

ANNEXURE A

EXPLANATIONS FOR REVENUE ADJUSTMENT BUDGET

Explanation 1

Municipal Health Grant was received from the Department of Health to assist with funding of the devolved function, environmental health. The grant is utilized towards financing the salaries and operating expenditure of the Municipal Environmental Health function. The expenditure was already budgeted for in the original 2008/09 budget in the Health department. We did not project any grant receipts during the 08/09 Budget compilation due to at the time of the budget approval this grant was not yet confirmed.

Explanation 2

The grant was for water & sanitation projects that were managed previously by the district on behalf of local municipalities. R1 614 965.00 remained from roll over MIG funds and after a report was furnished to MIG, this amount was then transferred to our local municipalities. The expenditure was already budgeted for in the original 2008/09 IDP. The income on the grants is recognized once the conditions are met; therefore the income portion is included in the Adjustment Budget. GRAP journals were implemented, therefore the full amount rolled over is reflecting in revenue as the actual amount of the grant spent. There are now no unspent MIG funds left.

Explanation 3

The Disaster Grant is utilized towards disasters in the Waterberg area. An amount of R 45,000 was carried forward from the previous financial year. The income on the grants is recognized once the conditions are met. GRAP journals will therefore take the full amount received to an unspent liability and the revenue will only reflect the actual amount of the grant spent. The expenditure was already budgeted for in the original 2008/09 budget in the Fire Fighting Department. After the Vaalwater/Alma veldfire disaster in August 2008, R 19,380 was utilized to assist the Department of Agriculture with transporting fodder for animals to the affected areas. The amount of the grant spent is thus transferred to income which is included in the Adjustment Budget as additional revenue.

Explanation 4

The LG SETA IT Grant is utilized in the implementation of the recommendation of the IT Master Systems Plan. R 500,000 was received from Department of Local Government & Housing to assist with this project implementation. The contribution was not known at the time of the 08/09 budget compilation and was transferred to WDM in February 2009. Thus, the amount is disclosed as additional income to be spent in the remainder of the 08/09 budget year for the purchase of servers for some local municipalities. Implementation of the IT Master System Plan was budgeted for in the 08/09 IDP, but these funds from SETA will be used to revise the spending programme budgeted for the IT MSP project in the remainder of the 08/09 IDP period.

Explanation 5

The grant is utilized towards training of officials within the district. The income on the grants is recognized once the conditions are met. GRAP journals will therefore take the full amount received to an unspent liability and the revenue will only reflect the actual amount of the grant spent. The LG Seta grant of R 208,552 was carried forward from the previous financial year. R 132,018 of this grant was utilised to fund training of Waterberg and Local Municipality officials arranged by Corporate Services. Training was budgeted for in the operational expenditure budget, but these funds from SETA will be used to revise the spending programme budgeted for training in Department Corporate Support and Shared Services.

Explanation 6

This grant is utilized to fund all activities for the integrated transport plan implementation. R357 000.00 is on the IDP under TR005 Implementation of the Integrated Transport Plan and R19 455.00 is already spent to date. The income on the grants is recognized once the conditions are met. GRAP journals will therefore take the full amount received to an unspent liability and the revenue will only reflect the actual amount of the grant spent. The full amount will be spent in the remainder of the 08/09 budget year.

Explanation 7

The RSC levies were abolished on 30 June 2006. No levies were budgeted for in the current financial year. The South African National Defense Force transferred outstanding RSC Levies on salaries that were never declared to an amount of R 205,215. The additional income relates to change in the estimate that was made of levies outstanding as at 30 June 2006. This was thus an under declaration and therefore additional income in the current year. The additional income is included in the adjustment budget as Section 28 (2)(b) of the MFMA states that the adjustment budget may only appropriate additional revenues to revise or accelerate spending programmes already budgeted for. This income is thus utilized to adjust the spending programme of the Budget & Treasury Office in terms of the increased audit fees.

Explanation 8

Interests on external investments have earned additional income above the approved budgeted amount. The increase is due to surplus funds invested at competitive rates and an increase in the interest rate. The funds invested are higher than projected due to lower than projected project expenditure February 2009. Section 28 (2)(b) of the MFMA states that the adjustment budget may only appropriate additional revenues to revise or accelerate spending programmes already budgeted for. The additional income is included in the adjustment budget only to such extent as spending programmes already budgeted for have been increased, in this case the increase in audit fees.

