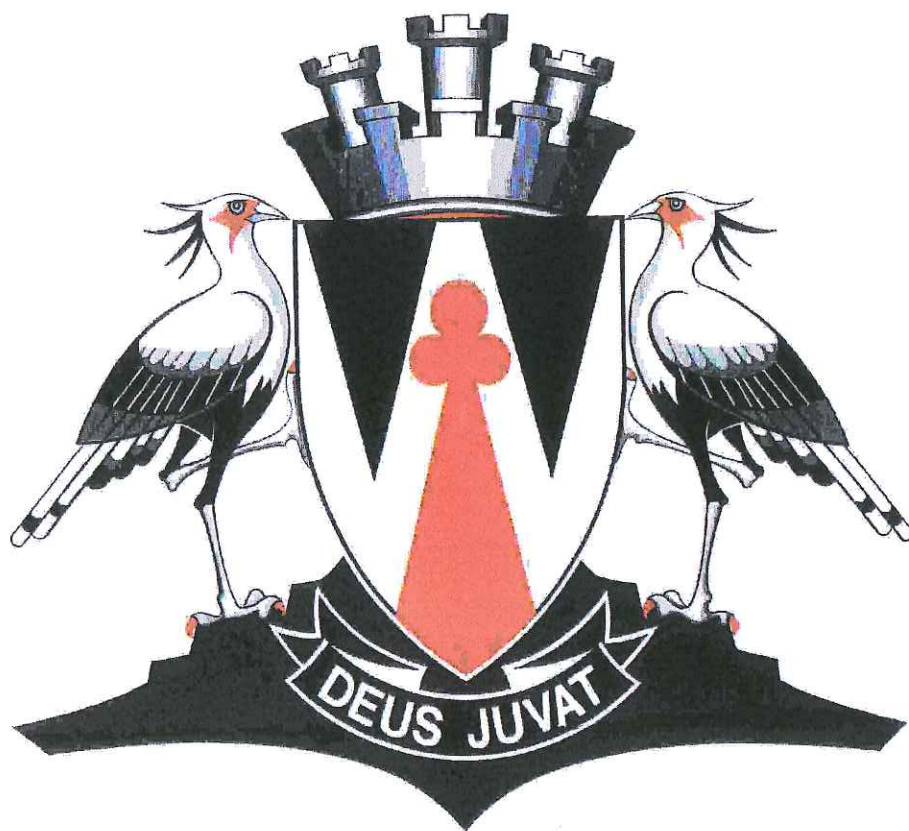


Central Karoo District Municipality



BUDGET REPORT
MTREF 2013/14 – 2015/16

TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET	PAGE
SECTION 1 – INTRODUCTION.....	1
SECTION 2 - MAYORAL SPEECH	2
SECTION 3 - BUDGET RELATED RESOLUTIONS	5
SECTION 4 - EXECUTIVE SUMMARY	6
SECTION 5 - ANNUAL BUDGET TABLES	15
 PART 2 – SUPPORTING DOCUMENTATION	
SECTION 6 - OVERVIEW OF ANNUAL BUDGET PROCESS	16
SECTION 7 - OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN	17
SECTION 8 - MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	17
SECTION 9 - OVERVIEW OF BUDGET RELATED POLICIES	18
SECTION 10 - OVERVIEW OF BUDGET FUNDING AND EXPENDITURE	18
SECTION 11- EXPENDITURE ON ALLOCATIONS OF GRANT PROGRAMMS	23
SECTION 12- ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	23
SECTION 13- EMPLOYEE BENEFITS AND COUNCILLOR REMUNERATION.....	23
SECTION 14- MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASHFLOW.....	24
SECTION 15 – ANNUAL BUDGETS AND SERVICE DELIVERY BUDGET IMPLIMENTATION PLANS – INTERNAL DEPARTMENTS.....	24
SECTION 16- ANNUALL BUDGETS AND SERVICE DELIVERY AGREEMENTS - MUNICIPAL ENTITIES AND OTHER EXTERNAL MEGANISMS	24
SECTION 17 – CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	24
SECTION 18- CAPITAL EXPENDITURE DETAIL	24

SECTION 19- MUNICIPAL MANAGER'S QUALITY CERTIFICATE	25a
COUNCIL RESOLUTION – 27 MAY 2013	25b
ANNEXURE A – ENVIRONMENTAL HEALTH TARIFF LIST	26
ANNEXURE B – ANNUAL BUDGET TABLES	34

PART 1 – ANNUAL BUDGET

SECTION 1- INTRODUCTION

MUNICIPAL BUDGET : DEFINITION

The budget is generally a projection of future revenues and expenditure. The budget is used to control financial transactions and should also be used as a management and planning tool. It is also the tool for implementing the service delivery objectives of the Municipality as set out in their Integrated Development Plan (IDP).

The budget also provides for greater transparency, accountability, flexibility, and predictability within the municipality.

The annual budget and capital budget for the financial year 2013/14 and the 2 indicative years 2014/15 and 2015/16 are hereby represented as prescribed in among others in the:

- MFMA (Act 56 of 2003)
- The Distribution of Revenue Act, 2011 and Provincial Budget announcements
- Budget & Reporting Regulations 393 of 2009
- Sections 215 & 216 of the Constitution
- The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003
- Councils budget related policies

SECTION 2- MAYORAL SPEECH

The Bill of Rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom. The state must respect, protect, promote and fulfill the rights in the Bill of Rights

Municipalities function within the realm of an extensive legislative and policy framework that provides prescripts and guidelines for municipal objectives, strategies and programs to be implemented and aligned with municipal functions. For the Central Karoo District Municipality to realise growth and development, the budget, programmes and projects must be aligned to development and institutional policy directives.

The Constitution of the Republic of South Africa outlines the type of Local Governments needed. Section 152 and 153 of the constitution prescribes that Local Government are in charge of the development processes in municipal planning and describes the following objectives of Local Government:

- To ensure a sustainable provision of services;
- To provide democratic and accountable government for all communities;
- To promote social and economic development;
- To promote a safe and healthy environment;
- To give priority to the basic needs of communities; and
- To encourage involvement of communities and community organizations in matters of local government.

