

NYANDENI LOCAL MUNICIPALITY



Annual Budget

3 Year Plan: 2015/16 to 2018

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2. 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 IDP Review for 2015/16 has taken into account the national and provincial planning imperatives unpacked below

BACK TO BASICS LOCAL GOVERNMENT STRATEGY

Back to Basics Local Government Strategy which has identified the following pillars

- *Putting people first*
- *Delivering basic services*
- *Good governance*
- *Sound financial management and*
- *Building capacity*

Concerted efforts has been made to incorporate these pillars into integrated Development Strategy in this regard will call upon all stakeholders to work with the municipality in achieving the objectives of the strategy.

In 2014, on the occasion of the State of the Province Address the Honourable Premier P Masualle announced seven Provincial Medium Term Strategic Framework Priorities, and these are

Priority 1: Promoting quality education and skills development

Priority 2: Better health care for all

Priority 3: Stimulating rural development, land reform and food security

Priority 4: Transforming the economy to create jobs and sustainability livelihoods

Priority 5: Intensifying the fight against crime and corruption

Priority 6: Integrated human settlement and building cohesive communities

Priority 7: Strengthening the developmental state and good governance

In line with the above developmental trajectory the municipality has identified and adopted the following key programmes for 2015/2016 financial year

1. On Good Governance and Public Participation

- Strengthening Public Participation through our signature programme of civil education and support to ward committees
- Conduct Community Satisfaction Surveys
- Improve Complaints management system
- Development of Nyandeni Development Plan (2030 Vision) taking tune from the Provincial Development Plan
- Improving Communication
- Strengthening Intergovernmental Relations
- Support to Ematholeni: Children First programme (ECD)
- Development of Good Governance Framework

2. On Financial Viability and Management

- Improving Revenue management
- Credit Control
- Implementation of the Audit Action Plan and preparation for 2014/2015
- Strengthening Supply Chain Management systems and processes
- Expenditure management
- Asset management

3. On Basic Service Delivery and Infrastructure

- Electrification programme
- Accelerating delivery of Access roads and maintenance of the existing road network
- Storm water management
- Integrated waste management
- Transport Planning and Public Safety
- Environmental Management and compliance

4. On Local Economic Development

- Support to small scale farming
- Massive crop production programme through ILIMA LABANTU Initiative
- Local Tourism development and promotion
- Support to SMME's and Cooperatives
- Development of Local SDF's and land use management

5. On Institutional Development and Transformation

- Development of new Policies and reviewal of existing policies
- Development of Bylaws
- Organisational Structure review
- Employment Equity Plan
- Expansion of existing Offices in Ngqeleni
- Filling of budget vacant posts
- Employee wellness programmes
- Office support and Facilities Management
- Improving ICT management and systems

Medium Term Strategic Service Delivery objectives

This section reflect the service delivery highlights for 2014/2015

1. To Improve Municipal Planning and policy development

- IDP, budget and SDBIP for 2014/2015 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 and adopted by council
- Received unqualified audit opinion for 2013/2014 financial year

2. To ensure a tool for measuring achievement of pre-determined objectives

- Mid-year performance assessment report compiled and adopted by Council
 - MSA s46 report compiled and approved by Council
 - Annual report for 2013/14 tabled to Council and Oversight report approved by council on 23 February 2015
3. **Internal auditing and internal control**
- A detailed Audit Plan developed and is being implemented
 - Audit and Performance Management Committee is in place
4. **To ensure good governance and public participation**
- All wards committees have been established and are participating in municipal development programmes
 - IDP and Budget Public Hearings were conducted
 - Fraud Prevention Policy has been developed
 - Risk Management Framework, Register and policy developed
 - Civil Education Programme conducted
5. **To improve livelihood in urban and rural areas through infrastructure development and maintenance**
- Continuous Streets lights have been maintained in both towns of Libode and Ngqeleni
 - The municipality has achieved the annual target of constructing and maintaining 206.7 km.
 - Roads forum is in place and functional
 - Integrated Waste Management Plan (IMWP) have been developed and adopted by Council
 - Permit application for Landfill site has been approved
 - Maintenance and construction of access road done
 - Implemented electrification programme in collaboration with the Department of Energy
 - Construction of Transport Hub in progress
 - Construction of Community Stadium in ward 7 in progress
 - SANRAL is responsible for construction, upgrading and maintenance of National and Provincial Roads

3 BUDGET RELATED RESOLUTIONS

Annual Budget for 2015/16

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2015/2016 and the indicated two outer years of 2016/2017 and 2017/2018 which will be tabled for public scrutiny be approved as set out by the following amended tables:

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

Multi Year Capital Budget

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

Property Rates and other Municipal Tax

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2015 to 30 June 2016, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

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

<u>1.HALL HIRE CHARGES</u>	<u>2014/2015 AT 5.9 CPIX</u>	<u>2015/2016 at 6%</u>	<u>2016/2017</u>	<u>2017/2018</u>
Meeting, workshop, conference Memorial & Religious services Concerts, Contests & shows Wedding, Parties Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R169.00 R284.00 R567.00 R708.00 R426.00	R177.00 R301.00 R601.00 R750.00 R452.00	R188.00 R319.00 R637.00 R796.00 R479.00	R199.00 R338.00 R675.00 R843.00 R508.00
<u>2. SECURITY FEES</u> Memorial, religious services Concerts, contests & shows (day/night) Parties, discos Weddings Gospel concerts, shows (day/night)	R 284.00 R 849.00 R1 417.00 R 991.00 R 284.00	R301.00 R900.00 R1 502.00 R1 050.00 R301.00	R319.00 R954.00 R1 592.00 R1 113.00 R319.00	R338.00 R1 011.00 R1 688.00 R1 180.00 R338.00
<u>3. WOODSALE</u> Head load Bakkie Truck Lantjies Lantjies Poles Tree	R14.00 R212.00 R426.00 R7.00 R13.00 R5.00 R21.00	R15.00 R225.00 R452.00 R7.40 R14.00 R5.30 R22.00	R16.00 R238.00 R479.00 R7.90 R15.00 R5.60 R24.00	R17.00 R252.00 R507.00 R8.00 R15.00 R6.00 R25.00
<u>4. POUND FEES</u> Entrance fee Driving fee Day charges Outgoing fees Cattle, horse Sheep & Goat	R70.00 R57.00 R28.00 R70.00 R57.00 R29.00	R74.00 R60.00 R30.00 R74.00 R60.00 R31.00	R79.00 R64.00 R31.00 R79.00 R64.00 R33.00	R83.00 R68.00 R33.00 R83.00 R68.00 R35.00
<u>5. REFUSE REMOVAL</u> Households Businesses: General : Big Retailers Government: Category 1 :Category2 Churches	R25.00 R142.00 R374.00 R142.00 2722.00 R25.00	R27.00 R151.00 R396.00 R151.00 R2885.00 R26.50	R28.00 R160.00 R420.00 R160.00 R3 058.00 R28.00	R30.00 R169.00 R445.00 R169.00 R3 242.00 R30.00
<u>6. CEMETERY</u> Living in town Outside town	R294.00 R413.00	R312.00 R438.00	R330.00 R464.00	R350.00 R492.00
<u>7. TENDER FEES</u> R50 000.00-R200 000.0 R200 000.00-R500 000.0 R500 000.00-R800 000.0 R800 000.00-R1000 000.00 Or More	R212.00 R284.00 R355.00 R426.00	R225.00 R301.00 R376.00 R452.00	R238.00 R319.00 R399.00 R479.00	R252.00 R338.00 R423.00 R507.00
<u>8. BUSINESS LICENCE</u> Supermarket & General Dealer Hawker	R635.00 R106.00	R673.00 R112.00	R713.00 R119.00	R756.00 R126.00