Explanation 9

The abattoir income is lower than projected due to the fact that Major meat, the lessee, gave notice and vacated the premises beginning of September 2008. No rental income is thus earned on the vacant portion of the building which was earning rental income of R 14,401 (Vat exclusive) per month. Slaughtering income is less due to the fact that the throughput at the abattoir is less than what was projected. Freezing income is also much lower than projected. Section 28(2)a) of the MFMA states that an adjustment budget must adjust revenue and expenditure estimates downwards if there is a material under-collection of revenue during the current year. The decrease in budgeted income and also the same amount of decrease in expenditure in the Abattoir department is recommended.

ANNEXURE B – EXPLANATIONS FOR OPERATING EXPENDITURE ADJUSTMENT BUDGET

Explanation 10

The increase in expenditure of the Budget & Treasury Office is due to the increase in the annual audit fees from the Auditor General for the annual statutory audit. In the 07/08 financial year, the total audit fees were R 665,000. In 08/09 the audit fee budget increased to R 953,000 due to the annual audit rate increases of the AG, the inclusion of the Audit of Performance Information. Therefore the budgeted 08/09 audit fees will have to be increased to accommodate the increased charges from the Auditor General. The increase in expenditure is funded from the revenue adjustments indicated in explanations 7 RSC levies and 8 Interest received.

The revenue adjustment is slightly more than the expenditure adjustment to accommodate the transfer of Finance Management Grant from Budget & Treasury Office to Municipal Manager's Office for the funding of internal audit interns paid from the Finance Management Grant.

Explanation 11

The savings identified in the operating expenditure of the Office of the Municipal Manager is savings on personnel expenditure due to the following vacancies that existed in the department during the 08/09 budget year that was budgeted but not filled:

3 posts: IDP Head
 IDP Assistant Officer
 Admin Assistant

Explanation 12

The savings identified in the operating expenditure of the Corporate Support & Shared Services Department is savings on personnel expenditure due to the vacancy that existed for the position of Divisional Manager: Human Resources for the majority of the year, the vacancy of Administration Assistant: Human Resources that will not be filled in 08/09 and lower than budgeted wages.

Explanation 13

The savings identified in the operating expenditure of the Infrastructure Development Department is savings on personnel expenditure due to the following vacancies that existed in the department during the 08/09 budget year that was budgeted but not filled:

3 posts: Divisional Manager- Roads
 Technician– Capital Programmes
 Admin Assistant

Explanation 14

The savings identified in the operating expenditure of the Office of the Executive Mayor is due to R 170,000 savings on VIP security which will not be procured in the 08/09 budget year and savings on Twinning Agreements of R 92,228.

Explanation 15

The savings identified in the operating expenditure of the Fire Fighting Department is the savings on the operational requirement of the Lephalale Disaster Centre which was budgeted to be completed in the 08/09 financial year, but will only be completed and become operational in 09/10 budget year.

Explanation 16

The savings identified in the operating expenditure of the Health Department is due to travel allowances being budgeted for all Environmental Health Practitioners, but not all were awarded travel allowances as new municipal health vehicles were purchased during the year to replace the need for travel allowances.

Explanation 17

Since the Abattoir income was lower than projected and the budgeted income thus has to be adjusted downward, subsequently the expenditure also had to be adjusted downward with the same amount in terms of Section 28(2)a) of the MFMA. The majority of savings identified was on salaries and wages due to the resignation of a number of officials and no additional contract workers were appointed. There was also a savings on legal fees because all legal fees are paid by Corporate Services Department.

ANNEXURE C – EXPLANATIONS ROLL OVER ADJUSTMENT BUDGET

All savings on the roll over budget is utilized to fund the increase in the 08/09 IDP Adjustment Budget (see Ann D).

Explanation 18

The RS033 Integrated Infrastructure Master Plan roll over budget of R 150,000 is proposed to be transferred to savings.

The aim of this project was to implement a comprehensive Integrated Infrastructure Master Plans in the WDM area of jurisdiction. This would include alignment existing sector plans.

The Department of Local Government and Housing implemented a project on Municipal Infrastructure Investment Framework in 07/08 Financial Year. The project was piloted in Waterberg and Sekhukhune District Municipalities. The objective was to lay out a framework for preparations of Infrastructure Investment Plans in municipalities to maximize planning aspects.

