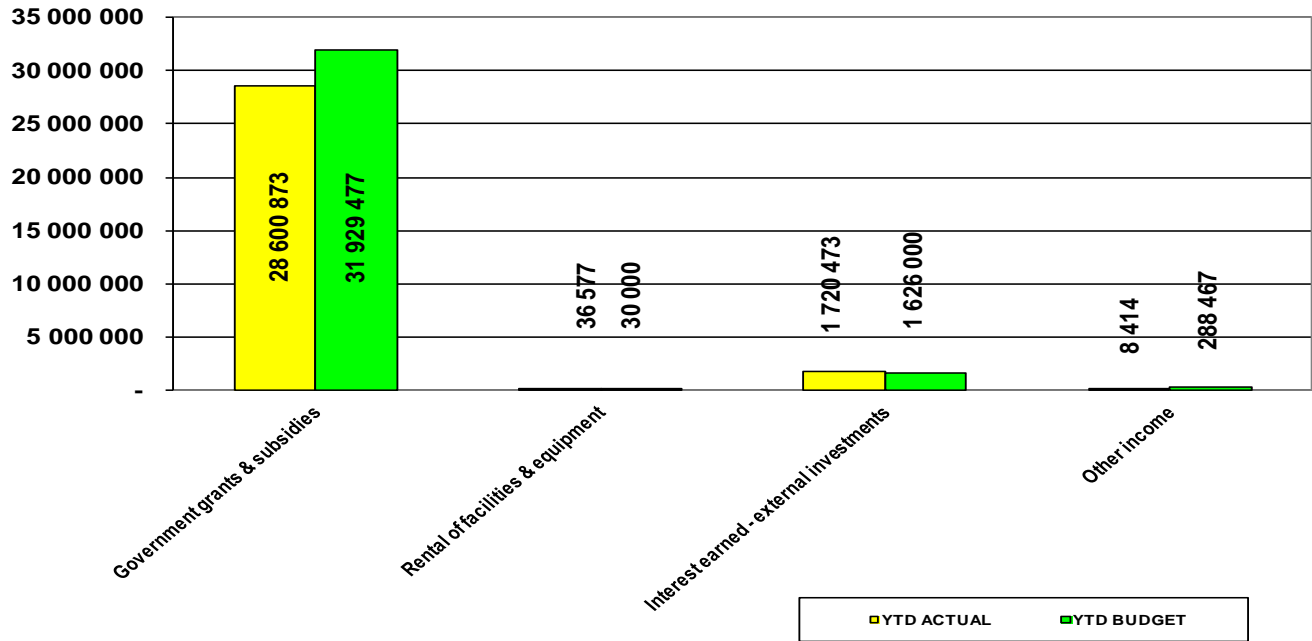


1. FINANCIAL POSITION

FRANCES BAARD DISTRICT MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION	31 October 2011	Jun-11	
	R	R	
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets	97 003 081	86 139 831	
Capital Replacement Reserve	4 411 867	4 411 867	
Revaluation Reserve	5 828 305	5 828 305	
Accumulated Surplus / (Deficit)	86 762 908	75 899 658	
Non-current Liabilities	32 913 606	32 913 606	
Borrowings	12 814 927	12 814 927	
Non-Current Provisions	20 098 679	20 098 679	
Current Liabilities	20 144 105	13 518 717	
Provisions	5 228 584	5 228 584	
Trade Payables	1 310 970	2 269 980	
Unspent Conditional Grants and Receipts	12 311 780	4 727 383	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1 292 770	1 292 770	
Cash and Cash Equivalents	-	-	
TOTAL: NET ASSETS AND LIABILITIES	150 060 791	132 572 154.11	
<u>ASSETS</u>			
Non-current Assets	52 994 665	52 501 125	
Property, Plant and Equipment	52 377 295	51 649 618	
Non-Current Assets Held for Sale	-	-	
Discontinues Operations	-	234 138	
Investment Property	-	-	
Intangible Assets	611 151	611 151	
Investments	6 218	6 218	
Long-term Receivables	-	-	
Current Assets	97 066 126	80 071 029	
Taxes	199 493	1 489 296	
Trade Receivables from Exchange Transactions	-	-	
Trade Receivables from Non-Exchange Transactions	2 601 239	2 173 924	
Operating Lease Asset	9 383	9 383	
Inventory	398 515	370 274	
Current Portion of Long-term Receivables	-	-	
Cash and Cash Equivalents	93 857 496	76 028 152	
TOTAL: ASSETS	150 060 791	132 572 154	