Caravan (Restaurant& Telephone) p/y	R106.00	R112.00	R119.00	R126.00
Salon (p/y)	R106.00	R112.00	R119.00	R126.00
Funeral Parlor (p/y)	R635.00	R673.00	R713.00	R756.00
Hardware (p/y)	R582.00	R617.00	R654.00	R693.00
Accommodation establishment	R457.00	R484.00	R513.00	R544.00
9. MARKET SITE				
Hawkers (p/m)	R29.00	R31.00	R33.00	R35.00
Caravan Site(p/m)	R70.00	R74.00	R79.00	R83.00
10. CHAIR HIRE				
Around town (chair per day)	R7.00	R7.40	R7.90	R8.00
Indemnity fee (per chair)	R14.00	R15.00	R16.00	R17.00
11. TOWN PLANNING TARIFFS				
	2014/2015	2015/2016	2016/2017	2017/2018
11.1 Zoning Certificates	R34.00	R36.00	R38.00	R40.00
11.2 Town Planning scheme document	R318.00	R337.00	R357.00	R379.00
11.3 Application for special consent				
Application fees	R504.00	R534.00	R566.00	R600.30
application form				
Rezoning Application				
Advertising	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch
11.4 Application Fees				
Erven from 500sqm-1000sqm	R813.00/site	R862/site	R913/site	R968.00/site
Erven from 1000sqm-1500sqm	R926/site	R982/site	R1 040/site	R1 103/site
Erven from 1500sqm- 2000sqm	R1 038/site	R1 100/site	R1 166/site	R1236/site
Erven from 2000sqm and>	R1 149/site	R1 218/site	R1 291/site	R1368/site
11.5 Subdivision and Township Application				
Basic Subdivision fee	R701.00	R743.00	R788.00	R835.00
Charges per subdivision	R58.00	R61.00	R65.00	R69.00
(Remainder considered a subdivision)				
11.6 Application for Removal of Restrictive Conditions				
Application fee	R1 589.00	R1684.00	R1 785.00	R1893.00
11.7 Relaxation of Building Line				
	R225.00	R239.00	R253.00	R268.00
11.8 Consolidation				
	R530.00	R562.00	R600.00	R631.00
11.9 Building Plan Approval				
	R39.00	R41.00/sqm	R44.00/sqm	R46.00/sqm

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATERGORY AS FROM 1 JULY 2015-30 JUNE 2016

<u>CATERGORY</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

	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Refuse Removal	R142.00	R150.50	R160.00	R169.00
Bags (1000*R0,80)	(1000*.95) R953.00	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130
Mileage (24km*2days*4weeks in month) R1 627	R1 627.00	R1 725.00	R1 828.00	R1 938.00
	<u>R2 722</u>	<u>R2 885.50</u>	<u>R3 058.00</u>	<u>R3 237.00</u>

NOTES

- Property rates –no change in tariffs
- Other tariffs – 6% 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 -6% 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 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
- Expenditure Management Policy

Cashflow

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme,(Municipal) Grant, Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant.

4 THE BUDGET

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

4.1 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 2015/16 MTREF:

- The 2014/15 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 2015/16 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 , 72, 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2015/16 MTERF

R thousand	Adjustment Budget 2014/15	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Total Operating Revenue	220 587 000	267 166 000	263 564 000	259 776 000
Total Operating Expenditure	258 684 000	317 760 000	328 739 000	335 205 000
Surplus /(deficit) for the year	(38 097 000)	(50 594 000)	(65 175 000)	(75 429 000)
Total Capital Expenditure	67 102 000	77 318 000	70 819 000	65 312 000

Total operating revenue has grown by 21 per cent or R46, 5 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will decrease by 1.35% or R3.6 million, and decreased by 1.44 or R3,7 million.

Total operating expenditure for the 2015/16 financial year has been appropriated at R317 760 000 million and translates into a deficit where total expenditure exceeds the total revenue. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by an amount of R59 076 000 which is 22.84 per cent, and in 2016/17 by 3.46 per cent (R10,9 million), and increased in 2017/18 by 1.97 per cent (R6,46 million) for each of the respective outer years of the MTREF. The municipality has a deficit of R50 594 000 for 2015/16, R65 175 000 for 2016/17, and R75 429 for 2017/18. This is due to the depreciation that has been budgeted for 2015/16 until 2017/18. Depreciation is a non-cash item but the municipality still needs to show it its budget.