The **Municipal Manager** of the Municipality must submit a copy of the Integrated Development Plan as adopted by Council of the Municipality to the MEC.

The Integrated Development Planning must identify:

- the institutional framework, which must include an organogram required for the implementation of the Integrated Development Plan and addressing the internal transformation;
- any investment initiatives in the municipality;
- any development initiatives in the municipality, including infrastructure, physical, social and institutional development;
- all known projects, plans and programmes to be implemented within the municipality by any organ of the state; and
- the key performance indicators set by the municipality.

The **Mayor** of the Municipality must:

- take into account the Municipality's Integrated Development Plan
- take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the MSA, taking into account realistic revenue and expenditure projections for future years;
- take into account the national budget, the relevant provincial budget, the national government's fiscal and macro-economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum;
- consult –
 - the relevant district municipality and all other local municipalities within the area of the district municipality, if the municipality is a local municipality;
 - all local municipalities within this area, if the municipality is a district;
 - the relevant provincial treasury, and when requested, the National Treasury; and
 - any national or provincial organs of state, as may be prescribed; and
- provide, on request, any information relating to the budget –
 - to the National Treasury; and
 - subject to any limitations that may be prescribed, to
 - the national departments responsible for water, sanitation, electricity and any other services as may be prescribed;
 - any other national and provincial organ of states, as may be prescribed; and
 - another municipality affected by the budget.

Many people ask the question what is the purpose of the district municipality. District Municipalities originated from the old Divisional Councils and more recently the Regional Services Councils. Currently the Central Karoo District Municipality is responsible for the following functions in terms of legislation:

- 1) Maintenance of Roads within the Region which includes the re-gravelling of prioritized sections, maintenance on the divisional and sub-divisional roads as well as minor roads (if funds are available), fencing in high risk areas along roads, planning and construction of road related concrete works etc.
- 2) Environmental Health which includes the inspection, monitoring and reporting of waste- and waste water sites, refuse dumps, water- and food sampling, reportable disease reporting, etc.
- 3) Disaster management which includes fire fighting in the region and disaster management.
- 4) Regional Tourism
- 5) Local Economic Development.
- 6) Integrated Development Planning on a Regional basis.
- 7) Intergovernmental Relations which is the responsibility of Council for the Central Karoo Region.

Apart from the above Council also engage in the following activities in its endeavors to optimize service delivery to the inhabitants of the Region:

- 1) Working for water programme which is the project where alien vegetation in the rural areas are eradicated. Almost a 100 people are in the service of different contractors who are listed with Council in this programme.
- 2) Establishment of an Economic Development Agency for the Region with main aim to source for external development funds.
- 3) Youth & Gender Desk.
- 4) Administration of a pre-school (crèches) feeding scheme in collaboration with the Department of Health.
- 5) EPWP Project Co-ordination of Programmes in the Region.

E Z NJADU
EXECUTIVE MAYOR

SECTION 3- BUDGET RELATED RESOLUTIONS

The Executive Mayor, Alderman E Z Njadu tabled the Annual Budget at a Special Council meeting on **27 May 2013**. The latter after the Draft Budget was approved on **19 March 2013**.

At the Special Council meeting on 27 May 2013 Council resolved that:

1. The IDP of Council for the financial year 2013/14 be approved.
2. The Annual Budget for CKDM for the financial year 2013/14 and indicative for the two projected outer years be approved.
3. The Draft SDBIP, as tabled with the Budget be approved.
4. The circulated IT- and Financial Policies be approved.
5. The proposed increase in tariffs, as circulated with the Budget, be approved.
6. The proposed organogram, as attached to the IDP be approved.

SECTION 4- EXECUTIVE SUMMARY

1. INTRODUCTION

I can only imagine that in the times of the gold rush in the then Transvaal and also in the days of Barney Bernato with his diamonds in Kimberley, little attention was given to things like budgets because the wealth was so overwhelming that it was not necessary to budget for anything. More recently it was the time of the ostrich feathers in the Klein Karoo and in the late fifty's the price of wool that rocketed sky high.

Since those carefree days our population grew to such an extent that the need of people by far exceeded the available resources in the sense of infrastructure, etc. The public sector's responsibility for delivering services to address basic needs such as housing, water, electricity, health, fire fighting, disaster management, etc., mostly with limited funds, contributes to the necessity of accurate budgeting to provide in the needs of the people served by a specific sphere of Government.

2. THE BUDGET PROCESS

Several different Acts such as the Constitution, Municipal Finance Management Act, Municipal Systems Act, Distribution of Revenue Act and Council's own budget related policies prescribe the budget and budget related processes.

The Integrated Development Plan of Council is basically the process in which the Local Authority establishes the needs of the communities it serves. After this public participation process the Integrated Development Plan is drafted. The budget must obviously be aligned with the IDP to, in so doing, address the needs of the community. After the adoption of the IDP and budget by the end of May of the year preceding the year which is budgeted for, a Service Delivery Budget Implementation Plan must be adopted by Council. This plan is basically the way in which the administration intends to roll out the IDP and aligned Budget. From this Service Delivery Budget Implementation Plan the Performance Contracts of individuals are drafted. The whole process ends up in the Annual Report of Council which must be in draft format by the end of August of the year following the year of reporting.

3. BUDGET METHODOLOGY

We make use of the zero based budget principle but in some cases also combine this with the principle of historical values.

- We budgeted for an increase of 6,95% in the salaries of personnel plus 2,5% for notch increases where applicable.
- We budgeted for an increase of 7% in the remuneration of Councillors.
- Historical values was used on items such as travel and subsistence and might it be that the budget for this specific item throughout the budget is too conservative.
- The cost with regards to service providers was cut unrealistically low due to Council's intend to minimise the use of service providers.
- Items such as provision for employee benefits, depreciation and provision for long service gratification was done in accordance with the actuarial values.

4. INCOME

With the cancellation of Regional Services Council Levies and the termination of fuel levies, District Municipalities became more and more dependent on grants and subsidies from National Treasury.

A current function of the Municipality, Global Fund – HIV/AIDS Prevention will be transferred to the Provincial Health Department at the end of June 2013. This obviously impacted negatively on the budget of Council. This together with a smaller allocation from the Department of Environmental Affairs (Working for Water Project), a cut in our Municipal Systems Improvement Grant as well as the loss of a small subsidy that we received from the Provincial Government for Environmental Health, our income decreased with 6,4% (R3 660 577) from R57 000 271 to R53 339 694.