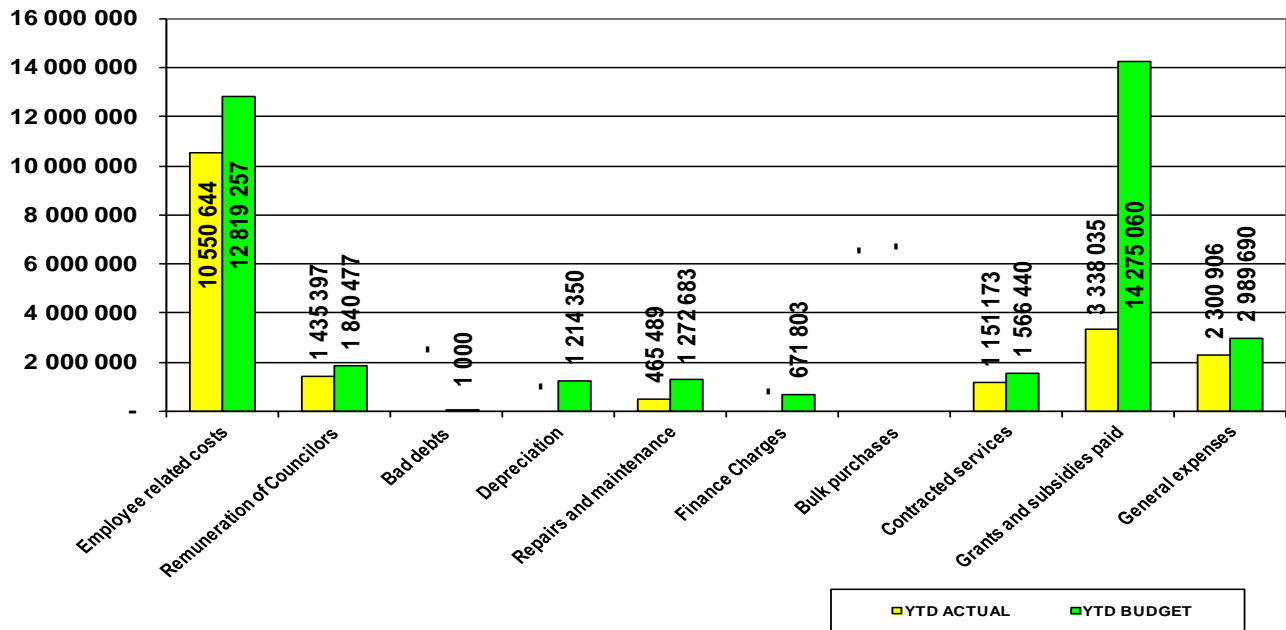
2. **FINANCIAL PERFORMANCE**

Revenue by Source (YTD):



The positive variance on Grants and Subsidies is mainly due to the receipt of the equitable share allocation in respect of the first four months of the financial year.

Expenditure per classification (YTD):



For this financial year, expenditure is restricted to necessary activities per approved budget & service delivery plans, operating expenditure limit approved by Council and money that we realistically expect to collect. Adequate controls are in place to ensure that overspending does not occur.

Salaries: A summary of the actual salaries paid versus the approved budget allocation is as follows:

<i>Salaries & Allowances</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	11 986 041	14 659 733	2 673 692	18%
Councillors Remuneration	1 435 397	1 840 477	405 080	22%
Post-Service Benefits	214 654	264 997	50 343	19%
Personnel Remuneration	10 335 990	12 554 260	2 218 270	18%
<i>Employee Related Costs</i>	8 607 199	10 457 837	1 850 638	18%
<i>Social Contributions</i>	1 594 693	1 777 413	182 721	10%
<i>Compulsory Levies</i>	134 099	319 010	184 911	58%

The positive variance on budgeted remuneration is due mainly to the budgeted number of vacancies on the staff structure not filled accordingly.

Depreciation: Currently there is no movement on depreciation, a service provider has been appointed to assist with the unbundling of the assets to get the fair value of the assets so as to comply with GRAP. The information is being downloaded on the financial system and will be reported on in due course.

Repairs and Maintenance: Apart from standard service contracts, planned or expected maintenance costs incurred during this financial year are mainly in the area of computer software licenses renewal.

Grants and Subsidies: All project payments, whether capital infrastructure or community development in nature, whether funded internally or externally, are included.

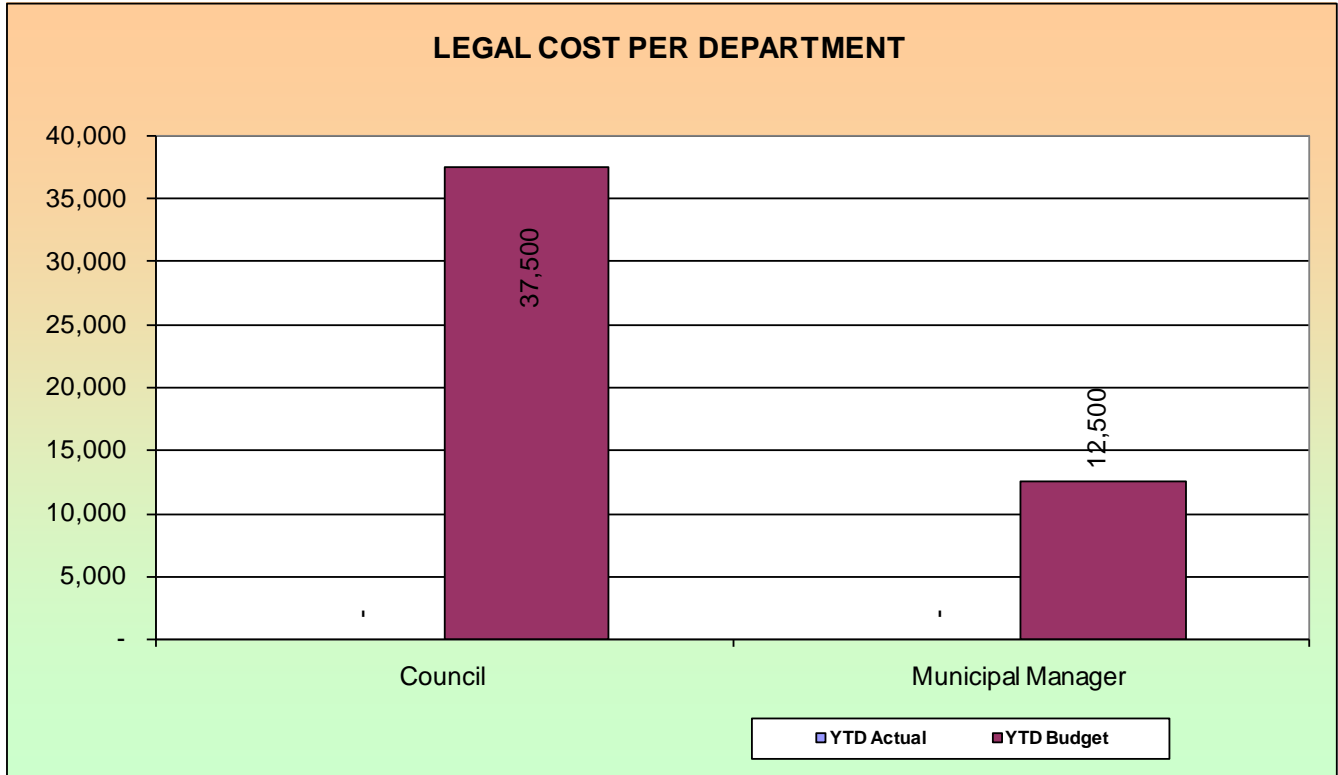
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

Progress on actual expenditure on infrastructure and development projects, in comparison with the budget, is:

<i>Grants & Subsidies</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	3 338 035	14 275 060	10 937 025	77%
<i>Internal / Administration</i>	2 573 314	3 597 623	1 024 309	28%
<i>External Beneficiaries</i>	764 721	10 677 437	9 912 716	93%
<i>State Funded Grants</i>	764 721	6 325 437	5 560 716	88%
<i>Reserve Funded Grants</i>	-	4 352 000	4 352 000	100%
<i>Revenue Funded Grants</i>	-	-	-	

General Expenses: Actual expenses are expected to increase as planned activities per service delivery and budget plans gain momentum.