The capital budget of R77 318 000 for 2015/16 has increased by an amount of R10 216 000 which is 15.22% as compared to previous year. The increase is due to the funding that has been sourced from the equitable share to fund the capital expenditures. For the two outer years, capital expenditure has decreased by R6 499 000 and R5 507 000 which is 8 per cent and 7,78 per cent. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

4.2 OPERATING REVENUE FRAMEWORK

The NLM will be implementing its 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 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Budgeted Financial Performance (revenue)

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	4 356	4 692	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 980
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	159	168	178	200	200	200	200	212	225	238
Service charges - other											
Rental of facilities and equipment		102	137	144	165	165	165	165	175	185	197
Interest earned - external investments		2 552	2 850	4 743	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Interest earned - outstanding debtors											
Dividends received											
Fines		602	277	59	50	50	50	50	53	56	60
Licences and permits		1 647	1 696	3 252	6 500	6 500	6 500	6 500	8 890	9 423	9 998
Agency services											
Transfers recognised - operational		122 525	131 018	157 576	173 502	183 230	183 230	183 230	245 817	240 878	235 626
Other revenue	2	1 096	5 928	1 451	16 125	20 438	20 438	20 438	1 402	1 541	1 732
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		133 038	146 766	172 663	206 547	220 587	220 587	220 587	267 166	263 564	259 776

TABLE 3 Percentage growth in revenue by main revenue source

Description R thousand	Ref	Current Year 2014-15		2015/16 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease %)	Budget Year 2015/16	Increase/(decrease %)	Budget Year +1 2016/17	Increase/(decrease %)	Budget Year +2 2017/18	Increase/(decrease %)
Revenue By Source									
Property rates	2	5 005		5 317	6%	5 637	6%	5 980	6%
Property rates - penalties & collection charges									
Service charges - electricity revenue	2	–		–		–		–	0%
Service charges - water revenue	2	–		–		–		–	0%
Service charges - sanitation revenue	2	–		–		–		–	0%
Service charges - refuse revenue	2	200		212	6%	225	6%	238	6%
Service charges - other									
Rental of facilities and equipment		165		175	6%	185	6%	197	6%
Interest earned - external investments		5 000		5 300	6%	5 618	6%	5 955	6%
Interest earned - outstanding debtors									
Dividends received									
Fines		50		53	6%	56	6%	60	6%
Licences and permits		6 500		8 890	37%	9 303	5%	9 998	7%
Agency services									
Transfers recognised - operational		183 230		245 817	34%	240 878	-2%	235 626	-2%
Other revenue	2	20 438		1 402	-93%	1 541	10%	1 732	12%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		220 587		267 166		261 444		257 529	

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

Revenue generated from rates and services charges forms 2 per cent of the revenue basket for the NLM. In the 2015/16 financial year, revenue from rates and taxes totalled R5 317 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2016/17 it shows an amount of R6 million, and in 2017/18 year show an amount of R5, 9 million. The revenue generated from rates and taxes has increased by 6 per cent in 2015/16, and consistently increased by 6 per cent for the two outer years. The above mentioned rates and taxes revenue for the 2015/16 -18 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each year shows an amount of R1 010 000, R1 070 000 and R1 130 000. 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	245 499	240 541	235 269
Local Government Equitable Share								216 750	217 959	212 536
Finance Management								1 600	1 625	1 700
Municipal Systems Improvement								930	957	1 033
Integrated National Electrification Programme								25 000	20 000	20 000
EPWP Incentive								1 219	-	-
Provincial Government:		-	-	-	-	-	-	318	337	357
Sport and Recreation								318	337	357
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	245 817	240 878	235 626
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	58 809	61 132	64 612
Municipal Infrastructure Grant (MIG)								58 809	61 132	64 612
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	58 809	61 132	64 612
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	304 626	302 010	300 238

In 2015/16 financial year, the operational grants show an increase of R78 695 000 which is 47%. For the two outer years, the operational grants have decreased by R4 939 000 and R5 252 000 which 2% consistently

Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATERGORY AS FROM 1 JULY 2015-30 JUNE 2016

CATERGORY	TARRIF
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

	2014/2015	2015/2016	2016/2017	2018/2019
Refuse Removal	R142.00	R150.50	R160.00	R169.00
Bags (1000*R0,80)	(1000*.95) R953.00	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130
Mileage (24km*2days*4weeks in month) R1 627	R1 627.00	R1 725.00	R1 828.00	R1 938.00
	<u>R2 722</u>	<u>R2 885.50</u>	<u>R3 058.00</u>	<u>R3 237.00</u>

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 6% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has increased to R1 010 rands.

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2015/16 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

Description R thousands	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Employee costs	55 187	60 559	79 529	80 928	80 928	80 928	80 928	107 598	113 598	120 244
Remuneration of councillors	12 333	15 062	15 983	16 174	16 174	16 174	16 174	17 457	18 504	19 615
Depreciation & asset impairment	31 100	31 291	30 481	34 598	34 598	34 598	34 598	50 593	65 173	78 659
Finance charges	100	281	140	105	105	105	105	110	117	124
Materials and bulk purchases	10 627	6 685	4 463	16 846	20 346	20 346	20 346	23 774	25 177	21 706
Transfers and grants	–	–	–	3 720	3 720	3 720	3 720	5 000	6 000	5 032
Contracted services								1 034	1 095	1 156
Other expenditure	43 416	57 107	79 741	66 495	159 137	159 137	159 137	171 584	160 605	153 282
Total Expenditure	152 763	170 985	210 336	218 866	315 008	315 008	315 008	375 579	389 870	399 817

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 although it has come to an end. For the outer years the inflation rate based on the CPI for 2016 has been considered.

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

The overall amount of the Salaries and Wages is R124,4 million, and for two outer years, its R132,1 million (6.15%) and R139,8 million (5.85%).

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R50,6 million in 2015/16, R65,1 million in 2016/17 and R78,6 million in 2017/18.

Other Expenditures:

The other expenditure include R4000 000 for the audit fees, and a part of capital expenditures worth R77 318 000. The general expenditure is worth R90 161 000.

Materials and Other Bulk Purchases:

This includes the repairs and maintenance. The amount for 2015/16 budget year is R23,7 million. For the two outer years it has increased by 6% and decreased by 14% each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2015/16 financial year.

PERCENTAGE ALLOCATION FOR 2014/2015 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	50 %
General expenditure	40 %
Repairs and Maintenance	10%
TOTAL %	100 %

4.4 CAPITAL EXPENDITURE

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure - Vote</u>											
<u>Single-year expenditure to be appropriated</u>											
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	2	-	515	-	-	-	-	-	1 300	-	-
Vote 2 - BUDGET & TREASURY		956	531	2 481	3 600	3 600	3 600	3 600	500	230	559
Vote 3 - CORPORATE SERVICES		1 083	1 501	2 739	7 895	7 895	7 895	7 895	4 356	1 442	1 523
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	685	685	685	685	3 141	249	263
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		36 506	12 241	60 439	73 922	54 922	54 922	54 922	68 021	69 198	62 967
Total Capital Expenditure - Vote		38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312

When comparing the previous budget of R67,1 million, there is an increase of R10,2 million which is 15%. In a total budget of R77,3 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years there is a decrease of 8%, and 7.78% each year.