Fortunately Council was conservative with senior appointments and was the Manager Strategic Services completely phased out and the CFO post combined with Corporate Services without extra remuneration. Furthermore the pool vehicles of Council was optimally used to the extent that we realised quite a saving on travel costs. These and other measures assisted that we could also make use of historical values and in so doing cut in expenditure to accommodate the lower income.

The following grants and subsidies were allocated to the Municipality for the 2013/14 financial year:

GRANTS & SUBSIDIES	
FUND	AMOUNT R
Equitable Share	14 638 000
Financial Management Grant	1 250 000
Municipal Systems Improvement Grant	890 000
Department of Economic Development & Tourism	174 350
EPWP	1 000 000
DEAT (Working for Water)	2 200 000
Roads Agency Services	29 980 000
Department of Health – Feeding Scheme	94 000
SUBTOTAL	50 226 350
+ Economic Development Agency (contra item)	2 067 338
TOTAL	52 293 688

OTHER INCOME	
	AMOUNT R
Milk Powder Sales	450 000
Insurance	4 000
Rent on Facilities	105 000
Interest on Investments	115 000
Diverse Income	2 000
Commission	500
Photostats and Faxes	500
Competency Certificates	18 500
Building Plans	506
Milk and Water Samplings Project	350 000
TOTAL	1 046 006

TOTAL INCOME: R53 339 694

Grants are utilised in accordance with the specific prescription relating to a specific allocation. The Finance Management Grant and Municipal Systems Improvement Grant are conditional grants and allocated as follows:

<i>FINANCE MANAGEMENT GRANT</i>	
	<i>AMOUNT R</i>
Upgrade IT System	130 000
Performance Management	133 870
Supply Chain Management	186 130
Financial Interns	600 000
Training and support of Interns	200 000
TOTAL	1 250 000

<i>MSIG (MUNICIPAL SYSTEMS IMPROVEMENT GRANT)</i>	
	<i>AMOUNT R</i>
Asset Register	R100 000
IDP	R209 408
LED	R215 832
Internal Audit	R364 760
TOTAL	R890 000

5. EXPENDITURE

As mentioned earlier the operational expenditure budget of Council was quite a challenge and we were compelled to implement extreme saving measures to compile a budget which is responsive to the needs of the Integrated Development Plan but also credible in terms of legislation and the applicable guidelines from National Treasury.

The Budget makes provision for the following expenditure per cost centre:

<i>EXPENDITURE PER COST CENTRE</i>	
	<i>AMOUNT R</i>
Municipal Manager	1 343 418
Executive Council	3 8320 211
Financial Department	3 839 749
Corporate Department	4 405 251
Internal Audit	253 120
Financial Interns	716 500
Tourism	718 254
Integrated Development Plan	343 240
Economic Development Agency	1 922 625
Local Economic Development	201 774
Environmental Health	2 366 376
Disaster Management	715 800
Technical Services Department (Roads)	26 980 000
Working for Water	996 693
EPWP	940 000
Department of Health – Feeding Scheme	84 600
TOTAL EXPENDITURE	50 647 611

5.1 MUNICIPAL MANAGER

R1 343 418 was allocated to the Office of the Municipal Manager who is responsible for the management of the Municipality in the broader senses, but also more specifically the Integrated Development Plan as well as the Local Economic Development and the establishment of the Economic Development Agency. As Accounting Officer of the Municipality the Municipal Manager also facilitate the depoyees from respectively National Treasury and the Department of Environmental Affairs.

5.2 EXECUTIVE COUNCIL

R3 820 211 was allocated towards the effective functioning of the Mayoral Office and provision for Councillors. This cost centre inter alia makes provision for bursaries, donations and contributions towards festivals, sports gatherings and Council's Bursary Scheme.

5.3 FINANCIAL DEPARTMENT

R3 839 749 was allocated for the effective functioning of the Financial Department of Council. This cost centre makes provision for service providers to the amount of

R1 020 000, R380 000 for IT Licenses, **R219 314** towards employee benefit contributions and **R500 000** for audit fees.

The Finance Department is responsible for the Financial Interns, the effective functioning of the Supply Chain Unit of Council, IT-related issues and obviously the accounting responsibility of Council.

5.4 CORPORATE SERVICES DEPARTMENT

The Corporate Services Department of Council is responsible for the management of the following functions:

- Environmental Health
- Human Resources
- Disaster Management
- Regional Tourism
- Recordkeeping and Cleaning Services
- Working for Water

R4 405 251 is allocated for this function of which the bulk of **R3 485 836** is for salaries, **R120 000** for insurance and **R200 000** for provision towards the leave gratification fund.

5.5 INTERNAL AUDIT

Currently Council makes use of an Intern for the Internal Audit services with the support of a service provider.

Only **R253 120** is provided for this function of which **R200 000** is for the service provider.

5.6 INTERNS : NATIONAL TREASURY

R716 500 is allocated towards this function of which the bulk of **R635 500** is for salaries. The shortfall of **R83 500** with regards to the Conditional Grant is allocated towards the Financial Department who is responsible for training and the co-ordination of the program.

5.7 TOURISM

R718 254 was allocated for this function of which the bulk is salaries and **R174 350** for projects.

Regional Tourism is mainly responsible for the co-ordination of the different Bureau's in the Region as well as marketing and the development of tourism products.

5.8 INTEGRATED DEVELOPMENT PLAN

This function is responsible for the co-ordination of the different Integrated Development Plans within the region and is R343 240 allocated for the function with the bulk also for salaries.

5.9 ECONOMIC DEVELOPMENT AGENCY

The Economic Development Agency is not formally established yet because the funding as supposed to be allocated by the Independent Development Corporation (IDC) has not been received at the date of this report. We however had to make provision for the Agency as we were led to believe that the IDC will definitely fund the Agency and for that purpose there must be an available approved budget by National Treasury. For the latter reason we include this budget which basically balance out and had no effect on the outcome of Council's budget.