Legal Costs per Department: A summary of the actual legal costs paid versus the approved budget is as follows:



The actual spending on legal costs reflects mainly for spending needs identification. The total budget allocation for the 2011/12 financial year is R 200 000.

Projected Operating Results:

Explanation regarding any significant projected positive or negative variances more than 10% versus the approved budget:

Please refer to next page

DEPARTMENT FINANCE

OCTOBER 2011

Revenue & Expenditure per classification	YTD Actual 31 October 2011	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
<u>REVENUE BY SOURCE:</u>					
Interest Earned - External Investments	1 720 473	5 161 420	4 878 000	(283 420)	-5.81%
Interest Earned - Outstanding Debtors	-	-	-	-	
Other	8 414	865 400	865 400	-	0.00%
Rental of Facilities & Equipment	36 577	90 000	90 000	-	0.00%
Income for Agency Services	-	-	-	-	
Government Grants & Subsidies	28 600 873	95 788 430	95 788 430	-	0.00%
Transfers From Reserves	-	-	2 214 680	2 214 680	
Gain on disposal of property plant and equipment	-	80 000	80 000	-	0.00%
Total Revenue:	30 366 337	101 985 250	103 916 510	1 931 260	6.36%
<u>EXPENDITURE PER VOTE:</u>					
Executive and Council	4 418 722	13 820 927	17 241 320	3 420 393	24.75%
Council	2 733 156	7 777 794	8 672 600	894 806	10.32%
Office of the Municipal Manager	1 685 566	6 043 133	8 568 720	2 525 587	29.47%
Finance & Administration	6 614 285	24 970 990	30 354 160	5 383 170	21.56%
Budget & Treasury Office	3 036 836	12 918 564	14 830 090	1 911 526	12.89%
Corporate Services	3 577 449	12 052 426	15 524 070	3 471 644	22.36%
Planning & Development	5 222 840	35 928 268	46 436 200	10 507 932	29.25%
Planning & Development	2 908 474	13 678 738	14 909 540	1 230 802	8.26%
Technical Services	2 314 365	22 249 529	31 526 660	9 277 131	29.43%
Health	1 455 110	3 267 895	3 983 090	715 195	17.96%
Community & Social Services	-	-	-	-	
Public Safety	890 208	3 196 643	3 789 840	593 197	15.65%
Housing	640 480	3 580 243	4 108 540	528 297	12.86%
Total Expenditure:	19 241 644	84 764 966	105 913 150	21 148 184	19.97%
Transfer to Capital Replacement Reserve	-	1 185 000	1 185 000	-	
Prior year Revenue & Expenditure	-	-	-	-	
NET OPERATING RESULT:- SURPLUS / (DEFICIT)	11 124 693	16 035 284	(3 181 640)	(19 216 924)	

EXPENDITURE PER VOTE:

Interim results per approved business plans and budget for the financial year under review:

- ***Executive and Council:***

There is serious concern regarding spending trends. Should this continue, funds will be exhausted well before the end of the financial year. Depicted below is an indication of what has been spent during the second month of the financial year and what is committed for October 2011:

98% of Vote Printing and Stationery
39 % of Vote Conferences and Seminars
52 % of Vote Accommodation Councillors
46% of Vote Transportation Councillors

89% of Vote Motor Vehicle Usage
 25 % of Vote Sundry Expenses
 65 % of Vote Entertainment – Council

Please note that as per direction from National Treasury, the current budget is based on an increase of 6% of spending capacity on the previous financial years' budget. Although an Adjustments Budget may be passed mid-year, it should be borne in mind that this may only realise should there be savings within Council's vote and only applies to the operational budget.

- **Finance & Administration:**

Expenditure of finance & administration is less than the projected budget by 21% primarily in the areas of interest on external loan; audit fees; maintenance of software, buildings, office equipment grounds & fencing; development of IT governance & service management framework; computer software; Employee Assistance Programme; advertising recruitment; relocation costs and training.

Approved vacant posts of Assistant Accountant, Accountant and Records Manager have to be filled.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Planning & Development:**

Expenditure of planning & development is less than the projected budget by 29% primarily in the areas of computer software maintenance and review and implementation of the IDP.

Most MSIG Projects have not started yet.

Remedy: Most of the special projects are in the planning phase of implementation.

- **Spatial Planning**

The under spending is primarily in the area of consulting and general expenses.

Remedy: Appointment of a consultant for the valuation and transfer of property is in progress and is likely to be completed by mid-November 2011.

- **GIS**

Projects' relating to capturing of water infrastructure data and the establishment of a township has yet to start. These projects are in the tender process.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Project Management & Advisory Services**

Most of the infrastructure projects have not started as yet.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Health:**
Expenditure of health is less than the projected budget by 17%.
Most of the special projects are in the planning phase of implementation.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses.

- **Community & Social Services:**
No expenditure relating to community development will be reported on as there is no budget relating to community & social service activities.
- **Public Safety:**
Expenditure of public safety is less than the projected budget by 15% primarily in the areas of maintenance of emergency, radio and office equipment as well as special projects.

Remedy: All planned activities are on schedule and are likely to gain momentum as the financial year progresses. Certain activities are needs driven.

- **Housing:**
Expenditure of housing is less than the budget by 12% primarily in the areas of consultancy and special projects.

Remedy: Expenditure of the housing unit is limited to the actual revenue received year-to-date.