The DLGH further implemented a project on municipal infrastructure planning in 3 of the municipalities in the WDM area. They are Mogalakwena, Lephalale and Thabazimbi Local Municipalities. The project aims to address planning issues in line with the economic boom that will extent pressure on existing infrastructure and service demands. The project will also align all sector plans within the Infrastructure Planning.

An increase of R 550,000 in the budget of RS037 Construction of bride – Rust de Winter is proposed.

This project has been re-advertised and the Consultants submitted a scope which suits the conditions on the site. The additional amount of R550 000 will see the project to completion for a full scope. It should be noted that initially some of the items were removed in order to be within the original budget.

Explanation 19

The SE009 Refuse Buyback Centre Mogalakwena roll over budget of R 1,200,000 is transferred to savings due to Buyisa-e-Bag implementing the project with their own funds.

Explanation 20

A new project item CO0012 Integrated Development Plan with a budget of R 400,000 is proposed to fund 3 IDP Rep Forums and the publication of the budget in English and Sepedi.

Explanation 21

R 400,000 of the DIN17 Procurement of Movable Assets project is transferred to Priority Community Participation to fund the new proposed project CO0012 Integrated Development Plan (see explanation 20).

R 300,000 of the DIN21 IT Master Systems Plan project is transferred to DIN27 Integrated Financial Management System (IMFS) to procure the GIS as part of the IFMS tender instead of procuring it separately.

The budget of DIN21 IT Master Systems Plan project is also increased with R 500,000 which is the funds received from Department of Local Government & Housing to buy servers for the local municipalities. The LG SETA IT Grant is utilized in the implementation of the recommendation of the IT Master Systems Plan. R 500,000 was received from Department of Local Government & Housing to assist with this project implementation. The contribution was not known at the time of the 08/09 budget compilation and was transferred to WDM in February 2009.

Therefore, the net decrease in the budget of DIN21 IT Master Systems Plan is R 100,000.

Explanation 22

The WS022 Drought Relief Plan has a roll over budget of R 150,000. The budget for this project was not enough to prepare a drought relief plan for the district. Adverts were sent to the media and no response came through. It is therefore proposed that the available funds of R150 000 be declared as savings.

ANNEXURE D – EXPLANATIONS 08/09 IDP ADJUSTMENT BUDGET

Explanation 23

The RS033 Integrated Infrastructure Master Plan 08/09 budget of R 1,000,000 is proposed to be transferred to savings.

The aim of this project was to implement a comprehensive Integrated Infrastructure Master Plans in the WDM area of jurisdiction. This would include alignment existing sector plans.

The Department of Local Government and Housing implemented a project on Municipal Infrastructure Investment Framework in 07/08 Financial Year. The project was piloted in Waterberg and Sekhukhune District Municipalities. The objective was to lay out a framework for preparations of Infrastructure Investment Plans in municipalities to maximize planning aspects.

The DLGH further implemented a project on municipal infrastructure planning in 3 of the municipalities in the WDM area. They are Mogalakwena, Lephalale and Thabazimbi Local Municipalities. The project aims to address planning issues in line with the economic boom that will extent pressure on existing infrastructure and service demands. The project will also align all sector plans within the Infrastructure Planning.

Explanation 24

An increase of R 500,000 in the budget of UE029 Upgrade of the Abattoir is proposed due to the funds being insufficient to procure the total scope required to address all the operational and capital requirements identified by the Veterinary Services in order for the abattoir to obtain compliance status. The abattoir contractor is on site. During the appointment of the contractor, the scope was reduced to fall within the available budget. The scope that was reduced will be included in the project in order to enhance its compliance.

Explanation 25

A new project item Government Complex – Township Establishment with a budget of R 760,000 is proposed to fund the rezoning requirements of the land donated by Modimolle Local Municipality to build a Government Complex.

Explanation 26

The HW007 Municipal Health Plan 08/09 budget of R 496,108 is transferred to savings due to the funds being insufficient to implement the project. All tender submitted through the public tender process was above R 500,000. The project will be considered in the 09/10 IDP.

Explanation 27

An increase of R 1,496,491 in the budget of IN024 PMS is proposed which is the amount of funding confirmed by DBSA to assist with the implementation of the project in Waterberg District Municipality and the 6 local municipalities.