5.10 LOCAL ECONOMIC DEVELOPMENT

We foresee that this cost centre of Council will work in close collaboration with the Economic Development Agency and we therefore only budgeted for R201 174. Although we did budget for salaries to the extent of R165 820 the latter is not for a LED official, but provision for the Youth & Gender Official and part of cleaning services.

5.11 HEALTH

As mentioned earlier this section of Council delivers several sub-functions within the Region with one Manager and four officials of which one is located in Laingsburg.

R2 366 376 was allocated for Environmental Health Services within the region of which salaries is again the bulk of this expenditure and also **R110 000** with regards to travel and subsistence. Officials deliver services throughout the region and have to travel to Murraysburg, Nelspoort, Leeu-Gamka, Prince Albert, Merweville and Matjiesfontein to fulfill their responsibilities.

5.12 PUBLIC SAFETY

Public Safety includes the functions of Disaster Management as well as Fire Fighting. With regards to Fire Fighting the Municipality has agreements with the B-Municipalities (Beaufort West, Prince Albert and Laingsburg) within the region to deliver this service. The latter mainly due to the extensive nature of our region.

R715 800 was allocated for this function and makes provision for the Manager and his Assistant. Travel and subsistence is again one of the biggest costs at R50 000.

5.13 TECHNICAL SERVICES DEPARTMENT

The functions of this Department were discussed earlier.

Although R29 980 000 was allocated by Provincial Treasury for this function R3 000 000 is subtracted for the administration which leave the function with R26 980 000 to fulfill the functions as mentioned above.

5.14 DEPARTMENT OF HEALTH – FEEDING SCHEME

R84 600 is allocated for this function which provides for a Feeding Scheme to Crèches within the region and is managed by the mentioned Department. An administration fee of R9 400 is subtracted from the allocation of R94 000.

5.15 WORKING FOR WATER PROGRAM

R1 996 693 is allocated for this function of which **R489 872** is towards salaries and the balance for the execution of the program itself. **R203 307** is earmarked for an administration fee and subtracted from the allocation of R2 200 000, but forms part of subsidising the salaries of personnel who managed the program.

5.16 EXPANDED PUBLIC WORKS PROGRAM (EPWP)

This is a conditional grant and is distributed amongst the B-Municipalities within the region. Council is however authorised to employ a Data Typist. The allocations is **R940 000** after deduction of R60 000 for salaries.

6. BUDGET SURPLUS

The net effect of Council's budget is a surplus of R2 692 000.

Council's financial reporting must be in accordance with GRAP standards and principles which were adopted nationally and do we have to comply with the latter. One of these principles states that Councils cannot budget for a deficit and must the budget be cash backed. Due to unspent grants in previous years, now seen as creditors to Council, the above budget still projects a cash flow shortage of R1 756 000 although it is seen as credible in the sense that, should the latter be deducted from the projected surplus of R2 692 000, it remains in credit with R936 000. Provision should however be made for overdraft facilities to the amount of R2 000 000 to accommodate the cash flow shortfall of R1 756 000.

7. RATIOS

7.1 *TOTAL SALARIES TO INCOME*

Projected total salaries:	R23 000 000
Total Income:	R52 000 000
Ratio:	44%

The norm for this ratio is between 30 and 35% and does the Municipality therefore exceed this norm by 9%.

7.2 *TOTAL SALARIES INCLUDING COUNCILLORS*

Projected Total Salaries:	R26 300 000
Total Income:	R52 000 000
Ratio:	50,6%

This 50% ratio exceeds the norm by 15% and leaves Council with operational expenditure of a mere R26 000 000 which includes the Technical Services Department of which the operational cost is obviously high due to the nature of their function.

8. RECOMMENDATION

We recommend that Council approve the 2013/14 budget as follows:

- 1) The tabled IDP be approved.
- 2) Council to resolve that the Annual Budget for CKDM for the financial year 2013/14 and indicative for the two projected outer years be approved.
- 3) The attached Draft SDBIP be approved.
- 4) Circulated financial and IT related policies be approved.
- 5) The included amendment of tariffs, with regard to Environmental Health be approved.
- 6) The proposed organogram as attached to the IDP be approved.


NW NORTJÉ
CHIEF FINANCIAL OFFICER

SECTION 5- ANNUAL BUDGET TABLES

The following budget tables can be found in Annexure B:

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 - Budgeted Financial Performance (revenue and expenditure)

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

Table A5A - Budgeted Capital Expenditure by vote, standard classification and funding

Table A6 - Budgeted Financial Position

Table A7 - Budgeted Cash Flows

Table A8 - Cash backed reserves/accumulated surplus reconciliation

Table A9 - Asset Management

Table A10 - Basic service delivery measurement

Table SA1 – SA37 Supporting tables to the main budget schedule.

PART 2 – SUPPORTING DOCUMENTATION

SECTION 6- OVERVIEW OF BUDGET PROCESS

6.1 Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

6.2 Schedule of Key Deadlines in respect of the budget process [MFMA section 21(1) (b)]

The Act provides that the formal budget process must commence with the tabling by the Mayor in Council of a schedule setting out the key budget deadlines. This was compiled for tabling in Council at the end of August 2012.

6.3 Process followed to integrate the revision of the IDP and drafting of the budget

The budgeting process was integrated with the IDP during the IDP revision mechanism. The outcome of the consultation upon the IDP revision is taken into consideration in the budgeting process.

6.4 Process for tabling of the budget before Council for consultation

A statutory period of consultation follows the tabling of the budget before Council on 31 March 2013. Meetings with the local community shall be advertised in the local press after tabling of the draft budget. The Executive Mayor shall consider the outcomes of these consultation meetings and a report in which the reactions are set out shall be tabled at the same meeting where the budget is to be tabled for final approval.

6.5 Process for approval of the budget

The budget must be approved by Council by 31 May.

6.6 Process and media used to provide information on the budget to the community

All budget documentation, the MTREF, as well as tariffs and policy, shall be available at Council libraries and offices for perusal. It shall also be available on Council's website.

Advertisements informing the public about the availability of these documents and the schedules for the public hearings on the IDP. Budget shall be published in all local papers and be put up at municipal offices and libraries.

SECTION 7- OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan is aimed at addressing service delivery needs on a continuous basis by identifying new needs or areas of improvement. It is however also a well-known fact that the needs far exceed the available resources, and financial resources in particular.

- See Annual Budget tables SA 4,5 and 6 for brake down of all the revenue, operating expenditure and capital expenditure aligned to the goals and action plans of the Integrated Development Plan for the budget 2013/15, 2014/15 and 2015/16 financial years.

SECTION 8- MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Measurable performance objectives and indicators must be determined for the next year and included in the annual SDBIP: -

Key financial indicators and ratios:

- Debt cover ratio (Total operating revenue, minus grants and subsidies, divided by debtors)
- Services debt to revenue ratio (Total outstanding services debt, divided by revenue for services received)
- Cost cover ratio (cash equivalents, divided by monthly fixed operating cost)

Measurable performance objectives for:

- Revenue for each budget vote
- Revenue for each source
- Operating and capital expenditure for each vote
- When developing these measurable performance objectives, the following needs to be taken into consideration -
- The municipality's Integrated Development Plan (IDP)
- Economic development initiatives that facilitate job creation, economic growth, poverty alleviation
- Provision of basic services

SECTION 9- OVERVIEW OF BUDGET RELATED POLICIES

See **Annexure C** for detailed policies to be presented:

- Cash Management and Investment Policy
- Supply Chain Management Policy
- Virement Policy
- Funding and Reserve Policy
- Asset Management Policy
- Risk Management Policy
- Withdrawal and Fund Policy
- MFMA Delegation Register
- Anit-Corruption and Fraud Prevention Policy
- Credit Control Policy
- IT Strategy
- IT Governance Framework
- IT Risk Assessment Policy
- IT Security Policy
- IT Access Control Policy
- IT Change Control Policy

SECTION 10- OVERVIEW OF BUDGET FUNDING AND EXPENDITURE

Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes;
and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

A Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised DIP and vice versa and which ensures that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

INCOME

The total amount from the operating income budget amounts to R53 340 000, compared to the previous budget R57 271 000. This reflects a decrease of R3 931 000, or 6.8%. This decrease in income is due to the transfer of the Grants and Subsidies Allocations. No additional funds was utilize from Surplus funds. See table A1 in Annexure B.

Funds for the Central Karoo District Municipality for the 2013/14 financial year are as follows:-

GRANT & SUBSIDIES INCOME:-

FONDS / FUND	BEDRAG / AMOUNT
Equitable Share	14 638 000
Financial Management Grant	1 250 000
Municipal System Improvement Grant	890 000
EDA	1 922 625
Department of Economic Development and Tourism	174 350
EPWP	1000 000
Department of Health	84 600
DWAF	1 996 693
Roads Agency Services	26 980 000
TOTAAL / TOTAL	48 936 268

OTHER INCOME:-

INKOMSTE / INCOME	BEDRAG / AMOUNT
Rent of Facilities	105 000
Rent Received	115 000
Licenses and Permits	18 500
Milk Powder	800 000
Commissions	4 500
Sundry Income	12 400
Administration Levies	3 348 020
TOTAAL / TOTAL	4 403 420

DC5 Central Karoo - Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	Revenue By Source											
2	Property rates	2	828	-	-	-	-	-	-	-	-	-
	Property rates - penalties & collection charges		2	2	-	-	-	-	-	-	-	-
2	Service charges - electricity revenue	2	1 412	-	-	-	-	-	-	-	-	-
2	Service charges - water revenue	2	603	-	-	-	-	-	-	-	-	-
2	Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
2	Service charges - refuse revenue	2	651	-	-	-	-	-	-	-	-	-
	Service charges - other		-	-	-	-	-	-	-	-	-	-
	Rental of facilities and equipment		80	47	75	33	83	33	33	111	117	
	Interest earned - external investments		228	217	91	30	70	30	30	121	128	
	Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	
	Dividends received		-	-	52	-	-	-	-	-	-	
	Fines		20	-	-	5	-	5	-	-	-	
	Licences and permits		240	13	26	12	12	12	12	-	-	
	Agency services		25 380	20 216	2 695	28 600	30 000	28 600	28 600	3 529	3 719	
	Transfers recognised - operational		30 311	31 778	47 131	22 867	22 867	22 867	22 867	51 420	56 508	
2	Other revenue	2	8 234	3 718	1 183	7 962	4 239	7 962	7 962	881	928	
	Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	
	Total Revenue (excluding capital transfers and contributions)		67 988	55 991	51 254	59 508	57 271	59 508	59 508	56 061	61 400	
	Expenditure By Type											
2	Employee related costs	2	10 043	9 289	9 316	9 494	8 372	9 494	9 494	10 469	11 178	
	Remuneration of councillors		2 755	2 758	2 820	3 058	3 135	3 058	3 058	3 331	3 510	
3	Debt impairment	3	253	1 420	-	-	-	-	-	-	-	
2	Depreciation & asset impairment	2	1 614	197	893	394	650	650	650	416	438	
	Finance charges		781	804	979	943	943	943	943	934	985	
2	Bulk purchases	2	1 321	1 937	-	-	-	-	-	-	-	
8	Other materials	8	-	-	-	-	-	-	-	-	-	

Contracted services	541	765	422	500	1 615	500	500	500	1 020	1 075	1 133
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	42 209	37 031	37 795	44 986	43 234	44 986	44 986	35 381	36 142	38 120	
Loss on disposal of PPE	-	954	20	-	-	-	-	-	-	-	
Total Expenditure	59 517	55 156	52 245	59 374	57 949	59 630	59 630	50 648	52 367	55 365	
Surplus/(Deficit)	8 471	835	(992)	134	(678)	(122)	(122)	2 692	3 694	6 035	
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	8 471	835	(992)	134	(678)	(122)	(122)	2 692	3 694	6 035	
Taxation	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation	8 471	835	(992)	134	(678)	(122)	(122)	2 692	3 694	6 035	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality	8 471	835	(992)	134	(678)	(122)	(122)	2 692	3 694	6 035	
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	8 471	835	(992)	134	(678)	(122)	(122)	2 692	3 694	6 035	

SECTION 11- EXPENDITURE ON ALLOCATIONS OF GRANT PROGRAMMS

FMG AND MSIG RECEIVED WILL BE UTILIZED AS FOLLOWS, ALL OTHER GRANTS ARE UTILISED FOR THE OPERATING EXPENDITURE OF THAT APPLICABLE DEPARTMENT

FONDS / FUNDS	BEDRAG
FMG: R1 250 000	
1. <i>Upgrade IT System</i>	130 000
2. <i>Performance Management</i>	133 870
3. <i>Supply Chain Management</i>	186 130
4. <i>Interns (3)</i>	800 000
5. TOTAAL / TOTAL	1 250 000
MSIG: R890 000	
<i>Asset Registers</i>	100 000
1. <i>IDP</i>	209 408
2. <i>LED</i>	215 832
3. <i>Internal Audit</i>	364 760
4. TOTAAL / TOTAL	890 000

SECTION 12- ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality do not make any grants and allocations to other institutions due to cash flow constraints.