EXPENDITURE ON SPECIAL PROJECTS PER VOTE:

- **Council & Executive**

	YTD Actual	Budget	% Spending	Remarks
<u>Council</u>				
Goodwill Fund Projects: Executive Mayor	-	4,000	0.00%	
Commemorative Days	16,609	50,000	33.22%	
Total	16,609	54,000	30.76%	
<u>Communications</u>				
CFS System	-	4,430	0.00%	Amount paid in full - 2 year contract
PAIA Management	-	12,000	0.00%	To be advertised in 2nd quarter
Branding	9,901	20,000	49.50%	Branding to be addressed when visual standards manual is completed
Total	9,901	36,430	27.18%	

Please refer to next page

• **Finance & Administration**

	YTD Actual	Budget	% Spending	Remarks
<u>Finance: Directorate</u>				
10/11: Finanacial System Support (3) LM	213,555	450,000	47.46%	Ongoing
Total	213,555	450,000	47.46%	
<u>Finance: Budget Office</u>				
Capacity Building & BTO Operation	69,150	90,000	76.83%	Ongoing
Total	69,150	90,000	76.83%	
	YTD Actual	Budget	% Spending	Remarks
<u>Information Communication & Technology</u>				
Develop IT Governance Framework	-	380,000	0.00%	TOR has been developed
Development of ITIL Service Management Framework	-	280,000	0.00%	TOR has been developed
Total	-	660,000	0.02%	
	YTD Actual	Budget	% Spending	Remarks
<u>Human Resource Management</u>				
Employee Assistance Programme	3,608	100,000	3.61%	Needs driven
Employee Wellness	352,819	450,000	78.40%	Ongoing
HIV VIP Primer	129,388	200,000	64.69%	Needs driven
Total	485,815	750,000	64.78%	

• **Environmental Health**

	YTD Actual	Budget	% Spending	Remarks
<u>Environmental Health</u>				
Waste Recycling Project	998,268	1,546,000	64.57%	Project in completion phase
Awareness Program - Sanitation, HIV and Enviro Days	7,044	50,000	14.09%	Spending according to programmes
Awareness Program IWMP & EMF	-	25,000	0.00%	Programme to commence November
Maint Recycling Project	-	500,000	0.00%	Will be spent as soon as the buy-back centre is completed
Air Quality Management Plan	-	95,000	0.00%	Summit to be implemented in November
Total	1,005,312	2,216,000	45.37%	

Please refer to next page

- **Planning & Development**

	YTD Actual	Budget	% Spending	Remarks
<u>Planning & Development Directorate</u>				
Dikgatlong Town Plan	-	300,000	0.00%	Project has been advertised, to be awarded soon
Review District Management Plan	-	300,000	0.00%	In consultation phase
Preparation of By-Laws	-	200,000	0.00%	Tender awarded
Establish Water Infrastructure System	-	400,000	0.00%	Project in progress
Total	-	1,200,000	0.00%	
<u>IDP / PMS Management</u>				
IDP Review and Implementation	-	38,660	0.00%	Will be spent in the 3rd quarter
Total	-	38,660	0.00%	

	YTD Actual	Budget	% Spending	Remarks
<u>HOUSING</u>				
Housing Consumer Education	-	22,000	0.00%	In process
Housing HDD Field Workers	285	120,600	0.24%	
REV. Housing Chapters	-	117,000	0.00%	To start 3rd quarter
Development Housing Strategy	-	19,500	0.00%	
Housing Register Contractors	-	40,600	0.00%	In consultation with NHBRC
Total	285	319,700	0.09%	

Please refer to next page

DEPARTMENT FINANCE

OCTOBER 2011

	YTD Actual	Budget	% Spending	Remarks
LED / Tourism				
LED Capacity Building	-	16,000	0.00%	In process - 2nd quarter
LED Social Responsibility / Miners	-	7,000	0.00%	In process
LED Agency	-	70,000	0.00%	In process
LED Forums	3,935	20,000	19.67%	In process
LED - NCTA Support	135,000	135,000	100.00%	Completed
TOUR Business Plan Competition	81,359	270,000	30.13%	In process
LED Phokwane Vegetable Plant	-	90,000	0.00%	In process - awaiting final document
LED Entrepreneur Program	300	156,000	0.19%	Awaiting appointment of candidates
LED Bokomoto Dikgatlong	-	80,000	0.00%	To be completed in 2nd quarter
LED Kgolosego Phokwane	-	150,000	0.00%	To be completed in 2nd quarter
LED SMME Development	90,466	200,000	45.23%	In process
LED EXPO	-	450,000	0.00%	In process
LED Phokwane vegetable Plant	1,780	60,000	2.97%	In process
TOUR Marketing Brochure	-	200,000	0.00%	In process - 3rd quarter
TOUR SAN Community Culture Village	150,000	150,000	100.00%	Spending completed
TOUR Wildebeestkuil Rock Art	100,000	100,000	100.00%	Spending completed
TOUR SMME Registration & Grading	2,877	100,000	2.88%	In process
TOUR Tourism Guide Training	-	250,000	0.00%	In process
TOUR Capacity Building	-	120,000	0.00%	3rd quarter
TOUR Capacity Building Phokwane	-	100,000	0.00%	In process
TOUR Product Owners Meeting Grading	-	100,000	0.00%	In process
TOUR Indaba Trade EXPO	4,846	120,000	4.04%	In process
TOUR Know Your Region Campaign	-	60,000	0.00%	2nd quarter
TOUR N12 Treasure Route	20,000	20,000	100.00%	Spending completed
TOUR NCTA Marketing Meetings	-	15,000	0.00%	Awaiting invitations
TOUR Association Meetings	1,750	10,000	17.50%	In process
TOUR Advertising	131	270,000	0.05%	In process
TOUR NAT Tourism Day Celebrations	-	10,000	0.00%	In process
TOUR PROV Tourism Month Celebration	10,000	10,000	100.00%	Completed
TOUR N12 Information Boards	-	100,000	0.00%	3rd quarter
TOUR N12 Promotion	50,000	50,000	100.00%	Completed
TOUR Contribution Gariap Festival	100,000	100,000	100.00%	Completed
TOUR / LED SMME EXPO	20,245	85,000	23.82%	In process
Total	772,688	3,674,000	21.03%	

