call investment deposits	1	51 382	51 056	69 005	-	-	-	-	69 005	69 005	69 005
Consumer debtors	1	811	9 859	1 621	1 360	1 360	1 360	-	6 451	6 653	7 241
Other debtors		8 511	1 170	1 828							
Current portion of long-term receivables											
Inventory	2			120							
Total current assets		75 714	71 510	86 256	7 883	7 883	7 883	-	89 168	89 559	89 928
Non current assets											
Long-term receivables					69 548	69 548	69 548				
Investments					60 473	60 473	60 473		60 473	60 473	60 473
Investment property		59 387	60 473	60 473	60 473	60 473	60 473		60 473	60 473	60 473
Investment in Associate											
Property, plant and equipment	3	255 638	178 455	253 241	231 851	231 851	231 851	-	255 536	332 785	382 760
Agricultural											
Biological											
Intangible		605	541	409	1 901	1 901	1 901		609	-	-
Other non-current assets											
Total non current assets		316 650	239 639	294 124	364 174	364 174	364 174	-	316 819	393 259	443 234
TOTAL ASSETS		391 794	311 469	330 379	372 056	372 056	372 056	-	405 987	482 809	533 161
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowings	4	159	-	369	-	-	-	-	-	-	-
Consumer deposits		5 761		15 633							
Trade and other payables	4	8 620	15 542	3 167							
Provisions				366							
Total current liabilities		14 581	15 542	19 475	-	-	-	-	-	-	-
Non current liabilities											
Borrowings			452	1 075	191	191	191		1 142	1 209	1 278
Provisions		537									
Total non current liabilities		537	452	1 075	191	191	191	-	1 142	1 209	1 278
TOTAL LIABILITIES		15 118	15 994	20 551	191	191	191	-	1 142	1 209	1 278
NET ASSETS	5	376 677	295 416	309 828	371 865	371 865	371 865	-	404 845	481 599	531 883
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)				359 828	371 865	371 865	371 865		404 845	481 599	531 883
Reserves	4	4 177									
Members' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	4 177	-	359 828	371 865	371 865	371 865	-	404 845	481 599	531 883

Explanatory Notes:

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

The municipality cashflow shows a positive position for 2014/15 where current assets reflect an amount of R89 million.

Short term call investments reflect an amount of R69 million in 2014/15. The total assets are budgeted at R405 million for 2014/15 budget year.

1.4.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
RatPAYERS and other		8 377	11 424	20 925	23 859	30 409	30 409		11 918	12 633	13 391
Government - operating	1	91 649	122 525	127 418	145 287	145 287	145 267		178 002	239 459	245 843
Government - capital	1	26 765	38 660	43 353	68 566	68 566	68 566		58 324	59 368	61 950
Interest		2 279	2 551	2 450	3 000	4 000	4 000		5 000	5 295	5 526
Dividends											
Payments											
Suppliers and employees		(55 760)	(119 597)	(137 895)	(160 033)	(167 683)	(167 683)		(185 293)	(166 225)	(207 018)
Finance charges			(224)	(414)	(105)	(105)	(105)		(105)	(112)	(118)
Transfers and Grants	1										
NET CASH FROM/USED IN OPERATING ACTIVITIES		33 311	55 359	55 936	81 474	81 474	81 474	-	65 846	128 418	128 838
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(42)							
Decrease (increase) in non-current debtors			(1 037)								
Decrease (increase) other non-current receivables			327	(17 650)							
Decrease (increase) in non-current investments											
Payments											
Capital assets		(50 734)	(50 782)	(54 339)	(78 898)	(78 225)	(78 225)		(67 102)	(91 651)	(84 969)
NET CASH FROM/USED IN INVESTING ACTIVITIES		(50 734)	(51 342)	(52 331)	(78 898)	(78 225)	(78 225)	-	(67 102)	(91 651)	(84 969)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term financing											
Increase (decrease) in overdraft deposits											
Payments											
Repayment of borrowing			85	669							
NET CASH FROM/USED IN FINANCING ACTIVITIES		-	85	669	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		2 577	3 942	4 245	2 576	3 249	3 249	-	(1 256)	29 357	33 711
Cash/cash equivalents at the year begin:	2	2 577	2 577	6 518	13 681	13 681	13 681	13 681		(1 256)	28 181
Cash/cash equivalents at the year end:	2	2 577	6 518	10 763	16 257	16 930	16 930	13 681	(1 256)	28 181	63 811

Explanatory Notes

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The cash flow of the municipality shows an increase for the 2014/15 MTERF. This is due to the increase in our operation and conditional grants.

1.4.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and Investments available											
Cash/cash equivalents at the year end	1	2 577	6 518	10 763	18 257	16 930	18 930	13 651	(1 255)	28 101	63 811
Other current investments > 90 days		63 815	53 553	71 924	(9 735)	(10 458)	(10 458)	(13 681)	83 643	54 558	18 875
Non current assets - investments	1	-	-	-	69 948	69 943	69 948	-	-	-	-
Cash and Investments available:		66 392	60 071	82 687	78 471	76 415	78 426	-	82 687	82 659	82 687
Application of cash and investments											
Unspent conditional transfers		5 859	1 839	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(6 807)	(3 323)	(2 463)	(1 350)	(1 350)	(1 350)	-	(6 157)	(6 500)	(6 875)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(918)	(1 483)	(2 463)	(1 350)	(1 350)	(1 350)	-	(6 157)	(6 500)	(6 875)
Surplus(shortfall)		67 318	61 965	85 174	77 831	77 831	77 831	-	88 844	89 207	89 566

Explanatory Notes.

The municipality have the reserves that are cash backed for 2014/15 MTERF. These reserves are fully funded by the short term call investments that are kept by the municipality in both the FNB Bankers and Standard Bank Bankers.

1.4.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	--	50 782	34 339	78 698	78 225	78 225	67 102	91 061	84 969
Infrastructure - Road transport		--	48 206	32 050	49 566	49 566	49 566	54 422	77 633	70 803
Infrastructure - Electricity		--	--	--	19 000	19 000	19 000	--	--	--
Infrastructure - Water		--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation		--	--	--	--	--	--	--	--	--
Infrastructure - Other		--	--	--	1 900	1 600	1 600	225	238	251
Infrastructure		--	48 206	32 050	71 139	70 166	70 166	54 647	77 871	71 054
Community		--	--	--	--	300	300	--	--	--
Heritage assets		--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--
Other assets	6	--	2 441	2 068	7 759	7 759	7 759	11 555	12 660	13 357
Agricultural Assets		--	--	--	--	--	--	--	--	--
Biological assets		--	--	--	--	--	--	--	--	--
Intangibles		--	135	221	--	--	--	500	530	559
Total Renewal of Existing Assets	2	--	--	--	78 698	78 225	78 225	67 102	70 531	74 411
Infrastructure - Road transport		--	--	--	49 566	49 566	49 566	54 422	57 633	60 803
Infrastructure - Electricity		--	--	--	19 000	19 000	19 000	--	--	--
Infrastructure - Water		--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation		--	--	--	--	--	--	--	--	--
Infrastructure - Other		--	--	--	1 900	1 600	1 600	225	238	251
Infrastructure		--	--	--	71 139	70 166	70 166	54 647	57 871	61 054
Community		--	--	--	--	300	300	--	--	--
Heritage assets		--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--
Other assets	6	--	--	--	7 759	7 759	7 759	11 555	12 660	13 357
Agricultural Assets		--	--	--	--	--	--	--	--	--
Biological assets		--	--	--	--	--	--	--	--	--
Intangibles		--	--	--	--	--	--	500	--	--
Total Capital Expenditure	4	--	48 206	32 050	99 132	99 132	99 132	108 845	135 266	131 666
Infrastructure - Road transport		--	--	--	39 345	38 000	38 000	--	--	--
Infrastructure - Electricity		--	--	--	--	--	--	--	--	--
Infrastructure - Water		--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation		--	--	--	--	--	--	--	--	--
Infrastructure - Other		--	--	--	3 800	3 200	3 200	449	475	502
Infrastructure		--	48 206	32 050	142 273	140 332	140 332	109 294	135 742	132 108
Community		--	--	--	--	600	600	--	--	--
Heritage assets		--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--
Other assets	6	--	2 441	2 068	15 518	15 518	15 518	23 910	25 321	26 713
Agricultural Assets		--	--	--	--	--	--	--	--	--
Biological assets		--	--	--	--	--	--	--	--	--
Intangibles		--	135	221	--	--	--	1 000	530	559
TOTAL CAPITAL EXPENDITURE - Asset class	2	--	50 782	34 339	157 796	156 450	156 450	134 204	164 592	159 380
ASSET REGISTER SUMMARY - PPE (WOV)	5				48 566	48 566	48 566	247 532	282 136	307 653
Infrastructure - Road transport					19 000	19 000	19 000	--	--	--
Infrastructure - Electricity					--	--	--	--	--	--
Infrastructure - Water					--	--	--	--	--	--
Infrastructure - Sanitation					--	--	--	--	--	--
Infrastructure - Other					235 611	235 611	235 611	--	--	--
Infrastructure					303 177	303 177	303 177	247 532	282 136	307 653
Community					--	--	--	4 092	4 334	4 572
Heritage assets					--	--	--	--	--	--
Investment properties		59 387	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473
Other assets					--	--	--	47 575	60 382	53 153
Agricultural Assets					--	--	--	--	--	--
Biological assets					--	--	--	--	--	--
Intangibles		805	941	409	1 901	1 901	1 901	809	--	--
TOTAL ASSET REGISTER SUMMARY - PPE (WOV)	5	60 192	61 414	60 883	365 551	365 551	365 551	360 482	397 325	425 852
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment			31 480	30 986	44 741	44 741	44 741	34 553	38 244	41 916
Repairs and Maintenance by Asset Class	3				13 660	17 660	17 660	16 846	27 050	28 562
Infrastructure - Road transport					11 750	15 200	15 200	14 374	24 432	25 801
Infrastructure - Electricity					250	650	650	500	530	559
Infrastructure - Water					--	--	--	--	--	--
Infrastructure - Sanitation					--	--	--	--	--	--
Infrastructure - Other					--	--	--	--	--	--
Infrastructure					12 000	15 850	15 850	14 874	24 962	26 359
Community					550	550	550	162	172	181
Heritage assets					--	--	--	--	--	--
Investment properties					--	--	--	--	--	--
Other assets	6, 7				1 110	1 260	1 260	1 810	1 947	2 022
TOTAL EXPENDITURE OTHER ITEMS			31 480	30 986	58 401	62 401	62 401	51 444	65 294	70 479