SECTION 13- EMPLOYEE BENEFITS AND COUNCILLOR REMUNERATION

With regards to salaries we did make use of current values, but also has to differentiate between an increases of 6,95% for personnel, who are already on the top notch of their respective post levels or paid as personal to incumbent. On the other hand we had to make provision for other personnel who are still on the bottom scales of their post level and for these we made provision for an increase of 9%.

With regards to Councilors we made provision for an increase of 7% which also includes data cards and telephone. We also made provision for tools of trade for Councilors.

**SECTION 14- MONTHLY TARGETS FOR REVENUE,
EXPENDITURE AND CASHFLOW**

- See Annexure B – Table A7 Cash flow

**SECTION 15 – ANNUAL BUDGETS AND SERVICE DELIVERY
BUDGET IMPLEMENTATION PLANS – INTERNAL
DEPARTEMENTS**

SDBIP will be provided after the approval of the final budget 31 May

**SECTION 16- ANNUALL BUDGETS AND SERVICE DELIVERY
AGREEMENTS- MUNICIPAL ENTITIES AND OTHER EXTERNAL
MEGANISMS**

See supporting table SA32 for other external meganisms used by the municipality

**SECTION 17 – CONTRACTS HAVING FUTURE BUDGETARY
IMPLICATIONS**

Not applicable, no such instances.

SECTION 18- CAPITAL EXPENDITURE DETAIL

The Capital expenditure component of the 2013/14 budget total the sum of R330 000:-

- R280 000 for the purchase of two vehicles.
- R50 000 for the purchase of IT equipment.

SECTION 19- MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **Mr S Jooste**, Municipal Manager of Central Karoo District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.



Mr S Jooste

**MUNICIPAL MANAGER OF CENTRAL KAROO DISTRICT
MUNICIPALITY (DC5)**

CENTRAL KAROO DISTRICT MUNICIPALITY
EXTRACT FROM GENERAL COUNCIL MEETING : 27 MAY 2013

BUDGET : 2013/14

The Executive Mayor, Alderman E Z Njadu tabled the mentioned budget and elaborated in detail with regards to the various sources of income and also the different Expenditure Votes.

Alderman Njadu reports to Council that, although Council budgeted for a surplus of R2 692 083,00 the latter is to make provision that the cash flow of Council does not exceed an overdraft of R1 756 000 which is still within the overdraft limit of Council which is R2-million.

Extensive discussions took place with regard to the different Agencies within the budget of Council and is it again emphasised that the management of Finance must be strictly in accordance with the principles of ring-fencing the different Agencies to prevent cross-subsidisation.

Council are unanimous in their discussions that there must be emphasis on strict savings measures in the new financial year and should the Municipal Manager implement strict discipline with regards to the budget which is under severe pressure as it is. Specific mention is made of the operational budget which is "cut to the bone" and will need a special effort to not be overspent.

In discussions with regard to the Capital Budget of Council, the CFO, Mr Nortjé, mentioned that the Capital Budget of R330 000 is to make provision for the purchase of two vehicles and R50 000 for IT equipment.

The Mayor asked, that for purposes of compliance, Council must confirm previous decisions together with the approval of the Annual Budget.

Council unanimously decides, after Councillor I J Windvogel proposed and Cnl S Botes seconded, that:-

1. The tabled IDP be approved.
2. The Annual Budget for CKDM for the financial year 2013/14 and indicative for the two projected outer years be approved together with the Capital Budget.
3. The Draft SDBIP be approved.
4. The circulated Financial- and IT-related policies be approved.
5. The included amendment of tariffs be approved.
6. The proposed organogram as attached to the IDP be approved.

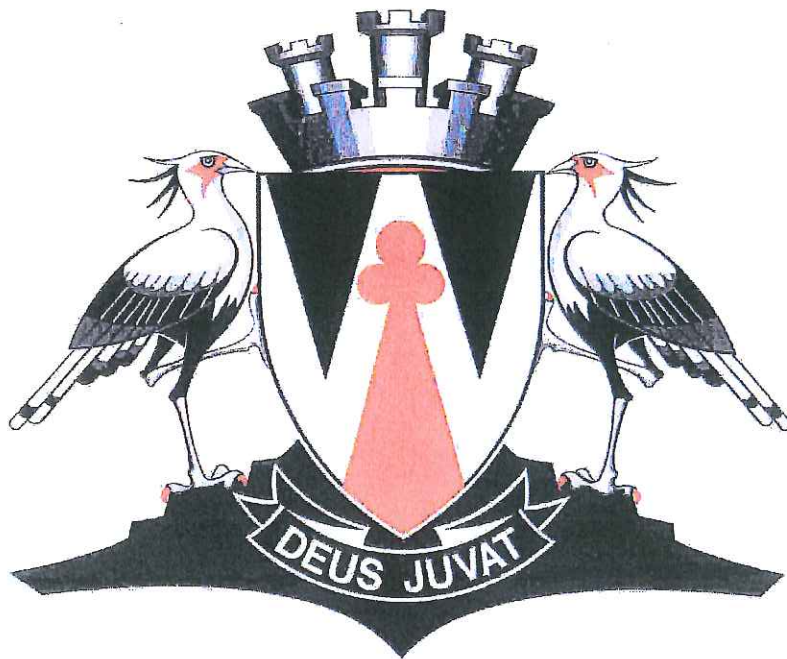
I, Stefanus Jooste, Municipal Manager of Central Karoo District Municipality herewith certify that the above is a true extract from my Council's meeting of 27 May 2013.


.....
S JOOSTE
MUNICIPAL MANAGER

ANNEXURE A

**SENTRAAL KAROO
DISTRIKSMUNISIPALITEIT
AFDELING: OMGEWINGSGESONDHEID**

TARIEWE 2013/14



FEBRUARIE 2013

Opgestel deur :

G. E. van Zyl

Bestuurder: Omgewingsgesondheid

BELANGRIKE INLIGTING : OGP'S

A. KWITANSIEBOEKE VAN DIE AFDELING:

Doel:

1. Om gebruik te word deur OGP's vir die lewering van sekere funksies waarvoor daar 'n fooi aan die Raad betaalbaar is, soos uiteengesit in die Tarieflys vir Omgewingsgesondheidsdienste, goedgekeur deur die Raad,
2. Te verseker dat, waar moontlik, onmiddellike betaling(s) kan geskied,
3. Om die versending van rekeninge en die kontrole daarvoor te minimaliseer, en
4. Daar doeltreffende / effektiewe beheer is oor dienste wat gelewer was en die betaling(s) wat in dié verband gemaak is.

Voorskrifte:

1. Elke OGP. is verantwoordelik vir die gebruik en bewaring van die kwitansieboek wat aan hom uitgereik is.
2. Slegs die OGP. aan wie 'n kwitansieboek uitgereik is, mag inskrywings in daardie betrokke kwitansieboek maak / Elke OGP. is verantwoordelik vir die geldwaarde wat in sy kwitansieboek gereflekteer word.
3. Alle fooie wat ontvang word vir die lewering van 'n diens, moet onmiddellik in die betrokke kwitansieboek ingeskryf word én 'n kwitansie aan die persoon wat die diens ontvang het, uitgereik word.
4. Geen fooi mag ontvang word indien 'n kwitansie nie onmiddellik daarvoor uitgereik kan word nie.
5. Elke kwitansie wat uitgereik word, moet volledig voltooi wees en moet die volgende inskrywing(s) onder "Besonderhede", op die kwitansie, duidelik wees, naamlik :
 - Tipe diens wat gelewer was.
 - Plek / Dorp waar diens gelewer was en,

Onder "Besonderhede" vir admin doeleindes, as kant-aantekening :

- Die handtekening van die persoon wat die fooi by die Departement Finansies in ontvangs geneem het.
6. Inbetalings van fooie wat deur 'n OGP. in ontvangs geneem is en waarvoor daar 'n kwitansie uitgereik is, moet by die Departement Finansies inbetaal word binne vyf (5) werksdae nadat sodanige fooi(e) ontvang is.
 7. Die tipe diens wat gelewer was, sowel as die kwitansienommer moet, soos dit tans die gebruik is, ook in die Maandverslag van die Afdeling gereflekteer word.
 8. 'n Afskrif van die Afdeling se Tarieflys moet aan die binnekant van u Kwitansieboek geheg word en moet betaling(s) streng volgens die vasgestelde tarief geskied.
 9. Elke OGP is self verantwoordelik om die jaarlikse hersiene Tarieflys in sy kwitansieboek aan te bring.
 10. Kwitansieboeke sal van tyd-tot-tyd deur die Bestuurder : Omgewingsgesondheidsdienste nagegaan word om te verseker dat alle fooie by die Departement Finansies inbetaal is.

B. REKENINGBOEK VAN DIE AFDELING:

Doel:

1. Om gebruik te word deur OGP's na die lewering van sekere funksies waarvoor daar 'n fooi aan die Raad betaalbaar is, soos uiteengesit in die Tarieflys vir Omgewingsgesondheidsdienste, goedgekeur deur die Raad én waarvoor daar nie onmiddellik 'n kwitansie voor uitgereik kon word nie.
2. Daar doeltreffende / effektiewe beheer is oor dienste wat gelewer was en die betaling(s) wat in hierdie verband gemaak is.

Voorskrifte:

1. Slegs een (1) rekeningboek sal deur die Afdeling gebruik word.
 2. Vermelde boek sal in die Kantoor van die Bestuurder : Omgewingsgesondheidsdienste gehou word.
 3. 'n OGP wat verantwoordelik was vir die lewering van 'n diens waarvoor daar 'n rekening gelewer moet word, is verantwoordelik vir die opstel en stuur van die betrokke rekening.
 4. 'n Rekening wat uitgestuur word, moet die hierna genoemde inligting bevat, naamlik :
 - Volledige naam en adres van die persoon / instansie aan wie die diens gelewer was.

- Besonderhede van die tipe diens wat gelewer was.
 - Datum waarop die diens gelewer was
 - Die bedrag wat die persoon / instansie, wat die diens ontvang het, aan die Raad verskuldig is.
 - Die naam van die amptenaar wat die diens gelewer het.
 - Enige ander inligting wat deur die Departement Finansies vereis mag word.
5. Die rekeningboek sal van tyd-tot-tyd deur die Bestuurder : Omgewingsgesondheidsdienste nagegaan word om vas te stel watter uitstaande rekeninge daar is en die betrokke OGP dienooreenkomstig in kennis gestel word vir vêrdere navrae óf die stuur van 'n tweede rekening.
6. Met die ontvangs van die fooi(e) verskuldig aan die Raad, moet 'n kwitansie uitgereik word onder die "Voorskrifte vir die gebruik van kwitansieboeke" hierbo vermeld.
7. Met betaling moet die hiernagenoemde inligting, op die rekening wat uitgestuur was, aangebring word, naamlik :
- Die kwitansie nommer van die kwitansie wat uitgereik was.
 - Die bedrag betaal.
 - Die datum waarop betaling geskied het.

GESONDHEIDSMONITERING MET DIE OPGRAWING EN HERBEGRAWING VAN LYKE

Vermelde funksie behels die skakeling met begrafnisondernemers, die voorsiening van ontsmettingsmiddels, reukweerders en veiligheidstoerusting asook professionele toesig oor die opgraving- of herbegrawingsproses.

Met indiening van aansoek om 'n opgraving en / of herbegrawing.....

➤ **R 400. 00 per aansoek.**

WATERKWALITEITMONITERING

PRIVATE WATERBRON(NÊ)

Op versoek van die eienaar / bestuurder van 'n private bron.....

- **R 70. 00 per monsterneming-sessie, plus laboratorium-kostes.**

Eerste bakteriologiese / chemiese monsterneming, in 'n landelike gebied, waar daar om 'n Geskikheidsertifikaat aansoek gedoen word.....

- **R 70. 00 per monsterneming-sessie, plus laboratorium-kostes.**

Alle monsternemings daarna, by persele wat oor 'n Geskikheidsertifikaat beskik, vir bakteriologiese en / of chemiese analise.....

- **Waar monster voldoen : Gratis.**

Waar opvolg-monster(s) geneem moet word nadat daar nie aan die SANS 241 Kode voldoen was nie.....

- **R70.00 per monsterneming-sessie, plus laboratorium - kostes.**

WATERDIENSTE OWERHEDE (WDO'e)

'n Eerste monsternemingslopie van munisipale drinkwater, vir bakteriologiese en / of chemiese analise,

- **Gratis**

Waar opvolg-monster(s) geneem moet word en daar nie aan die SANS 241 Kode voldoen word nie.....

- **Ontledingskoste betaalbaar deur WDO in wie se regsgebied water bemonster was.**

MELK-MONITERING BY VERSKAFFER(S) VAN ROU MELK

Alle monsternemings, soos nodig, vir bakteriologiese of chemiese analise.....

- **R 70. 00 per monsterneming-sessie, plus laboratorium – kostes.**

GESKIKTHEIDSERTIFIKATE VIR VOEDSELPERSELE

Vermelde Sertifikate word ingevolge die Regulasie m.b.t. die Algemene Higiënevereistes vir Voedselpersele en die Vervoer van Voedsel, 1999 (R918 van 1999) deur die Afdeling uitgereik aan alle persele wat vir, of in verband met, die hantering van voedsel gebruik word.

Met indiening van aansoek om die uitreiking van 'n Geskiktheidsertifikaat i.t.v. die betrokke Regulasie

- **R 150. 00 per aansoek. (eenmalige betaling)**
- **Werklike koste (minimum R150.00) per her-aansoek (waar 'n Geskiktheidsertifikaat ingetrek was)**
- **R 30.00 vir die vervanging van 'n Geskiktheidsertifikaat.**

GESKIKTHEIDSERTIFIKAAAT VIR BARBIERS, HAARKAPPERS, SKOONHEIDS- KUNDIGES, LIGGAAMSDEURPRIEMERS OF TATOEëERDERS

Vermelde Sertifikate word ingevolge die Munisipale Gesondheidsverordening, PK 6631 van Mei 2009 deur die Afdeling uitgereik aan alle persele wat vir, of in verband met, die bogenoemde gebruik word.

Met indiening van aansoek om die uitreiking van 'n Geskiktheidsertifikaat i.t.v. die betrokke Verordening.....

- **R 150. 00 per aansoek. (eenmalige betaling)**
- **R 150.00 per her-aansoek (waar 'n Geskiktheidsertifikaat ingetrek was)**
- **R 30.00 vir die vervanging van 'n verlore Geskiktheidsertifikaat.**

**GESKIKTHEIDSERTIFIKAAT VIR DIE BEDRYF VAN 'N KINDERSORG-
FASILITEIT**

Vermelde Sertifikate word ingevolge die Munisipale Gesondheidsverordening, PK 6631 van Mei 2009 deur die Afdeling uitgereik aan vermelde fasiliteite

Met indiening van aansoek om die uitreiking van 'n Geskiktheidsertifikaat i.t.v. die betrokke Verordening.....

> **R70 per aansoek.**

**GESONDHEIDSINSPEKSIE BY PERSELE, ANDERS AS VOEDSELPERSELE,
WAAR DAAR INGEVOLGE DIE WET OP BESIGHEDE 'N LISENSIE UITGEREIK
MOET WORD**

In terme die Wet op Besighede, 1991 (Wet 71 van 1991) benodig sekere besighede, spesifiek daardie in die voedsel- en vermaaklikheidsbedryf, 'n besigheidslisensie wat deur 'n Plaaslike Owerheid uitgereik moet word.

Aansoeke in die verband moet ook na die Afdeling verwys word vir kommentaar vanuit 'n gesondheidsoogpunt. Die tipe besigheid waar daar om 'n lisensie aansoek gedoen word sal bepaal of 'n gesondheidsinset benodig word al dan nie.

Met indiening van aansoek om die uitreiking van 'n Lisensie.....

> **R 70.00 per aansoek.**

**Voorgestelde werksmetode en –prosedure tussen Munisipaliteit en Afdeling :
Omgewingsgesondheid.**

1. *Met die indiening van 'n aansoek om 'n besigheidslisensie by 'n Plaaslike Owerheid, voorsien die betrokke Owerheid 'n afskrif van die betrokke aansoek aan die Afdeling : Omgewingsgesondheid van die Raad vir ondersoek en die lewering van kommentaar vanuit 'n gesondheidsoogpunt.*
2. *Die Afdeling : Omgewingsgesondheid lewer binne sewe (7) werksdae na ontvangs van die aansoek, tensy anders ooreengekom, kommentaar aan die Plaaslike Owerheid.*

3. *Die Plaaslike Owerheid oorweeg, waar nodig, kommentaar deur die Afdeling en sluit dit in by hul kennisgewing aan die aansoeker betreffende die goedkeuring of afkeuring van die betrokke lisensie-aansoek vanuit 'n gesondheidsoogpunt.*

**TOESIG OOR DIE VERNIETIGING VAN VOEDSELPRODUKTE ONGESKIK VIR
MENSLIKE VERBRUIK**

Die Afdeling moet van tyd-tot-tyd toesig hou oor die vernietiging van voedselprodukte wat ongeskik vir menslike verbruik is, asook sekere administratiewe take wat daarmee gepaardgaan verrig, waaronder die voltooiing van sertifikate, ens.

Met die indiening van 'n aansoek om toesig oor die vernietiging van voedselprodukte.....

➤ **R 300. 00 per aansoek.**

GEVZ.