Please refer to next page

DEPARTMENT FINANCE

OCTOBER 2011

	YTD Actual	Budget	% Spending	Remarks
<i>PROJECT & ADVISORY SERVICES</i>				
EQS 11/12 - Magareng: MNT Water Treatment Works	-	300,000	0.00%	Assessment
EQS 11/12 - Magareng: MNT Waste Treatment Works	-	300,000	0.00%	Implementation
EQS 11/12 - Magareng: MNT Electricity Network	-	300,000	0.00%	Procurement
EQS 11/12 - Magareng: MNT Water and Sewer Network	-	250,000	0.00%	Implementation
EQS 11/12 - Magareng: MNT Street & Stormwater	-	1,650,000	0.00%	Procurement
EQS 11/12 - Phokwane: MNT Water Treatment Works	129,144	400,000	32.29%	Implementation - estimated completion June 2012
Works	356,822	500,000	71.36%	Procurement - estimated completion April 2012
EQS 11/12 - Phokwane: MNT Electricity Network	-	500,000	0.00%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Water and Sewer Network	73,500	250,000	29.40%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Street & Stormwater	-	400,000	0.00%	Implementation - estimated completion June 2012
EQS 11/12 - Dikgatlong: MNT Water Treatment Works	61,918	550,000	11.26%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Waste Treatment Works	-	400,000	0.00%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Electricity Network	-	150,000	0.00%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Water and Sewer Network	17,330	62,000	27.95%	Assessment & Procurement
EQS 11/12 : Service Private Owned Land Rural	-	1,000,000	0.00%	Implementation - estimated completion June 2012
EPWP Unallocated	-	9,882,000	0.00%	
10/11: DWA ASSESS W/W TREATMENT WORKS	68,260	311,000	21.95%	Completed
EPWP 11/12 : Bush Clearance	56,627	185,430	30.54%	Completed
RES: DMA 11/12 - Eelectricity Selfbuild Roll Over	-	1,500,000	0.00%	Contractor appointed - Complete March 2012
RES 11/12 : Phokwane: Pave Roads	-	1,400,000	0.00%	Bid adjudication - estimated completion June 2012
REVF 11/12 - SOL: MNT Streets and Stormwater	-	650,000	0.00%	Implementation - estimated completion June 2012
REVF 11/12 - SOL: MNT Platfontein Sewer	-	100,000	0.00%	Implementation - estimated completion June 2012
REVF 11/12 - Dikgatlong: MNT Water and Sewer Network	-	238,000	0.00%	Procurement
REVF 11/12 - Dikgatlong: MNT Street & Stormwater	-	700,000	0.00%	Procurement
REVF 09/10: 11/12: Phokwane: Pave Roads	-	2,312,000	0.00%	Bid adjudication - estimated completion June 2012
REVF 09/10: 11/12: Magareng Refuse Truck	-	1,350,000	0.00%	Bid stage - nominated bidders
REVF 09/10: 11/12: Dikgatlong: Water Treatment Works	-	1,412,000	0.00%	Consultant appointed
REVF 09/10: 11/12: Magareng: Electricity Masterplan	-	270,000	0.00%	Consultant appointed
REVF 09/10: 11/12: Dikgatlong: Eelctricity MasterPlan	-	300,000	0.00%	Planning - advert postponed to include other requirements
Total	763,601	27,622,430	2.76%	

FIRE FIGHTING / DISASTER MANAGEMENT

	YTD Actual	Budget	% Spending	Remarks
<u>FIRE FIGHTING / DISASTER MANAGEMENT.</u>				
Assit: Fire Fighting Equipment Maintenance	-	90,000	0.00%	
Volunteers Training	-	62,500	0.00%	2nd Quarter
Volunteers Fire Equipment	1,120	49,380	2.27%	2nd Quarter
Equipment - FF Personnel	-	15,000	0.00%	2nd Quarter
Disaster Management Volunteers Project	-	180,000	0.00%	Expenditure as per request
Total	1,120	396,880	0.28%	

Projected Capital Expenditure Results:

A detailed projection of capital expenditure per vote as well as variances reflected in rand value and / or percentage follows:

Capital Expenditure per vote	YTD Actual	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
<u>CAPITAL EXPENDITURE PER VOTE:</u>					
Executive and Council	29 184	60 000	60 000	-	0.00%
Council	-	-	-	-	-
Office of the Municipal Manager	29 184	60 000	60 000	-	0.00%
Finance & Administration	308 040	718 132	760 600	42 468	5.58%
Budget & Treasury Office	281 706	322 798	323 600	802	0.25%
Corporate Services	26 334	395 334	437 000	41 666	9.53%
Planning & Development	387 366	1 357 730	1 359 680	-1 950	-0
Planning & Development	19 500	110 680	110 680	-	0.00%
Technical Services	367 866	1 247 050	1 249 000	-1 950	-0.16%
Housing	3 088	37 488	39 400	1 912	0.00%
Health	-	-	-	-	0.00%
Community & Social Services	-	-	-	-	0.00%
Public Safety	-	1 200 000	1 200 000	-	0.00%
Total Capital Expenditure:	727 677	3 373 350	3 419 680	42 430	1.24%

Expenditure on capital acquisition is 16% as compared to the full year projected budget, with 9.13% being committed at the period of reporting.

Computer Equipment

- 8% of computer equipment has been acquired to date as compared to the projected capital budget resulting in an under spending of R503 246.

Office Equipment

- No office equipment has been acquired to date resulting in an under spending of R4 400.

Furniture and Fittings

- 5% of the furniture and fittings have been acquired to date as compared to the projected capital budget resulting in an under spending to the value of R58 802.

Motor Vehicles

- 95% of the motor vehicles have been acquired to date as compared to the projected capital budget resulting in an under spending to the value of R24 954. Of this amount, R 5 567 is committed for the fitting of a tow bar to the newly acquired vehicle. A savings of R21 093 will realise.

Plant & Equipment

- 2% plant & equipment has been acquired to date resulting in an under spending of R1 238 471.