When comparing each vote from previous year budget, there is a decrease in most of the votes except for the Infrastructure. This is due to the proposed construction of the Workshop for the Yellow Plant machinery in the Infrastructure Vote

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	4 356	4 692	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 980
Service charges	159	168	178	200	200	200	200	212	225	238
Investment revenue	2 552	2 850	4 743	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Transfers recognised - operational	122 525	131 018	157 576	173 502	183 230	183 230	183 230	245 817	240 878	235 626
Other own revenue	3 447	8 038	4 906	22 840	27 153	27 153	27 153	10 520	11 206	11 977
Total Revenue (excluding capital transfers and contributions)	133 038	146 766	172 663	206 547	220 587	220 587	220 587	267 166	263 564	259 776
Employee costs	55 187	60 559	79 529	80 928	80 928	80 928	80 928	107 017	113 598	120 244
Remuneration of councillors	12 333	15 062	15 983	16 174	16 174	16 174	16 174	17 457	18 504	19 615
Depreciation & asset impairment	31 100	31 291	30 481	34 598	34 598	34 598	34 598	46 925	61 289	74 557
Finance charges	100	281	140	105	105	105	105	110	117	124
Materials and bulk purchases	10 627	6 685	4 463	16 846	20 346	20 346	20 346	23 774	25 177	21 706
Transfers and grants	-	-	-	3 720	3 720	3 720	3 720	5 000	6 000	5 032
Other expenditure	43 416	57 107	79 741	66 495	159 137	159 137	159 137	176 285	165 184	158 540
Total Expenditure	152 763	170 985	210 336	218 866	315 008	315 008	315 008	376 568	389 870	399 817
Surplus/(Deficit)	(19 725)	(24 220)	(37 674)	(12 319)	(94 421)	(94 421)	(94 421)	(109 403)	(126 307)	(140 041)
Transfers recognised - capital	38 660	39 753	48 566	60 324	56 324	56 324	56 324	58 809	61 132	64 612
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)
Capital expenditure & funds sources										
Capital expenditure	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Transfers recognised - capital	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Financial position										
Total current assets	72 087	86 245	82 922	79 307	79 307	79 307	79 307	85 261	84 343	83 386
Total non current assets	291 199	308 354	323 988	316 819	316 819	316 819	316 819	361 950	374 190	369 632
Total current liabilities	17 963	19 452	20 928	8 000	8 000	8 000	8 000	8 746	8 746	8 238
Total non current liabilities	477	3 672	3 614	1 366	1 366	1 366	1 366	1 835	1 756	1 683
Community wealth/Equity	344 845	371 475	382 367	419 845	386 760	386 760	386 760	436 091	448 031	443 097
Cash flows										
Net cash from (used) operating	55 399	60 646	48 050	85 450	85 450	85 450	85 450	77 319	70 821	65 313
Net cash from (used) investing	(51 542)	(14 421)	(56 728)	(86 102)	(67 102)	(67 102)	(67 102)	(77 318)	(70 819)	(65 312)
Net cash from (used) financing	85	4 329	1 431	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	9 437	82 687	75 440	13 029	32 029	32 029	32 029	75 441	75 442	75 442
Cash backing/surplus reconciliation										
Cash and investments available	60 492	82 687	75 440	72 826	72 826	72 826	72 826	75 440	78 407	81 552
Application of cash and investments	(5 754)	12 264	1 962	1 670	2 513	2 513	2 513	(377)	2 969	6 563
Balance - surplus (shortfall)	66 246	70 423	73 478	71 156	70 313	70 313	70 313	75 817	75 438	74 988
Asset management										
Asset register summary (WDV)	291 199	308 354	323 988	379 482	360 482	360 482	361 950	361 950	374 190	369 632
Depreciation & asset impairment	31 100	31 291	30 481	34 598	34 598	34 598	46 925	46 925	61 289	74 557
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	16 846	20 346	20 346	23 774	23 774	25 177	21 706
Free services										
Cost of Free Basic Services provided	-	-	-	3 720	3 720	3 720	3 989	3 989	4 929	3 901
Revenue cost of free services provided	-	-	-	27 620	27 620	27 620	27 935	27 935	28 935	27 967
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	4	4	4	4	4	4	4
Refuse:	-	-	-	-	-	-	1	1	1	1

Explanatory Notes

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

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

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

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue - Standard										
Governance and administration		122 271	137 356	155 388	183 150	183 353	183 353	231 299	233 337	228 934
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		122 176	137 025	154 990	182 650	182 853	182 853	230 549	232 487	227 934
Corporate services		95	331	398	500	500	500	750	850	1 000
Community and public safety		2 249	2 285	3 621	6 990	7 290	7 290	9 399	9 963	10 562
Community and social services		-	312	309	440	440	440	456	483	514
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 249	1 973	3 311	6 550	6 850	6 850	8 943	9 480	10 048
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		47 020	41 271	48 579	57 531	61 531	61 531	60 065	61 171	64 654
Planning and development		199	56	13	35	35	35	37	39	42
Road transport		46 821	41 215	48 566	57 496	61 496	61 496	60 028	61 132	64 612
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		159	5 607	13 641	19 200	24 737	24 737	25 212	20 225	20 238
Electricity		-	5 439	13 463	19 000	24 537	24 537	25 000	20 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		159	168	178	200	200	200	212	225	238
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	171 698	186 519	221 229	266 871	276 911	276 911	325 975	324 696	324 388
Expenditure - Standard										
Governance and administration		152 763	170 985	210 336	150 241	150 444	150 444	174 526	190 366	208 265
Executive and council		12 333	15 062	15 983	54 434	54 434	54 434	62 214	63 176	65 342
Budget and treasury office		85 243	95 364	114 824	67 175	67 378	67 378	81 154	97 629	112 355
Corporate services		55 187	60 559	79 529	28 632	28 632	28 632	31 158	29 560	30 568
Community and public safety		-	-	-	37 854	38 154	38 154	50 898	51 648	51 749
Community and social services		-	-	-	34 622	34 622	34 622	46 424	48 154	49 596
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 922	2 222	2 222	2 532	1 538	932
Housing		-	-	-	1 310	1 310	1 310	1 942	1 956	1 221
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	96 545	100 544	100 544	122 953	126 582	118 493
Planning and development		-	-	-	12 768	12 768	12 768	16 525	16 997	17 524
Road transport		-	-	-	83 777	87 776	87 776	106 428	109 585	100 969
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	20 328	25 866	25 866	28 192	21 274	21 309
Electricity		-	-	-	19 000	24 537	24 537	25 000	20 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 328	1 328	1 328	3 192	1 274	1 309
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	152 763	170 985	210 336	304 968	315 008	315 008	376 568	389 870	399 817
Surplus/(Deficit) for the year		18 935	15 533	10 892	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)

