

ANNEXURE A: ACTUAL REVENUE PER REVENUE SOURCE

1. MSIG Grant (Conditional)

The grant is utilized to fund legislative requirements other than the MFMA as well as performance management and IDP. The R735 000 grant has been received in full in July 2009 for the current financial year. The income on the grant is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections are based on cash flow and the financial report is based on actual accounting entries.

2. Finance Management Grant (Conditional)

The Finance Management grant funds the salaries of the interns, financial training and compliance with GAMAP/GRAP and the MFMA. The R1 000 000 grant budgeted for the current financial year has been received in full in July 2009. The income on the grant is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections are based on cash flow and the financial report is based on actual accounting entries.

3. Vuna Award Grant

The grant is utilized towards funding the WDM signage project. The grant is the prize money for winning the VUNA Awards (Limpopo) in 2005/2006. The income on the grants is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections did not include the VUNA Award income as at that stage the business plan was not yet approved and the timing and probability of the transfer of those funds unknown. An Adjustment Budget is necessary to accommodate the income received from the VUNA Award and subsequent utilization through the Signage Project.

4. Wild Life Centre

The grant is utilized towards funding the feasibility study on wild life within the district. This study will be conducted in phases. The income on the grants is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections did not include the Office of the Premier grant income as in that stage the business plan was not yet approved and the timing and probability of the transfer of those funds unknown. An Adjustment Budget is necessary to accommodate the income received from the Office of the Premier and subsequent utilization through the Wildlife Centre Project.

5. Integrated Transport

The grant is used to fund transport activities such as the coordination of forums and implementation of the transport plan. The income on the grants is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections did not include the remaining transport grant portion the utilization was yet to be identified. An Adjustment Budget is necessary to accommodate the income received from the Department of Transport and subsequent utilization through the Implementation of the Transport Plan Project.

6. LIBSA-Lephalale Agricultural Corridor

The grant is used to build a vegetable assemble point in the Lephalale municipal area. The income on the grants is recognized once the conditions are met. GRAP journals are implemented monthly, which 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 reason for the variance is that the SDBIP projections did not include the this grant as the transfer was not planned or initiated by WDM, but merely a transfer as middle party between LIBSA and the service provider in terms of the service level agreement. An Adjustment Budget is necessary to accommodate the income received from the LIBSA and subsequent utilization through the Lephalale Agricultural Corridor Project.

7. Interest on current account and external investments

The interest is lower than projected due to a significant decrease in the interest rate, a higher balance kept on short term investments due to large project claims. There is also a higher than projected turnover in cash due to large project claims, new appointments and increases in personnel expenditure due to the amongst others the collective agreement implementation and high travel claims of health practitioners. An Adjustment Budget is necessary to accommodate the reduction in the interest rate and subsequent decrease in project interest received on current account and external investments. Expenditure will have to be adjusted downward accordingly in the Budget and Treasury Office.

8. Abattoir

The abattoir income is lower than projected because Major Meat, the lessee, cancelled their lease at the beginning of September 2008 and has since not yet been replaced, thus no rental is earned on the vacant portion of the building. The throughput at the abattoir is also lower than projected on slaughtering and subsequently tripe and freezing due to, amongst others, the loss of major clients. The abattoir, for the first 6 months ending 31 December 2009, has incurred an operating loss of R 950,833. An Adjustment Budget is necessary to accommodate the lower than projected throughput on slaughtering and subsequently tripe and freezing, loss of major clients and therefore lower than projected income of the abattoir.

9. Fire Fighting

No income has been received from our local municipalities, except from Thabazimbi Local Municipality. Fire fighting is only charged where there is a fire call out that can be linked to one community member directly and that member can be traced. An Adjustment Budget is necessary to accommodate the lower than projected fire fighting income.

10. Other Income

Included under other income is R 37 879 from the selling of tender documents and R19 001 from L G SETA. The R 19,001 was not budgeted and the majority of tenders were advertised and sold in the two quarters even though the projected proceeds from tender documents were spread equally over the 12 months of 2009/2010. An Adjustment Budget is necessary to accommodate the additional income received from LG SETA.

11. Conditional grants

All unspent conditional grants as at 30 June 2009 has to be included in the budgeted revenue for 09/10 in terms of a directive by National Treasury.

ANNEXURE B: ACTUAL EXPENDITURE PER VOTE

1. SDCS, CSSS and Municipal Manager's departments

The under-spending is due to vacancies that exist in Social Development & Community Services department, Municipal Manager and Corporate Support & Shared Services. The following vacancies exist:

Social Development & Community Services	2 posts:	Section 57 Manager Air Quality Officer
Municipal Manager	2 posts:	Municipal Manager Head: IDP
Corporate Support & Shared Services	4 posts:	Divisional Manager HR HRD Officer Gardener/Cleaner (MDC) Gardener/Cleaner (LDC)

In the Office of the Municipal Manager spending on the Municipal Systems Improvement Grant is also lower than projected due to slow implementation on the Projects Policy development and Work Skills Plan implementation.

In the Department Corporate Support and Shared Services there is slower than projected expenditure on training and the Employee Assistance program.

2. Fire fighting

The following is the status of claims per local municipality:

NAME	BUDGET	CLAIMED	%
Bela Bela Municipality	R 639 772	R95 616	14.94%
Lephalale Municipality	R2 378 362	R256 608	10.78%
Mogalakwena Municipality	R4 016 372	R692 962	17.25%
Modimolle Municipality	R1 041 925	R 24 588	2.35%
Mookgophong Municipality	R 876 084	R124 762	14.24%
Thabazimbi Municipality	R 470 795	R100 728	21.39%
Modimolle Disaster Center	R443 000	R101852	22.99%
Lephalale Disaster Centre	R337 000	R33 932	10.06%

Bela Bela Municipality submitted claims from July to November 2009
 Thabazimbi Municipality submitted claims from July to September 2009.
 Lephalale Municipality submitted claims from July to October 2009.
 Mookgophong Municipality submitted claims from July to October 2009.
 Mogalakwena Municipality submitted claims from July to October 2009.

Modimolle Municipality submitted claims from July to September 2009.

There are vacancies that exist in Disaster Division. The following posts are vacant:

WDM

2 posts: Chief Fire officer
Admin Assistant

Modimolle Disaster Centre

4 posts: Fire prevention Officer
3 Control Room operators

Lephalale Disaster Centre

4 posts: Fire Station Officer
Control Room Operator
Clerical Assistant
Fire prevention Officer

A decrease in the budget of the Disaster Division during the Adjustment Budget is necessary to accommodate the decrease in personnel expenditure due to the various vacancies above being vacant for at least 7 months.

3. Abattoir

Temporary workers were appointed at the abattoir for period where permanent staff was on extended leave, such as sick leave, annual leave or maternity leave. These appointments were not budgeted for.

Three temporary workers had to be appointed in December when permanent staff was on annual leave during the week of office closure from 25 December 2009 to 1 January 2010. These appointments were not budgeted for.

Protective clothing was fully paid in the first half of the year even though for budget projection it was averaged over the full 12 months. Telephone expenditure up to December 2009 is higher than projected.

There are also claims that exceeded the budget allocation for the year. Damaged meat claims paid out up to December 2009 is R 20,288-60 but the budget for the full year is R 5,500. A portion of these damaged meat claims still has to be recovered from the WDM appointed Security Company at the abattoir for thefts of 4 sheep and 1 cattle that occurred at the abattoir in November 2009.

The budgeted wages will have to be increased with a back pay amount of increased salary for one worker at the Abattoir as was agreed with SAMWU.

An Adjustment Budget will be necessary for the Abattoir to accommodate the over expenditure on certain budget votes in the Abattoir as explained above, but a detailed review of the Abattoir will have to be performed in light of the decreased in projected income for the year and subsequent increase in projected operating loss of the abattoir. The abattoir is a separate trading entity and is not supposed to be running at an operating loss.

4. All departments

The personnel expenditure in all departments will have to be increased to accommodate the 13% salary and benefits increase approved by SALGA in the Collective Agreement versus the original 10% salary and benefits increase that was originally approved in the 09/10 Budget. The minimum wages budgeted will also have to be increased to the SALGA approved minimum wage of R 3,850 from July 2009 and R 4,000 from January 2010.

The ammortisation of intangible assets budget will have to be included in all departments as the impact of this new GRAP 102 requirement was not yet know at the time of the initial adoption of the 09/10 Budget.