Buildings & Facilities

- 18% of buildings & facilities has been spent to date on alteration and renovations resulting in an under spending of R863 184. Alteration of the recreational hall is in progress.

Grant Funding:

External funding account balances reflect transfers to revenue adequate to cover the relevant operating or capital expenditure for which the funds have been received.

Grant funding is reflected as unspent grants where relevant, with revenue transferred to the income statement as expenditure is incurred.

A summary of grant fund movements is set out below:

EXTERNAL FUNDING	Balance Fwd	Received	Applied	Balance
Equitable Share	-	33 034 000	26 660 714	6 373 286
Financial Management Grant	-	1 250 000	221 555	1 028 445
Municipal Systems Improvement Grant	-	1 200 000	-	1 200 000
Municipal Infrastructure Grant	-	-	-	-
DWAF - Sanitation (Mvula Trust)	1 489 217	-	-	1 489 217
Expanded Public Works Program Grant	-	-	-	-
NCPA - Housing Accreditation Grant	1 077 953	638 685	630 559	1 086 079
District Aids Council	114 682	-	-	114 682
NEAR Control Centre	-	-	-	-
Firefighting Equipment	352 364	-	-	352 364
SETA Skills Grant	-	13 436	-	13 436
Vuna Awards	-	-	-	-
NC TOURISM	-	-	-	-
EPW: Lerato Park	185 421	-	56 627	128 794
Environmental Health Recycling Project	1 427 746	-	998 268	429 478
Koopmansfontein Self Build Scheme	80 000	16 000	-	96 000
Total	4 727 383	36 152 121	28 567 723	12 311 780

3. **CASH AND INVESTMENT**

CASH FLOW REPORT	30-Jun-11	Oct-11
OPERATING FLOWS	(82 575 159)	(28 995 470)
- Salaries, wages and allowances	(39 731 307)	(10 843 856)
- Cash and creditor payments	(55 129 658)	(11 780 357)
- Statutory Payments (incl VAT)	(2 561 407)	-
- Other payments	(122 395)	(10 583 455)
- Revenue receipts	(1 607 683)	-
- Statutory Receipts (incl VAT)	7 376 480	1 955 030
- Capital payments	6 534 246	2 016 162
- Other revenues	2 666 564	241 008
INVESTMENT FLOWS	(11 600 000)	(8 500 000)
- Investments made-OUT	(86 500 000)	(45 000 000)
- Investments redeemed	74 900 000	36 500 000
FINANCING FLOW	96 237 132	36 323 685
- External loans repaid	(1 051 524)	-
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	97 288 656	36 323 685
Nett Cash Generated from operating activities	2 061 973	-1 171 785
Increase / (Decrease) in investment activities	10 100 000	17 000 000
Nett increase / (Decrease) in cash and cash investments	12 161 973	15 828 215
 <i>CASH AND CASH EQUIVALENTS</i>		
Balance at the end of the Year	78 029 281	93 857 496
Balance at the beginning of the Year	65 867 308	78 029 281
Net increase / (Decrease) in cash and cash equivalents	12 161 973	15 828 215

Cash Flow Statement

Cash flow for the period ended 31 October 2011 reflects a positive amount of R15 m as a result of receiving Equitable Share Grant in advance for the first quarter ending 30 September 2011.

Cash Balances:

The following bank and investment balances were held at the reporting date:

Bank Statement	+	1 671 882
Minus Outstanding Cheques		186 571
Minus Unreconciled ACB		31 115.00
Minus: Outstanding Deposits		
Plus: Unreconciled Deposits		
Minus Unreconciled Direct Payments		
Salary Payments		
Creditors Payment		
Investments		
Cash Book Balance	+	1 454 196
Adjustment to Bank	-	
Adjusted Cash Book Balance	+	1 454 196
<i>* None > 3 Months</i>		

SURPLUS CASH INVESTED

Absa	35 500 000
Standard Bank	26 000 000
First Rand	8 000 000
Nedcor	20 000 000
Absa [Collateral security - Due 30 June 2011]	500 000
Standard Bank[Leave reserve Due 30 June 2011]	2 400 000
Total Cash Investments	92 400 000

Petty Cash float 3 300

Total Cash on Hand **93 857 496**

Surplus cash is invested at approved banking institutions in accordance with current cash and investment policy.

4. REVENUE AND DEBT COLLECTION MANAGEMENT

- **Sundry Debtors:**

Council's debtors consist of three main groups, namely:

- Provincial or Local government bodies for services rendered to or on behalf of these bodies,
- Ex-employees entitled to post-service benefits,
- Other entities by way of service delivery for which costs are to be recovered.

Matters reported below are in respect of debts outstanding in excess of 90 days on the effective reporting date.

- ***Provincial and Local Government - Department of Roads***

The roads agency function has been terminated on 01 July 2011 and the balance on the Agency Loan Account – Roads is R1 019 926. The matter has been followed up with the Department of Roads & Public Works.

- ***Post-Service Benefits***

Debtors are being managed in terms of the approved credit control policy. No significant difficulties are evident at present. Management of these debtors has improved with the aggressive application of the credit control policy. A large portion of the post-service benefits will be recovered from Department of Roads and Public Works and the matter will be finalized in due course.

- ***Sundry Debtors***

No difficulties are experienced due to the fact that strict credit control procedures are applied in terms of Council's Credit Control Policy. The only outstanding debts reflected for more than 90 days as at 30 October 2011 is Department of Safety & Liaison R5 014.14 and H P O Duvenhage R1 783-58 (requested road to be bladed). HPO Duvenhage's account will be transferred to Department of Roads and Public Works.

Debts are continuously monitored and reviewed and adequate controls are in place according to approved policies.

The DMA has fallen away, however transfer of the assets, revenue and expenditure linked to this will occur in the second quarter of the financial year. Hence we have reflected information in this report.

- ***Water Service Debtors – Koopmansfontein***

The outstanding debt that is in the 90days + zone for the month of October 2011 is R.0.00.

- ***Sanitation and Refuse Debtors – Koopmansfontein***

The outstanding debt that is in the 90days + zone for the month of October 2011 is R0.00 including VAT.