Explanatory Notes

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

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

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		122 176	137 025	154 990	182 650	182 853	182 853	230 549	232 487	227 934
Vote 3 - CORPORATE SERVICES		95	331	398	500	500	500	750	850	1 000
Vote 4 - COMMUNITY & SOCIAL SERVICES		2 408	2 452	3 798	7 190	7 490	7 490	9 611	10 187	10 801
Vote 5 - PLANNING AND DEVELOPMENT		199	56	13	35	35	35	37	39	42
Vote 6 - INFRASTRUCTURE		46 821	46 654	62 029	76 496	86 033	86 033	85 028	81 132	84 612
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	171 698	186 519	221 229	266 871	276 911	276 911	325 975	324 696	324 388
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		12 333	15 062	15 983	54 434	54 434	54 434	62 214	63 176	65 342
Vote 2 - BUDGET & TREASURY		85 243	95 364	114 824	67 175	67 378	67 378	81 154	97 629	112 355
Vote 3 - CORPORATE SERVICES		55 187	60 559	79 529	28 632	28 632	28 632	31 158	29 560	30 568
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	37 873	38 173	38 173	52 148	50 966	51 838
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	14 078	14 078	14 078	18 467	18 953	18 745
Vote 6 - INFRASTRUCTURE		-	-	-	102 777	112 314	112 314	131 428	129 585	120 969
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	152 763	170 985	210 336	304 968	315 008	315 008	376 568	389 870	399 817
Surplus/(Deficit) for the year	2	18 935	15 533	10 892	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)

Explanatory Notes

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

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

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	4 356	4 692	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 980
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	159	168	178	200	200	200	200	212	225	238
Service charges - other											
Rental of facilities and equipment		102	137	144	165	165	165	165	175	185	197
Interest earned - external investments		2 552	2 850	4 743	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Interest earned - outstanding debtors											
Dividends received											
Fines		602	277	59	50	50	50	50	53	56	60
Licences and permits		1 647	1 696	3 252	6 500	6 500	6 500	6 500	8 890	9 423	9 989
Agency services											
Transfers recognised - operational		122 525	131 018	157 576	173 502	183 230	183 230	183 230	245 817	240 878	235 626
Other revenue	2	1 096	5 928	1 451	16 125	20 438	20 438	20 438	1 402	1 541	1 732
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		133 038	146 766	172 663	206 547	220 587	220 587	220 587	267 166	263 564	259 776
Expenditure By Type											
Employee related costs	2	55 187	60 559	79 529	80 928	80 928	80 928	80 928	107 017	113 598	120 244
Remuneration of councillors		12 333	15 062	15 983	16 174	16 174	16 174	16 174	17 457	18 504	19 615
Debt impairment	3	-	1 161	-	3 500	3 500	3 500	3 500	3 668	3 884	4 102
Depreciation & asset impairment	2	31 100	31 291	30 481	34 598	34 598	34 598	34 598	46 925	61 289	74 557
Finance charges		100	281	140	105	105	105	105	110	117	124
Bulk purchases	2	7 158	-	-	-	-	-	-	-	-	-
Other materials	8	3 469	6 685	4 463	16 846	20 346	20 346	20 346	23 774	25 177	21 706
Contracted services		-	-	-	391	391	391	391	1 034	1 095	1 156
Transfers and grants		-	-	-	3 720	3 720	3 720	3 720	5 000	6 000	5 032
Other expenditure	4, 5	43 416	55 664	69 417	62 604	155 246	155 246	155 246	171 584	160 205	153 282
Loss on disposal of PPE			282	10 324							
Total Expenditure		152 763	170 985	210 336	218 866	315 008	315 008	315 008	376 568	389 870	399 817
Surplus/(Deficit)		(19 725)	(24 220)	(37 674)	(12 319)	(94 421)	(94 421)	(94 421)	(109 403)	(126 307)	(140 041)
Transfers recognised - capital		38 660	39 753	48 566	60 324	56 324	56 324	56 324	58 809	61 132	64 612
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)
Taxation											
Surplus/(Deficit) after taxation		18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		18 935	15 533	10 892	48 005	(38 097)	(38 097)	(38 097)	(50 594)	(65 175)	(75 429)

Explanatory Notes:

Total revenue is R267,1 million in 2015/16 and escalates to R263,5 million by 2016/17 and decrease to R259,7 million in 2017/18.

4.5.5 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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & 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 & ADMINISTRATION		-	515	-	-	-	-	-	1 300	-	-
Vote 2 - BUDGET & TREASURY		956	531	2 481	3 600	3 600	3 600	3 600	500	230	559
Vote 3 - CORPORATE SERVICES		1 083	1 501	2 739	7 895	7 895	7 895	7 895	4 356	1 142	1 523
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	685	685	685	685	3 141	249	263
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		36 506	12 241	60 439	73 922	54 922	54 922	54 922	68 021	69 198	62 967
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		38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Total Capital Expenditure - Vote		38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Capital Expenditure - Standard											
Governance and administration		2 039	2 548	4 937	11 495	11 495	11 495	11 495	6 156	1 372	2 082
Executive and council		-	515	-	-	-	-	-	1 300	-	-
Budget and treasury office		956	531	2 481	3 600	3 600	3 600	3 600	500	230	559
Corporate services		1 083	1 501	2 456	7 895	7 895	7 895	7 895	4 356	1 142	1 523
Community and public safety		-	-	-	460	685	685	685	1 106	-	-
Community and social services		-	-	-	-	225	225	225	106	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	460	460	460	460	1 000	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		36 506	12 241	60 723	54 922	54 922	54 922	54 922	68 021	69 198	62 967
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		36 506	12 241	60 723	54 922	54 922	54 922	54 922	68 021	69 198	62 967
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	19 225	-	-	-	2 035	249	263
Electricity		-	-	-	19 000	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	225	-	-	-	2 035	249	263
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Funded by:											
National Government		38 545	14 789	65 660	56 324	56 324	56 324	56 324	55 869	58 075	61 381
Provincial Government		-	-	-	4 000	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	25 778	10 778	10 778	10 778	21 449	12 744	3 931
Transfers recognised - capital	4	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	38 545	14 789	65 660	86 102	67 102	67 102	67 102	77 318	70 819	65 312

Explanatory Notes

When comparing the previous budget of R67,1 million, there is an increase of R10,2million which is 15%. In a total budget of R77,3 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years the there is a decrease of 8%, and 7.78% each year.