Explanatory Notes

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

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Currently the in the municipal budget 23% is allocated to capital expenditure and 5% is allocated to repairs and maintenance.

Part 2 – Supporting Documentation

2.1 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.

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 2013-2018 IDP as well as newly identified 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 deadlines in the process plan for the Development of the 2014/2019IDP and preparation of the Multi-Year Budgetfor the 2014/15 year is reflected below:

Schedule of key deadlines

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Table Draft IDP, PMS and Annual Budget Process Plan for 2014-15 for adoption by Council including the following documents <ul style="list-style-type: none"> ✓ Public Participation Plan ✓ AFS ✓ Performance Information report (MSA-S46) 	Mayor	28 August 2013
	Annual Financial Statements submitted to Auditor General	Chief Financial Officer	30 August 2013
	Compilation of the Draft Performance Information	Municipal Manager	August 2013
COUNCIL SITTING	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	28 August 2013

	Economic infrastructure	MM	10 September
	Cluster		2013
	Governance Cluster		12 September
			2013
	Public Participation	SM: Operations	September
	Workshop		2013
	Open Council Meeting.	Speaker	September
			2013
Situational Analysis	Advertise IDP & Budget schedule	Manager: IDP	24 September
			2013
	Review comprehensive	Senior Manager	September
	Socio-Economic Analysis	Operations	November
			2013
	Intergovernmental Relations Forum	Municipal Manager	September
			2012
	IDP & Budget Steering Committee	Municipal Manager	October 2013
Management Retreat	Management	14-15 October	
	retreat to review	2013	

	PMS and Organizational Structure	
Outreach Programme	Mayor	November 2013
Council Lekgotla	November	November 2013
Mayoral Imbizo's to give service delivery feedback and solicit development priorities from communities	Office of the Speaker	04- 08 November 2013
IDP Representative Forum	Mayor	20 Nov 2013
Management Retreat to finalize Midyear, annual report and adjustment budget with revised action plan	Management Team	13 - 15 January 2013
Exco Workshop on Midyear reports	Municipal Manager	16-17 January 2014
Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Speaker	24 January 2014

Outline prioritized development projects and setting of targets and indicators	All Departments	February 2014
Management retreat -		4-6 March 2014

COUNCIL SITTING	Tabling of Draft IDP and Council Budget, Tariffs and budget related policies	27 March 2014
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MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Council Strategic Planning Workshop	Mayor	10-12 March 2014
	Projects phase session to align projects and programmes of local municipalities, sector departments and parastatals	IDP Steering Committee	February-March 2013
INTEGRATION PHASE	Integration of sectors plans	IDP & Budget Steering Committee Meeting	17 March 2014
	IDP Representative Forum	IDP Representative	26 March 2014

		Forum	
	IDP & Budget Public Hearings	Council	April 2014
	IGR Forum to solicit final plans from government departments	Mayor	14 May 2014
COUNCIL SITTING	Tabling of final IDP and Budget and related policies to Council	Council	30 May 2014
	Management Retreat to Prepare SDBIP	Municipal Manager	9-10 June 2014
	Workshop on SDBIP & Performance Agreements for the Mayor and Executive Committee	Municipal Manager	June 2014

Note 1: The IDP/Budget also refers to all other IDP and Budget Related Policies to be reviewed and/or approved

Note 2: SDBIP and Performance Contracts to be included in Budget Approval Process

2.2 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 with 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.

2.3 Measurable performance objectives and indicators

The municipality has the following measurable performance indicators as outline in the IDP.

EC155 Nyandeni - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year #1 2015/16	Budget Year #2 2016/17
Vote 1 - Municipal Governance and										
Function 1 - Mayor and Council										
Sub-function 1 - (name)										
To ensure effective public participation in our	Council resolution and									
To provide effective municipal planning	Approved IDP & Budget									
To ensure meaningful participation by all	Attendance registers									
Strengthen Relations with Traditional	Approved Policy on									
To improve management and administration of	Signed litigation register									
To fast-track services delivery through	Number of Gazetted By-									
To provide accurate, timely and reliable	Adopted Communication									
To monitor internal controls and provide advice	Reports of the Internal									
To identify, access and mitigate municipal risk	Adopted Risk									
To ensure efficient and effective council	Signed Council									
To improve municipal oversight and	Annual oversight report									
To provide a tool for measuring achievement of	Signed reports adopted									
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 2 - Budget and Treasury - (Financial)										
Function 1 - Budget and Treasury										
Sub-function 1 - (name)										
To ensure effective debtors management	Updated debtors									
To increase revenue by 20%	Effective and efficient									
To ensure effective Budget management	No over and under									
To ensure proper management of municipal	Development of Fixed									
To ensure proper SCM procedures	Approved SCM policy									
To ensure proper supply chain management	Approved Internal									
To ensure compliance with relevant legislation	Submission of reports									
Function 2 - (name)										
Sub-function 1 - (name)										
Vote 3 - Corporate Services (Institutional)										
Function 1 - Human Resources and										
Sub-function 1 - (name)										
To ensure effective compliance and sound	Policies adopted by									
To ensure alignment of the Organogram with	Adoption by Council									
To provide a tool for evaluating individual	Signed Performance									
To ensure that all employees have the required	Number of people									
To provide opportunities to new entrants to the	Number of interns									
To provide skills to the unemployed	Number of unemployed									
Ensure proper administration of benefits	Attendance registers									
To provide and retain competent personnel	Adoption by Council									
To ensure compliance with Labour related	% of women employed									
To ensure compliance with the Wellness Global	Integrated health &									
To ensure that municipal information is	System producing quality									
To ensure municipal buildings are kept in a	maintenance plan									
To ensure implementation of Batho Pele	number of complaints									
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 4 - Infrastructure - (Infrastructure and										

2.4 Budget Related Policies Overview and Amendments

Section 18 of the Municipal Finance Management Act(MFMA) states that the Budget can only be funded byrealistically anticipated revenue to be collected, and cash-backedaccumulated funds from previous years, which was notcommitted for other purposes.Furthermore, National Treasury Circular 42 stipulates thatthe Budget be managed in a full accrual manner reflecting atransparent budget and accounting system approach.The MFMA further requires the municipality to adopt andimplement a tariff policy. Council has approved for public participation policies for mainservices provided by the municipality, which are attached asannexures to this document.Council is required to adopt budgetary provisions based onrealisticanticipated revenue for the budget year from eachrevenue source as per therequirements of the MFMA (Chapter 4,17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

- Supply Chain Management Policy
- Fleet 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
- Bad Debt Write off policy
- Virement policy
- Fleet Maintainance policy

2.5Budget assumptions overview

8.1 National Treasury provided guidance in MFMA Circular No. 72 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual		Estimate	Forecast		
Real GDP Growth		2.5	1.8	2.7	3.2	3.5
CPI Inflation		5.6	5.7	6.2	5.9	5.5

8.2 The inflation rate to be used for calculating wage increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:

2014/15 Financial Year – 6.79 per cent (5.79 per cent plus 1 per cent)

2015/16 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

2016/17 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

It is recommended that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/2017 financial years in the absence of a collective Salary and Wage agreement.

8.3 Municipalities are advised to structure their 2014/15 electricity tariffs based on the approved **7.39 per cent** NERSA guideline tariff increase and provide for an **8.06 per cent** increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF. In this regard municipalities are once again urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni's collection rate is set at an average of 38% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.

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

2.6.1 FUNDING OF THE CAPITAL BUDGET

The 2014/2015 capital budget amounts to R67102 000, and for the two outer years its R71 061 000, and R74969000. It is predominantly funded through the MIG funding and Electrification Grant funding. In the 2014/15 financial year the difference between the MIG allocation of R56,3 million and the R67,1 million capital budget, R10,8 million will be funded from Equitable share.

2.6.2 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 2014. 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 and refuse removal is R5 million for the current year, and for two outer years is R5,3 million and 5,56 million.

The income received in the form of the Equitable Share Grant is R169,4 million and for the two outer years is R216, 5 million and R218, 7 million.

Other Operational Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2014/15	R1 600 000
MSIG	2014/15	R 934 000
EPWP	2014/15	R1 172 000

2.7 Expenditure on allocations and grant programmes

According to the DoRa 2014 NLM will receive the following operational transfers in the 2014/15 financial year as detailed on table SA18:

Grant Name	Purpose	Amount
Equitable share	Municipal operations	R169 496 000
Finance Management Grant	To promote and support reforms in financial management by building capacity in municipalities to	R1 600 000

	implement the Municipal Finance Management Act (MFMA)	
Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation	R 934 000
Expanded Public Works Programme	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines: <ul style="list-style-type: none"> o road maintenance and the maintenance of buildings o low traffic volume roads and rural roads o basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure) o other economic and social infrastructure o tourism and cultural industries o waste management o parks and beautification o sustainable land-based livelihoods o social services programmes o health service programmes o community safety programmes 	R1 172 000
Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities	R56 324 000
Integrated National Electrification Grant	To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure	R4 000 000
LGSETA	Skills development	R500 000
Libraries subsidy	Promotion of access to libraries	R300 000

2.8 Allocations and grants made by the municipality

In the 2014/15 MTREF no allocations and grants are anticipated to be made by NLM.

2.9 Councilor allowances and employee benefits

In the 2014/15 MTREF the following are the budgeted figures for councilor allowances and employee benefits the outer years have been incremented by 6.4 percent in line with Municipal Budget circular 72 issued by National Treasury.

EC155 Nyandeni - Supporting Table SA22 Summary councilor and staff benefits

Summary of Employee and Councilor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages					15,766	15,766	15,766	16,838	17,916	19,052
Pension and UF Contributions					162	162	162	173	184	196
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances					428	428	428	457	428	517
Sub Total - Councillors					16,356	16,356	16,356	17,468	18,356	19,775
% increase	4							6.8%	6.4%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					14,191	14,191	14,191	15,156	15,126	17,159
Pension and UF Contributions					36	36	36	38	41	43
Medical Aid Contributions										
Overtime										
Performance Bonus					1,419	1,419	1,419	1,515	1,612	1,716
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3				373	373	373	399	424	451
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality					16,019	16,019	16,019	17,109	18,203	19,368
% increase	4							6.8%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages					33,978	33,978	33,978	38,239	33,559	41,027
Pension and UF Contributions					6,893	6,893	6,893	7,362	7,833	8,334
Medical Aid Contributions					5,376	5,376	5,376	5,742	6,109	6,500
Overtime					50	50	50	53	57	60
Performance Bonus					4,057	4,057	4,057	4,333	4,610	4,905
Motor Vehicle Allowance	3				2,140	2,140	2,140	2,286	2,432	2,588
Cellphone Allowance	3									
Housing Allowances	3				2,254	2,254	2,254	2,407	2,561	2,725
Other benefits and allowances	3				3,514	3,514	3,514	3,753	3,993	4,249
Payments in lieu of leave										
Long service awards					328	328	328	350	373	397
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff					58,598	58,598	58,598	62,526	66,527	70,785
% increase	4							6.7%	6.4%	6.4%
Total Parent Municipality					90,965	90,965	90,965	97,102	103,316	109,929
								6.7%	6.4%	6.4%

2.10 Monthly targets of revenue, expenditure and cashflows.

EC155 Hyandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year 11 2015/16	Budget Year 12 2016/17	
Revenue By Source																	
Property rates		417	417	417	417	417	417	417	417	417	417	417	417	5,005	5,505	5,624	
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - other		17	17	17	17	17	17	17	17	17	17	17	17	200	212	219	
Revenue charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pass of Bonds and equipment		14	14	14	14	14	14	14	14	14	14	14	14	155	175	155	
Interest earned - external investments		419	419	419	419	419	419	419	419	419	419	419	419	5,000	5,500	5,619	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fees		4	4	4	4	4	4	4	4	4	4	4	4	50	53	55	
Rentals and grants		542	542	542	542	542	542	542	542	542	542	542	542	6,550	6,850	7,300	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers received - operational		58,993	604	500	-	54,763	-	-	-	54,763	-	-	10,830	178,002	734,225	744,412	
Grant revenue		-	-	-	-	-	-	-	-	-	-	-	625	625	660	702	
Gain on disposal of FPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and con		57,774	2,345	1,741	1,411	36,174	1,411	1,411	1,411	36,174	1,411	1,411	12,933	195,347	252,822	261,125	
Expenditure By Type																	
Employee related costs		6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,659	65,953	46,107	61,618	
Restoration of ecosystems		1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	18,174	17,306	18,310	
Debt repayment		-	-	-	-	-	-	-	-	-	-	-	-	1,759	1,707	1,515	
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	-	17,259	14,554	18,244	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	125	112	118	
Evik purchases		310	310	310	310	310	310	310	310	310	310	310	310	3,733	3,638	4,155	
Other materials		1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	4,039	18,846	27,550	
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Travels and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		5,652	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	2,320	68,956	65,712	55,241	
Loss on disposal of FPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		15,458	15,458	15,458	15,458	15,458	15,458	15,458	15,458	15,458	15,458	15,458	33,047	222,448	260,448	279,813	
Surplus/(Deficit)		42,316	(13,113)	(13,717)	(14,047)	20,716	(14,047)	(14,047)	(14,047)	20,716	(14,047)	(14,047)	(20,114)	(27,091)	(10,250)	(22,841)	
Transfers recognised - capital		22,367	-	-	-	22,367	-	-	-	22,367	-	-	-	58,324	16,368	61,690	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		20,349	(13,113)	(13,717)	(14,047)	6,082	(14,047)	(14,047)	(14,047)	6,082	(14,047)	(14,047)	(11,741)	29,445	49,310	38,142	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/(deficit) of associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	20,349	(13,113)	(13,717)	(14,047)	6,082	(14,047)	(14,047)	(14,047)	6,082	(14,047)	(14,047)	(11,741)	29,445	49,110	38,142	

The difference between SA25 above and this table SA30 is that S25 depicts the municipality's budget forecasted monthly whilst SA30 depicts cashflows based on 95% collection rate.

EC155 Myranden - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year 01 2015/16	Budget Year 02 2016/17
Cash Receipts By Source															
Property rates	358	358	358	358	358	358	358	358	358	358	358	358	4,755	5,045	5,342
Property rates - penalties & collection charges															
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue	18	18	18	18	18	18	18	18	18	18	18	18	190	204	213
Service charges - other															
Plant of facilities and equipment	14	14	14	14	14	14	14	14	14	14	14	14	165	175	183
Interest earned - external investments	417	417	417	417	417	417	417	417	417	417	417	417	5,000	5,350	5,619
Interest earned - outstanding debtors															
Dividends received															
Fees	4	4	4	4	4	4	4	4	4	4	4	4	48	50	53
Licences and permits	515	515	515	515	515	515	515	515	515	515	515	515	6,175	6,545	6,833
Agency services															
Transfer receipts - operational		59,324			59,324			59,324					178,003	229,459	246,843
Other revenue	50	50	50	50	50	50	50	50	50	50	50	49	554	629	657
Cash Receipts by Source	1,411	68,745	1,411	1,411	68,745	1,411	1,411	1,411	68,745	1,411	1,411	1,411	134,928	257,481	265,844
Other Cash Flows by Source															
Transfer receipts - capital		18,775			18,775			18,775					56,328	59,358	61,590
Contributions recognised - capital & consolidated assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term financing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) of non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	1,411	79,519	1,411	1,411	79,519	1,411	1,411	1,411	79,519	1,411	1,411	1,411	251,252	316,769	327,434
Cash Payments by Type															
Employee related costs															
Provision of construction															
Finance charges															
Buy purchases - Electricity															
Buy purchases - Water & Sewer															
Other expenses															
Contracted services															
Transfer and grants - other municipalities															
Transfer and grants - other															
Other expenditure															
Cash Payments by Type															
Other Cash Flows Payments by Type															
Capital assets															
Repayment of borrowing															
Other Cash Flows Payments															
Total Cash Payments by Type															
NET INCREASE/DECREASE BY CASH HELD	1,411	79,519	1,411	1,411	79,519	1,411	1,411	1,411	79,519	1,411	1,411	1,411	251,252	316,769	327,434
Cash/cash equivalents at the month/year begin	1,411	63,553	62,345	63,751	65,270	164,681	154,681	158,451	167,822	247,621	245,432	243,542	251,252	251,252	251,252
Cash/cash equivalents at the month/year end	1,411	63,553	62,345	63,751	65,270	164,681	154,681	158,451	167,822	247,621	245,432	243,542	251,252	251,252	251,252

2.11 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 2014 to 30 June 2015 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The SDBIP for the 2014/2015 financial year will be approved by the Honourable Mayor in June 2014 following approval of the Budget.

2.12 Annual budgets and service delivery agreements

– Municipal entities and other external mechanisms

Currently NLM does not have a municipal entity and does not foresee to have one in the 2014/15 MTREF, therefore this section is not applicable.

2.13 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.

2.14 Capital expenditure

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

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	2,100	2,100	2,100	-	-	-	-
Vote 2 - BUDGET AND TREASURY		3,147	1,250	1,500	450	450	450	-	3,600	3,812	4,022
Vote 3 - CORPORATE SERVICES		1,033	1,359	743	1,900	1,900	1,900	-	7,855	8,361	8,621
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	529	-	3,710	3,710	3,710	-	685	725	765
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	100	100	100	-	-	-	-
Vote 6 - INFRASTRUCTURE		26,553	28,342	32,091	70,633	69,965	69,965	-	54,922	78,163	71,362
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		30,734	31,460	34,339	78,693	78,225	78,225	-	67,102	91,661	84,969
Total Capital Expenditure - Vote		30,734	31,460	34,339	78,693	78,225	78,225	-	67,102	91,661	84,969
Capital Expenditure - Standard											
Governance and administration		4,188	2,669	2,248	4,450	4,450	4,450	-	11,495	12,173	12,843
Executive and council		-	-	-	2,100	2,100	2,100	-	-	-	-
Budget and treasury office		3,159	1,303	1,500	1,200	1,200	1,200	-	3,600	3,812	4,022
Corporate services		631	1,366	743	1,150	1,150	1,150	-	7,855	8,361	8,621
Community and public safety		-	529	-	1,810	2,110	2,110	-	480	487	514
Community and social services		-	529	-	1,350	1,650	1,650	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	460	487	514
Public safety		-	-	-	460	460	460	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		26,553	28,342	32,091	70,738	70,065	70,065	-	54,922	78,163	71,362
Planning and development		-	-	-	100	100	100	-	-	-	-
Road transport		26,553	28,342	32,091	70,633	69,965	69,965	-	54,922	78,163	71,362
Environmental protection		-	-	-	1,900	1,600	1,600	-	225	238	251
Trading services		-	-	-	1,900	1,600	1,600	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	1,900	1,600	1,600	-	225	238	251
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	30,734	31,460	34,339	78,693	78,225	78,225	-	67,102	91,661	84,969
Funded by:											
National Government		30,734	31,460	39,753	48,566	48,566	48,566	-	58,324	59,369	61,690
Provincial Government		-	-	-	19,000	19,000	19,000	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	11,332	10,659	10,659	-	10,778	31,693	22,979
Transfers recognized - capital	4	30,734	31,460	39,753	78,693	78,225	78,225	-	67,102	91,661	84,969
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	30,734	31,460	39,753	78,693	78,225	78,225	-	67,102	91,661	84,969

2.15 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. Budget and Treasury Office.

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.

5. Annual Report

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

6. MFMA Training

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

2.16 Other Supporting Documents

EC155 Special Supporting Table 5A1 Supporting Detail to 2-Approved Financial Summary													
Description	FTE	2014			Current Year 2015			2015 Budget			2015 Budget		
		Actual	Actual	Actual	Original	Adjusted	Final Year	Proposed	2015	2015	2015	2015	
		GA/154	GA/154	GA/154	Budget	Budget	Forecast	GA/154	GA/154	GA/154	GA/154	GA/154	
REVENUE													
REVENUE													
Total Property Taxes		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
Total Revenue		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
EXPENSES													
PERSONNEL													
Total Personnel		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
OPERATING													
Total Operating		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
DEPRECIATION													
Total Depreciation		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
OTHER													
Total Other		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
Total Expenses		1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
Net Revenue		0	0	0	0	0	0	0	0	0	0	0	
Net Expenditure		0	0	0	0	0	0	0	0	0	0	0	
Net Balance		0	0	0	0	0	0	0	0	0	0	0	

EC155 Nondet - Supporting Table SA2 Matrix Financial Performance Budget (previous source expenditure type and dept.)

Description	Ref	Vote 1 - MUNICIPAL GOVERNANCE AND TREASURY	Vote 2 - BUDGET AND TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - COMMUNITY AND SOCIAL SERVICES	Vote 5 - PLANNING AND DEVELOPMENT	Vote 6 - INFRASTRUCTURE	Vote 7 - (NAME OF VOTE 7)	Vote 8 - (NAME OF VOTE 8)	Vote 9 - (NAME OF VOTE 9)	Vote 10 - (NAME OF VOTE 10)	Vote 11 - (NAME OF VOTE 11)	Vote 12 - (NAME OF VOTE 12)	Vote 13 - (NAME OF VOTE 13)	Vote 14 - (NAME OF VOTE 14)	Vote 15 - (NAME OF VOTE 15)	Total
Revenue																	
Revenue by Source																	
Property taxes			5,000														5,000
Property taxes - penalties & collection charges																	
Service charges - capacity revenue					500												500
Service charges - water revenue																	
Service charges - wastewater revenue																	
Service charges - other			100														100
Rental of business and equipment			5,000														5,000
Interest earned - outstanding debt																	
Dividends received						50											50
Fees						6,500											6,500
Licenses and permits																	
Agency services																	
Grant revenue			450		140	35											625
Transfers received - operations*			178,000														178,000
Gain on disposal of PPE																	
Total Revenue (including capital transfers and coe)			184,450		6,490	35											191,015
Expenditure by Type																	
Employee related costs		17,435	18,854	10,007	27,277	8,803	7,853										80,229
Remuneration of councilors		18,474															18,474
Debt impairment			3,500														3,500
Depreciable & asset impairment			34,558														34,558
Finance charges			125														125
Bank charges						3,700											3,700
Other services			100	1,310	261		15,974										17,645
Contracted services																	
Travels and goods																	
Other expenditure			21,225	13,419	9,420	5,805	7,105	9,810									56,869
Loss on disposal of PPE																	
Total Expenditure		34,434	43,978	10,737	37,158	14,878	32,334										222,666
Surplus/(Deficit)		(34,434)	140,472	(4,247)	(30,668)	(14,843)	(24,484)										(37,315)
Transfers recognized - capital																	
Contributions recognized - capital																	
Contributed assets																	
Surplus/(Deficit) after capital transfers & contributions		(34,434)	140,472	(4,247)	(30,668)	(14,843)	(24,484)										29,041

EC155 Nyandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days											
Other current investments > 90 days		51,382	51,056	69,005					69,005	69,005	69,005
Total Call investment deposits	2	51,382	51,056	69,005	-	-	-	-	69,005	69,005	69,005
Consumer debtors											
Consumer debtors		811	9,859	1,621	4,860	4,860	4,860		9,581	10,570	11,151
Less: Provision for debt impairment					(3,500)	(3,500)	(3,500)		(3,500)	(3,707)	(3,910)
Total Consumer debtors	2	811	9,859	1,621	1,360	1,360	1,360	-	6,481	6,863	7,241
Debt impairment provision											
Balance at the beginning of the year					4,075	4,075	4,075		7,608	6,645	5,416
Contributions to the provision					3,500	3,500	3,500				
Bad debts written off					(3,500)	(3,500)	(3,500)		(1,181)	(1,225)	(1,237)
Balance at end of year		-	-	-	4,075	4,075	4,075	-	6,645	5,416	4,119
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		255,858	392,845	233,241	276,592	276,592	276,592		290,134	371,029	424,677
Leases recognised as PPE					44,741	44,741	44,741		34,558	38,244	41,516
Less: Accumulated depreciation					(231,851)	(231,851)	(231,851)		(255,536)	(332,765)	(382,760)
Total Property, plant and equipment (PPE)	2	255,858	392,845	233,241	231,851	231,851	231,851	-	255,536	332,765	382,760
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		199		369							
Total Current liabilities - Borrowing		199	-	369	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		2,731	13,702	3,107							
Unspent conditional transfers		5,869	1,839								
VAT											
Total Trade and other payables	2	8,628	15,542	3,107	-	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing			452	1,075	191	191	191		1,142	1,269	1,276
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing	4	-	452	1,075	191	191	191	-	1,142	1,269	1,276
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfills rehabilitation											
Other		537									
Total Provisions - non-current		537	-	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance					338,632	338,632	338,632		359,828	387,404	414,516
GRAP adjustments											
Restated balance		-			338,632	338,632	338,632		359,828	387,404	414,516
Surplus/(Deficit)		32,040	16,796	12,611	33,233	33,233	33,233		29,005	45,110	59,142
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	32,040	16,796	12,611	371,865	371,865	371,865	-	388,833	436,514	453,658
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves		4,177									
Revaluation											
Total Reserves	2	4,177	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	36,217	16,796	12,611	371,865	371,865	371,865	-	388,833	436,514	453,658
Total capital expenditure includes expenditure on nationally significant priorities:											
Provision of basic services					78,693	78,225	78,225		67,102	71,061	74,969
Capital expenditure											

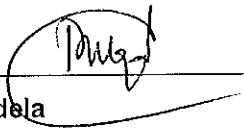
2.17 Annual budgets of Municipal entities attached to the Municipality's Annual budget

Currently NLM does not have a municipal entity and does not foresee to have one in the 2014/15 MTREF, therefore this section is not applicable.

2.18 Municipal Manager's Quality Certification

I Mrs N Nomandela, Municipal Manager of the Nyandeni Local Municipality hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature



Mrs N. Nomandela
Municipal Manager
Nyandeni Local Municipality

Date

31/03/2014