- ***Property Rates***

Outstanding debt that is in the 90days + zone amounts to R0.00 as at 31 October 2011.

5. EXPENDITURE MANAGEMENT

The expenditure section continued to administer, manage, assess and improve creditors, salaries and sundry payments subject to internal prescriptions.

Salary Payment:

Salary payments are under adequate control and take place according to approved policies and agreement in terms of the Bargaining Council.

Salary increases of 6.08% for staff have been implemented in August 2011 back-dated from July 2011.

Trade Creditors:

Council purchases and payments to creditors are under adequate control. There are no orders and invoices that are more than 30 days old and unpaid.

PAYMENTS

Total value of all payments	R 5 494 199
Electronic transfers	134
Cheques issued	24

STORES

Value of Stores issued	28 054
------------------------	--------

SALARIES

Number of salary beneficiaries	145
Councillors	27
Employees	114
Pensioners	4

Total remuneration paid	2 546 960
Councillors	344 643
Employees	2 196 260
Pensioners	6 057

Expenditure controls are continuously being re-evaluated and tightened up to allow closer monitoring of daily purchases, order transactions and the extension of budgetary control over departmental activities.

Supply Chain Management:

Although council adopted a new procurement policy effective from 1 January 2008 a number of issues still impact negatively on the effective implementation of the mentioned policy. The following are some of the issues that still need attention in order to ensure full compliance as stipulated in the policy:

- The development and implementation of a new centralized procurement procedure has started and is in line with the SCM policy. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.
- Amendment and procedures with regard to the tender committee system (Specification, Evaluation and Adjudication Committees) still needs attention. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.
- Putting systems in place to monitor and report on supply chain management as required per approved policy has started as from 1 April 2008. Monitoring is on an ongoing basis and as problems arise, they will be dealt with.

As Council reserves its right to maintain oversight over the implementation of the Supply Chain Management Policy and is empowered to make Supply Chain policy within the ambit of the applicable legislation, the following is hereby reported as stipulated in the SCM policy for the period October 2011.

Implementation of the Approved Supply Chain Management Policy:

The approved Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008.

Implementation of the Supply Chain Management Process:

- Supply Chain Management Training

No training was provided or attended by supply chain personnel for the month of October 2011.

- Demand Management

Bids and quotations were invited in accordance with the Supply Chain Management Policy. Bid documents used were customised, standard bid documents prescribed by National Treasury. All preconditions were enforced during the opening of bids including the verification on Tax Clearance Certificates issued by SARS.

- Acquisition Management

For the period of October 2011, two contracts (R200 000+) were awarded by the Bid Adjudication Committee.

- Feasibility study for four ecologically designed human settlement pilot projects: Setplan - R587 480.00 VAT Inclusive.
- Contour Survey: Texo Faber consulting – R386 800 VAT inclusive.

For the period of October 2011, one written price quotation (R30 000-R200 000) was awarded by the Acting Municipal Manager.

- Multi function printer-Minolta-R57 986.51 VAT inclusive.

The value of orders issued for the period ending 31 October 2011 total R2 533 987.22 (*See Annexure "A"*)

Orders per department

Council and Executive	R71 363.03
Municipal Manager	R19 348.65
Finance	R40 773.11
Administration	R98 549.23
Planning and Development	R491 243.70
Technical Service	R1 812 709.39

- Disposal Management

No disposals took place for the month of October 2011.

- Deviations

One deviation was approved by the Acting Municipal Manager

- Tourism Guide Training-Drum Beat Safari's - R76 095.00

- Issues from Stores

Total orders issued R28 053.56

Issues per department

Council and Executive	R0.00
Municipal Manager	R0.00
Finance	R5 219.40
Administration	R14 893.42
Planning and Development	R726.16
Technical Service	R2701.65

- List of accredited service providers

The supplier's database is updated daily.

Internal Provisions:

Council has internal liabilities related to personnel bonuses, performance bonuses, leave, post employment health care, pension and long service awards provisions. These liabilities are adequately provided for and are included under Provisions in the Statement of Financial Position and these provisions are properly backed by cash reserves where applicable.

ASSET AND RISK MANAGEMENT

Insurance:

All Council assets are adequately insured with Alexander Forbes over a 3 year period. The insurance portfolio / costing was reviewed and implemented in July 2011.

Asset Inventory:

TAT I-Chain Asset Management System has been implemented. The next asset stock take is scheduled for October 2011 as per requirement of Councils' Asset Management Policy.

Information Backup:

All shared data on the internet system (*O & P drives only*) is backed up on the server with a further daily tape backup kept on the premises. System users are responsible for ensuring that data backup and maintenance is carried out with regard to their specific usage. General ledger and associated financial system data is backed up on the network server tape system.

The implementation and use of the new “e-Venus” financial system has started on 1 July 2009 with minor hiccups, but the problems identified are being attended to. A daily backup is done as well as a day end procedure to integrate the day’s transactions.

A monthly calendar (on the last working day of each month) and financial (a few days after month end to accommodate financial transactions pertaining to the month closed) backup and integration including closing of votes and opening thereof in the new month is done.

The Blueprint System has been fully implemented. The system is an aid to managing projects. Monitoring is enhanced and implementation of projects is accelerated. Because each project has been allocated with different vote numbers, each manager will be responsible for monitoring and reporting on the progress of projects within the ambit of his/her department. This is a total deviation as to the management of projects in the past.

Motor Vehicles - Utilization Statistics:

Council operates a pool of 21 vehicles as part of its routine activities.