4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		9 437	13 681	25 991	13 681	13 681	13 681	13 681	25 991	25 991	25 991
Call investment deposits	1	51 056	69 005	49 448	59 145	59 145	59 145	59 145	49 448	52 415	55 560
Consumer debtors	1	625	1 599	3 399	6 481	6 481	6 481	6 481	9 661	5 777	1 675
Other debtors		10 970	1 839	3 923							
Current portion of long-term receivables											
Inventory	2	-	120	159					159	159	159
Total current assets		72 087	86 245	82 922	79 307	79 307	79 307	79 307	85 261	84 343	83 386
Non current assets											
Long-term receivables											
Investments											
Investment property		60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473
Investment in Associate											
Property, plant and equipment	3	230 349	247 471	263 090	255 536	255 536	255 536	255 536	299 460	312 940	308 339
Agricultural											
Biological											
Intangible		376	409	424	809	809	809	809	2 017	777	820
Other non-current assets											
Total non current assets		291 199	308 354	323 988	316 819	316 819	316 819	316 819	361 950	374 190	369 632
TOTAL ASSETS		363 285	394 598	406 909	396 126	396 126	396 126	396 126	447 211	458 533	453 019
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	297	-	-	-	-	-	-	-	-	-
Consumer deposits		4 363	2 688	10 142							
Trade and other payables	4	10 970	15 702	9 284	8 000	8 000	8 000	8 000	9 284	8 746	8 238
Provisions		2 333	1 062	1 502							
Total current liabilities		17 963	19 452	20 928	8 000	8 000	8 000	8 000	9 284	8 746	8 238
Non current liabilities											
Borrowing		477	1 073	920	1 142	1 142	1 142	1 142	1 600	1 507	1 420
Provisions		-	2 599	2 694	225	225	225	225	235	249	263
Total non current liabilities		477	3 672	3 614	1 366	1 366	1 366	1 366	1 835	1 756	1 683
TOTAL LIABILITIES		18 440	23 124	24 542	9 366	9 366	9 366	9 366	11 120	10 502	9 922
NET ASSETS	5	344 845	371 475	382 367	386 760	386 760	386 760	386 760	436 091	448 031	443 097
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		344 845	371 475	382 367	404 845	367 460	367 460	367 460	436 091	448 031	443 097
Reserves	4	-	-	-	15 000	19 300	19 300	19 300	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	344 845	371 475	382 367	419 845	386 760	386 760	386 760	436 091	448 031	443 097

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 2015/16 where current assets reflect an amount of R85 million.

Short term call investments reflect an amount of R49,4 million in 2015/16. The total assets are budgeted at R447 million for 2015/16 budget year.

4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		4 356	4 692	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 980
Service charges		159	168	178	200	200	200	200	212	225	238
Other revenue		6 969	8 038	4 906	22 188	22 188	22 188	22 188	10 520	11 206	11 977
Government - operating	1	122 525	131 018	157 576	173 502	173 502	173 502	173 502	245 817	240 878	235 626
Government - capital	1	38 660	39 753	48 566	60 324	60 324	60 324	60 324	58 809	61 132	64 612
Interest		2 551	2 850	4 743	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Dividends									-	-	-
Payments											
Suppliers and employees		(119 597)	(125 720)	(173 165)	(180 664)	(180 664)	(180 664)	(180 664)	(243 546)	(247 758)	(253 919)
Finance charges		(224)	(153)	(14)	(105)	(105)	(105)	(105)	(110)	(117)	(124)
Transfers and Grants	1								(5 000)	(6 000)	(5 032)
NET CASH FROM/(USED) OPERATING ACTIVITIES		55 399	60 646	48 050	85 450	85 450	85 450	85 450	77 319	70 821	65 313
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			368						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables		327							-	-	-
Decrease (increase) in non-current investments		(1 087)							-	-	-
Payments											
Capital assets		(50 782)	(14 789)	(56 728)	(86 102)	(67 102)	(67 102)	(67 102)	(77 318)	(70 819)	(65 312)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(51 542)	(14 421)	(56 728)	(86 102)	(67 102)	(67 102)	(67 102)	(77 318)	(70 819)	(65 312)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing			1 221	(180)					-	-	-
Increase (decrease) in consumer deposits			3 107	1 611					-	-	-
Payments											
Repayment of borrowing		85							-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		85	4 329	1 431	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		3 942	50 554	(7 247)	(652)	18 348	18 348	18 348	1	1	0
Cash/cash equivalents at the year begin:	2	5 495	32 133	82 687	13 681	13 681	13 681	13 681	75 440	75 441	75 442
Cash/cash equivalents at the year end:	2	9 437	82 687	75 440	13 029	32 029	32 029	32 029	75 441	75 442	75 442

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 2015/16 MTERF. This is due to the increase in our operation and conditional grants.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2011/12			Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	9 437	82 687	75 440	13 029	32 029	32 029	32 029	75 441	75 442	75 442
Other current investments > 90 days		51 055	-	-	59 798	40 797	40 797	40 797	(1)	2 965	6 109
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		60 492	82 687	75 440	72 826	72 826	72 826	72 826	75 440	78 407	81 552
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(5 754)	12 264	1 962	1 670	2 513	2 513	2 513	(377)	2 969	6 563
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(5 754)	12 264	1 962	1 670	2 513	2 513	2 513	(377)	2 969	6 563
Surplus(shortfall)		66 246	70 423	73 478	71 156	70 313	70 313	70 313	75 817	75 438	74 988

Explanatory Notes.

The municipality have the reserves that are cash backed for 2015/16 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.

4.5.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	67 102	67 102	67 102	77 318	70 819	65 312
Infrastructure - Road transport		-	-	-	54 422	54 422	54 422	58 354	65 044	63 190
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	225	-	-	235	249	263
Infrastructure		-	-	-	54 647	54 422	54 422	58 589	65 294	63 454
Community		-	-	-	-	225	225	200	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	11 955	11 955	11 955	16 512	4 749	1 038
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	500	500	500	2 017	777	820
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	54 422	54 422	54 422	58 354	65 044	63 190
Infrastructure - Road transport		-	-	-	54 422	54 422	54 422	58 354	65 044	63 190
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	225	-	-	235	249	263
Infrastructure		-	-	-	54 647	54 422	54 422	58 589	65 294	63 454
Community		-	-	-	-	225	225	200	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	11 955	11 955	11 955	16 512	4 749	1 038
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	500	500	500	2 017	777	820
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	67 102	67 102	67 102	77 318	70 819	65 312
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		188 305	207 809	221 333	247 532	247 532	247 532	236 656	240 261	234 881
Infrastructure - Electricity		-	-	-	19 000	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	235	249	263
Infrastructure		188 305	207 809	221 333	266 532	247 532	247 532	236 891	240 510	235 144
Community		4 052	2 593	2 539	4 092	4 092	4 092	2 739	2 951	2 361
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473
Other assets		37 992	37 069	39 217	47 575	47 575	47 575	59 829	69 479	70 834
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		376	409	424	809	809	809	2 017	777	820
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	291 199	308 354	323 988	379 482	360 482	360 482	361 950	374 190	369 632
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		31 100	31 291	30 481	34 598	34 598	34 598	46 925	61 289	74 557
Repairs and Maintenance by Asset Class	3	-	-	-	16 846	20 346	20 346	23 774	25 177	21 706
Infrastructure - Road transport		-	-	-	14 374	17 874	17 874	21 000	22 239	19 604
Infrastructure - Electricity		-	-	-	500	500	500	522	553	584
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	14 874	18 374	18 374	21 522	22 792	20 187
Community		-	-	-	162	162	162	170	180	190
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	-	-	1 810	1 810	1 810	2 082	2 205	1 329
TOTAL EXPENDITURE OTHER ITEMS		31 100	31 291	30 481	51 444	54 944	54 944	70 699	86 466	96 263

Explanatory Notes

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

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Currently in the municipal budget 20% is allocated to capital expenditure and 6% is allocated to repairs and maintenance when taking into consideration the total budget.

5 Annual Budget Process Overview

5.1 Background

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

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

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

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

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

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

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

DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN

Guiding Principles

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

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 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 2015/2016 IDP and preparation of the Multi-Year Budget for the 2015/16 year is reflected below

Schedule of key deadlines

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Table IDP, PMS and Annual Budget Process Plan for 2015/16 to the Executive Committee adoption including the following documents <ul style="list-style-type: none"> ✓ Annual Financial Statements ✓ Performance Information report (MSA-s46) 	Municipal Manager	23 August 2014	MFMA 21(1)(b) & 53 (1) (b)
	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	28 August 2014	MFMA 21(1)(b) & 53 (1) (b)
	Annual Financial Statements and Performance Assessment Information Report submitted to Auditor General	Chief Financial Officer, MM	29 August 2014	MFMA 126 (1) (a)
	Advertise budget & IDP time schedule	SM: Operations	September	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
			2014	
	IDP Representative Forum		09 September 2014	MSA s34
	Open Council Meeting		23 September 2014	MSA s18
	Intergovernmental Engagements (IGR FORUM)	Mayor	25 & 26 September 2014	Constitution of RSA, s41 & MSA s24
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager, Senior Managers	October 2014	
	IDP & Budget Steering Committee	Municipal Manager	6 October 2014	IDP Guide

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Table first quarter performance report including financial performance analysis report to Council	Mayor	30 October 2014	MFMA s52(d)
	Mayoral Imbizo's to give service delivery feedback and get community priority needs		10-14 November 2014	MSA s34 & s16
	Intergovernmental Relations Forum	Mayor, MM	4-5 November 2014	IGR Act
	Pre Strategic Planning Session (setting of institutional indicators aligned with national and provincial programmes, organizational structure , delegation framework and governance framework	MM & Mayor	26-28 November 2014	Constitution of RSA s153
	Finalize Annual Report for 2013/2014 financial year	Municipal Manager	December 2014	MFMA s121

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	IDP Representative Forum	Mayor	4 December 2014	MSA s34
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	12-14 January 2015	MFMA s72 (1) & 11
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	19 & 20 January 2015	MFMA s72 (1) & 11
	Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Mayor & MM	23 January 2015	MFMA s72 (1) & 11
	Mid-year budget and performance assessments visit by Provincial Treasury	CFO & MM	February 2015	MFMA s72 (1) & 11
	IDP Representative Forum	Mayor	17 March	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
			2015	
COUNCIL SITTING	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	19 March 2015	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies	Mayor	26 March 2015	MFMA s16 (2)
	Adoption of the Oversight report	Speaker, MPAC	26 March 2015	MFMA s129)1)
	Intergovernmental Relations Forum	MM & Mayor	31 March 2015	IGR Act
	Conduct IDP & Budget Public Hearings	Mayor	13-17 April 2015	
	Table third quarter performance report including	Mayor	30 April 2015	MFMA s52(d)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	financial performance analysis report to Council			
	IDP Representative Forum	Mayor	05 May 2015	
	Intergovernmental Relations Forum	Mayor	12 May 2015	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	28 May 2015	MFMA s24 (1)
	Approval of the SDBIP by the Mayor	Municipal Manager	June 2015	
	Table fourth quarter performance report including financial performance analysis report to Council	Municipal Manage	July 2015	MFMA s52 (d)

6 Alignment of Budget with Integrated Development Plan

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

7 Budget Related Policies Overview and Amendments

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

The policies to be attached are as follows:

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

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 75 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2014		2015	2016	2017	2018
	Actual		Estimate	Forecast		
CPI Inflation	5.8		5.6	4.8	5.9	5.6

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 bas The *Salary and Wage Collective Agreement* for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

8.3 Municipalities are advised to structure their 2015/16 electricity tariffs based on the **12.20 per cent** guideline and provide for a **14.24 per cent** increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTREF. Any changes to these guidelines will be communicated to municipalities in a further Budget Circular for the 2015/16 financial year to be issued shortly after the tabling of the National Budget

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.

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

9.1 FUNDING OF THE CAPITAL BUDGET

The 2015/2016 capital budget amounts to R77 318 000, and for the two outer years its R70 819 000, and R65 312 000. It is predominantly funded through the MIG funding.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

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

Assessment Rates. The Municipal Property Rates Act will be implemented on July 1 2015. The assessment rates will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

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

The total budget for the assessment rates is R5,3 million for the current year, and for two outer years is R5,6 million and 5,9 million.

The income received in the form of the Equitable Share Grant is R216,7 million and for the two outer years is R217,95 million and R212,5 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2015/16	R1 600 000
MSIG	2015/16	R 930 000
EPWP	2015/16	R1 219 000

10 Annual budgets and service delivery and budget implementation plans

– Internal departments

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

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

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

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2015 to 30 June 2016 (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 DSDBIP for the 2015/2016 financial year has been prepared for submission to Treasury.

11. Contracts having future budgetary implications

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

12. Legislation Compliance

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the NLM's website.

2. 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 will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 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

13. Other Supporting Documents

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		6 669	5 781	6 168	5 970	5 970	5 970	5 970	6 328	6 708	7 110
<i>less Revenue Foregone</i>		2 313	1 089	908	965	965	965	965	1 011	1 071	1 131
Net Property Rates		4 356	4 692	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 980
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue											
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		159	168	178	200	200	200	200	212	225	238
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		159	168	178	200	200	200	200	212	225	238

Other Revenue by source											
Insurance claim	1	196	-								
Library fees		11	2	40	40	40	40	42	45	48	
Plan fees	4	19	13	25	25	25	25	27	28	30	
Other income	474	89	132	15 100	19 413	19 413	19 413	95	101	107	
Tender sales	228	222	404	250	250	250	250	265	281	298	
Training-LGSETA	95	331	398	500	500	500	500	750	850	1 000	
Vending & Hawking fees	15	56	7	10	10	10	10	11	11	12	
Auction Sale	0	-	57	-	-	-	-				
Fees earned		45	44	-	-	-	-				
Commissions received	87	116	140	200	200	200	200	212	225	238	
Recoveries			4 670	-	-	-	-				
Fair value gain on short term investments	3	191	171	254	-	-	-				
Total 'Other' Revenue	1	1 096	5 928	1 451	16 125	20 438	20 438	20 438	1 402	1 541	1 732
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	33 348	36 677	48 605	52 690	52 690	52 690	52 690	67 100	71 226	75 393
Pension and UIF Contributions		9 858	3 376	4 776	7 400	7 400	7 400	7 400	11 783	12 508	13 240
Medical Aid Contributions	351		6 900	7 864	5 742	5 742	5 742	5 742	12 981	13 780	14 586
Overtime		2 843	3 401	4 804	53	53	53	53	50	53	56
Performance Bonus				-	5 848	5 848	5 848	5 848	5 489	5 826	6 167
Motor Vehicle Allowance		4 763	5 890	5 972	2 286	2 286	2 286	2 286	3 068	3 256	3 447
Cellphone Allowance	176			-							
Housing Allowances		1 684	2 207	3 116	2 407	2 407	2 407	2 407	3 103	3 294	3 487
Other benefits and allowances		2 163	1 395	2 613	4 152	4 152	4 152	4 152	3 114	3 306	3 499
Payments in lieu of leave			167	1 251					-	-	-
Long service awards			545	529	350	350	350	350	328	348	369

Post-retirement benefit obligations	4											
<i>sub-total</i>	5	55 187	60 559	79 529	80 928	80 928	80 928	80 928	107 017	113 598	120 244	
<u>Less: Employees costs capitalised to PPE</u>												
Total Employee related costs	1	55 187	60 559	79 529	80 928	80 928	80 928	80 928	107 017	113 598	120 244	
<u>Contributions recognised - capital</u>												
<i>List contributions by contract</i>												
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	
<u>Depreciation & asset impairment</u>												
Depreciation of Property, Plant & Equipment		30 912	31 291	30 481	34 598	34 598	34 598	34 598	46 925	61 289	74 557	
Lease amortisation												
Capital asset impairment		188										
Depreciation resulting from revaluation of PPE	10											
Total Depreciation & asset impairment	1	31 100	31 291	30 481	34 598	34 598	34 598	34 598	46 925	61 289	74 557	
<u>Bulk purchases</u>												
Electricity Bulk Purchases		7 158										
Water Bulk Purchases												
Total bulk purchases	1	7 158	-	-	-	-	-	-	-	-	-	
<u>Transfers and grants</u>												
Cash transfers and grants		-	-	-	3 720	3 720	3 720	3 720	2 000	2 500	2 032	
Non-cash transfers and grants		-	-	-	-	-	-	-	3 000	3 500	3 000	
Total transfers and grants	1	-	-	-	3 720	3 720	3 720	3 720	5 000	6 000	5 032	
<u>Contracted services</u>												
<i>List services provided by contract</i>												
<i>Nashua</i>					391	391	391	391	1 034	1 095	1 156	

sub-total	1	-	-	-	391	391	391	391	1 034	1 095	1 156
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	-	-	391	391	391	391	1 034	1 095	1 156
Other Expenditure By Type	-										
Collection costs											
Contributions to 'other' provisions											
Consultant fees		401	5 265	3 350	100	100	100	100	105	111	117
Audit fees		3 847	3 264	2 441	3 000	3 000	3 000	3 000	4 000	4 236	4 473
General expenses	3	39 043	47 006	60 980	59 504	85 044	85 044	85 044	90 161	85 039	83 379
<i>Fair value loss on short term investments</i>		124	130	228							

<i>Impairment Loss/Reversal of impairment</i>				2 418							
<i>Capital expenditure</i>					67 102	67 102	67 102	77 318	70 819	65 312	
Total 'Other' Expenditure	1	43 416	55 664	69 417	62 604	155 246	155 246	155 246	171 584	160 205	153 282

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials				16 846	20 346	20 346		23 774	25 177	21 706	
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	-	-	-	16 846	20 346	20 346	-	23 774	25 177	21 706

14 **Municipal Manager's Quality Certificate**

I **Mrs N Nomandela**, Municipal Manager of the Nyandeni Local Municipality hereby certify that the 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