Statistical information regarding the year-to-date utility for October 2011 is as follows:

	Vehicle Description	Vehicle Allocation	Year Model	Registration Number	Service	License expires	Year End Km Reading	Current Km Reading	YTD Utility
1	Mercedes Benz	Council	2006	FBDM 1 NC	90 000	2011/09/30	55 526	83 614	28 088
2	Citi Golf	Pool	2005	BSM 014 NC	90 000	2012/04/30	73 975	78 356	4 381
3	Volkswagen Microbus	Pool	2001	BMG 088 NC	150 000	2011/09/30	141 486	143 150	1 664
4	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	195 000	2012/04/30	188 465	191 933	3 468
5	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	30 000	2011/11/30	17 529	25 909	8 380
6	Chevrolet Opel Corsa	1. Disaster Management	2010	CBY 227 NC	15 000	2011/11/30	8 433	13 005	4 572
7	Toyota LDV 4x4	Environmental Health	2002	BMT 234 NC	160 000	2012/01/31	143 706	149 912	6 206
8	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	150 000	2012/07/31	136 339	142 109	5 770
9	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	135 000	2012/04/30	129 226	134 196	4 970
10	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	90 000	2012/04/30	83 245	87 588	4 343
11	Toyota Corolla	Pool	2009	BZP 439 NC	60 000	2011/09/30	44 715	50 674	5 959
12	Toyota Corolla	Pool	2009	BZP 440 NC	60 000	2011/09/30	50 068	50 068	-
13	Toyota Condor	Tourism Centre	2001	BLR 461 NC	180 000	2012/06/30	171 370	178 100	6 730
14	Isuzu 2.4	Housing	2009	CBD 761 NC	45 000	2012/02/29	32 138	38 224	6 086
15	Toyota Corolla	Pool	2008	BXL 799 NC	105 000	2012/02/29	97 169	101 285	-
16	Nissan LDV	Community Development	2006	BVC 831 NC	120 000	2012/07/31	103 365	105 874	2 509
17	Ford Bantam	Finance	2004	BRD 836 NC	90 000	2012/01/31	76 985	78 195	1 210
18	Toyota Hilux	PMU	2004	BRF 837 NC	120 000	2012/02/29	110 175	112 736	2 561
19	Isuzu KB. 200	Disaster Management	2010	CBY 895 NC	15000	2011/09/30	2 241	3 184	943
20	Isuzu KB. 200	Disaster Management	2010	CBY 898 NC	15000	2011/09/30	1 703	4 560	2 857
21	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	150000	2012/02/29	142 110	148 617	6 507
YEAR TO DATE UTILITY - FULL FLEET									107 204

Toyota corolla registration number BZP 440 NC is in for gearbox repair. Toyota corolla registration number BXL 799 NC was involved in an accident, repairs were completed.

Motor Vehicle: Operating Cost

The actual operating costs of Council motor vehicles incurred for the year to date as required in terms of the newly adopted motor vehicle fleet policy are set out below:

VEHICLE OPERATING COST	ACTUAL	BUDGET	VARIANCE	VAR %
Depreciation: Motor Vehicles	-	128 495	(128 495)	-100.00%
Insurance	1 970	13 750	(11 780)	-85.68%
MV Administration Levy	3 974	4 000	(26)	-0.65%
Fuel	83 701	72 755	10 946	15.05%
Licence	2 280	3 163	(883)	-27.91%
Repairs and Maintenance	15 034	11 500	3 534	30.73%
Tyres	5 666	16 150	(10 484)	-64.91%
TOTAL	112 625	249 813	(137 187)	-54.92%

- ***Motor Vehicle Damage Report***

No motor vehicle was damaged for the month of October 2011.

Motor Vehicle Tracker System

A new vehicle tracker system was installed on 22 December 2010 in all council's pool vehicles by Altech Netstar. A presentation of the system by Altech was done during the joint management meeting held on 18 February 2011. All staff has been briefed about the system.

7. FINANCIAL REPORTING AND BUDGETING**Budget Process:**

The budget process plan in respect of the 2011/12 financial year has been submitted to the Executive Mayor for approval on 27 July 2011 and has also been given to National Treasury.

Monthly Reporting

Monthly financial reporting as per DoRA and MFMA requirements to Council, National & Provincial Departments and other stakeholders have been adequately adhered to for the month under review.

Financial Statements for the Year-ended 30 June 2011

The Annual Financial Statements for the year ended 30 June 2011 was submitted to the Audit Committee and to the Auditor General on 31 August 2011 for Auditing. Audit Committee meeting took place on 29 August 2011 to review and give input on the submission of the 2010/11 Financial Statements. It is expected that the Draft Audit Report will be provided during November 2011.

8. MFMA IMPLEMENTATION OVERSIGHT

Council's progress on the implementation of the MFMA proceeds according to set targets and due dates determined for a medium capacity municipality.

A comprehensive oversight report on the progress of implementation and compliance per MFMA requirements is attached as *Annexure "B"* to this report.

- *Support to Local Municipalities*

No support was rendered to local municipalities.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for October 2011 averages 83%. The reason for the deviations is mainly due to study, annual, family responsibility and sick leave.

Attendance trends are summarized as follows:

	Senior Management	Middle Management	Supervisory	Clerical
Number of Members	1	4	3	17
Leave	1	15	3	6
Sick Leave	0	0	0	28
Courses / Seminar	1	0	0	0
Meetings	0	2	0	2
Family Responsibility	0	0	0	0
Study	0	3	0	5
Maternity Leave	0	0	0	0
Overtime	0	0	0	0
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
No. of Workdays Attended	19	64	60	295
Total Workdays	21	84	63	336
Percentage attendance per Group	90%	76%	95%	88%
Average	87%			

Personnel Development:

No training was attended during the month of October 2011.

11. INTERNSHIP PROGRAMME

As per National Treasury regulations, five Finance Interns were appointed (four on 15 February 2010 and one on 01 March 2010). The aim of the programme is to capacitate Finance graduates to eventually be able to fill CFO and other financial posts in municipalities. Their appointment is for a period of 24 to 36 months depending on completion of the programme.

They are being assisted in completing a personal development plan (PDP) and a Portfolio of Evidence (POE) as per NT guidelines. Meetings are held regularly with Interns to discuss their progress and problems they may experience.

A training schedule has been drawn up. It is envisaged that they be exposed to all functions within a municipality.

All Interns have assisted with the year end process for the 2010/2011 financial year. They have assisted with the scheduled asset stock take.

Various financial reconciliations have to be done on an ongoing basis and the Interns have been given this task with various personnel responsible for these reconciliations, as their mentors.

All Interns are attending the Municipal Finance Management Programme and they have completed the MFMA DVD learning programme.

CONCLUSION

According to the results presented above for the period ending 31 October 2011, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE