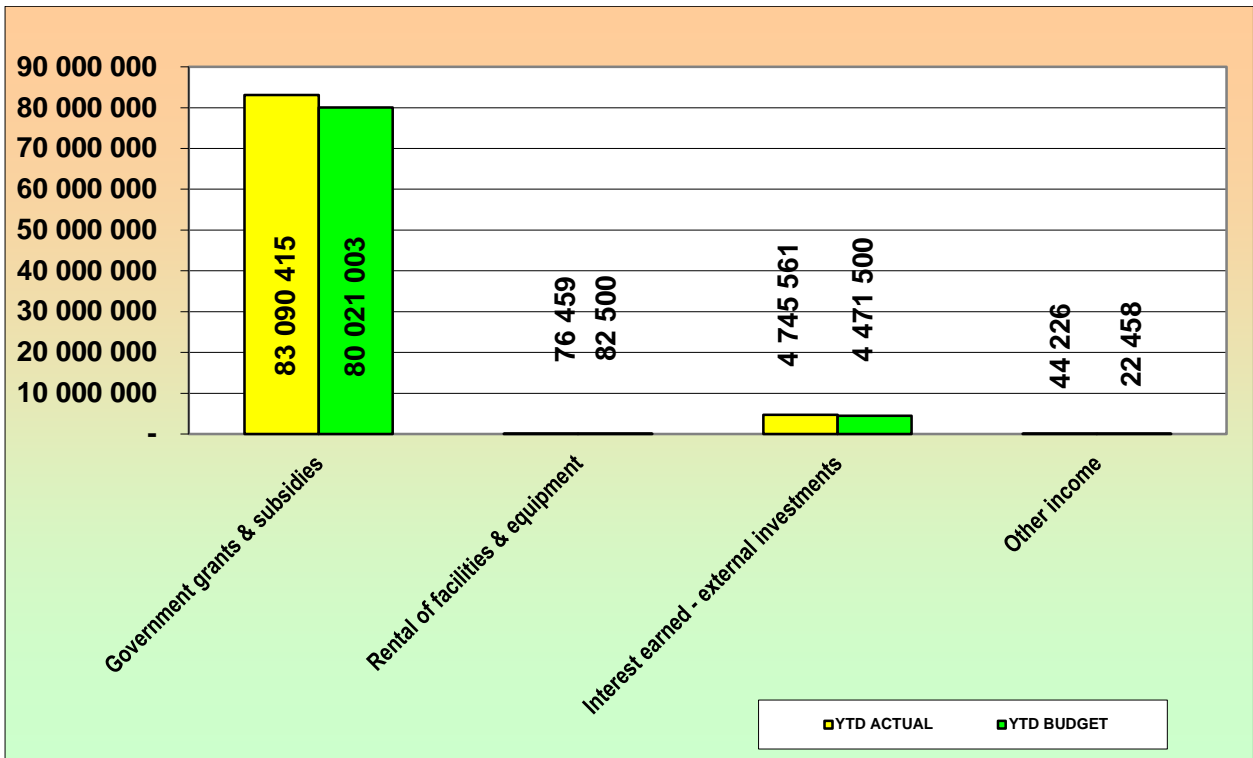


1. FINANCIAL POSITION

<b>FRANCES BAARD DISTRICT MUNICIPALITY</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31 May 2012</b>	<b>Jun-11</b>	
	<b>R</b>	<b>R</b>	
<b><u>NET ASSETS AND LIABILITIES</u></b>			
<b>Net Assets</b>	<b>107,419,119</b>	<b>86,187,966</b>	
Capital Replacement Reserve	2,571,553	4,411,867	
Revaluation Reserve	5,828,305	5,828,305	
Accumulated Surplus / (Deficit)	99,019,260	75,947,793	
<b>Non-current Liabilities</b>	<b>32,350,388</b>	<b>32,913,606</b>	
Long-Term Liabilities	12,251,709	12,814,927	
Employee Benefits	20,098,679	20,098,679	
<b>Current Liabilities</b>	<b>13,716,096</b>	<b>13,516,295</b>	
Current Employee Benefits	4,847,473	5,228,584	
Trade Payables	1,471,499	2,267,558	
Unspent Conditional Grants and Receipts	6,104,353	4,727,383	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1,292,770	1,292,770	
<b>TOTAL: NET ASSETS AND LIABILITIES</b>	<b>153,485,602</b>	<b>132,617,866.71</b>	
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>	<b>50,430,199</b>	<b>52,185,456</b>	
Property, Plant and Equipment	49,819,048	51,574,304	
Non-Current Assets Held for Sale	-	-	
Investment Property	-	-	
Intangible Assets	611,151	611,151	
Financial Assets	-	-	
Long-term Receivables	-	-	
<b>Current Assets</b>	<b>103,055,403</b>	<b>80,432,411</b>	
Taxes	332,165	1,489,596	
Trade Receivables from Exchange Transactions	-	-	
Trade Receivables from Non-Exchange Transactions	2,125,022	2,184,489	
Operating Lease Asset	9,383	9,383	
Inventory	298,620	370,274	
Current Portion of Long-term Receivables	-	-	
Discontinued Operations	-	344,298	
Current Financial Assets	-	6,218	
Term Deposits	2,900,000	2,900,000	
Cash and Cash Equivalents	97,390,214	73,128,152	
<b>TOTAL: ASSETS</b>	<b>153,485,602</b>	<b>132,617,867</b>	

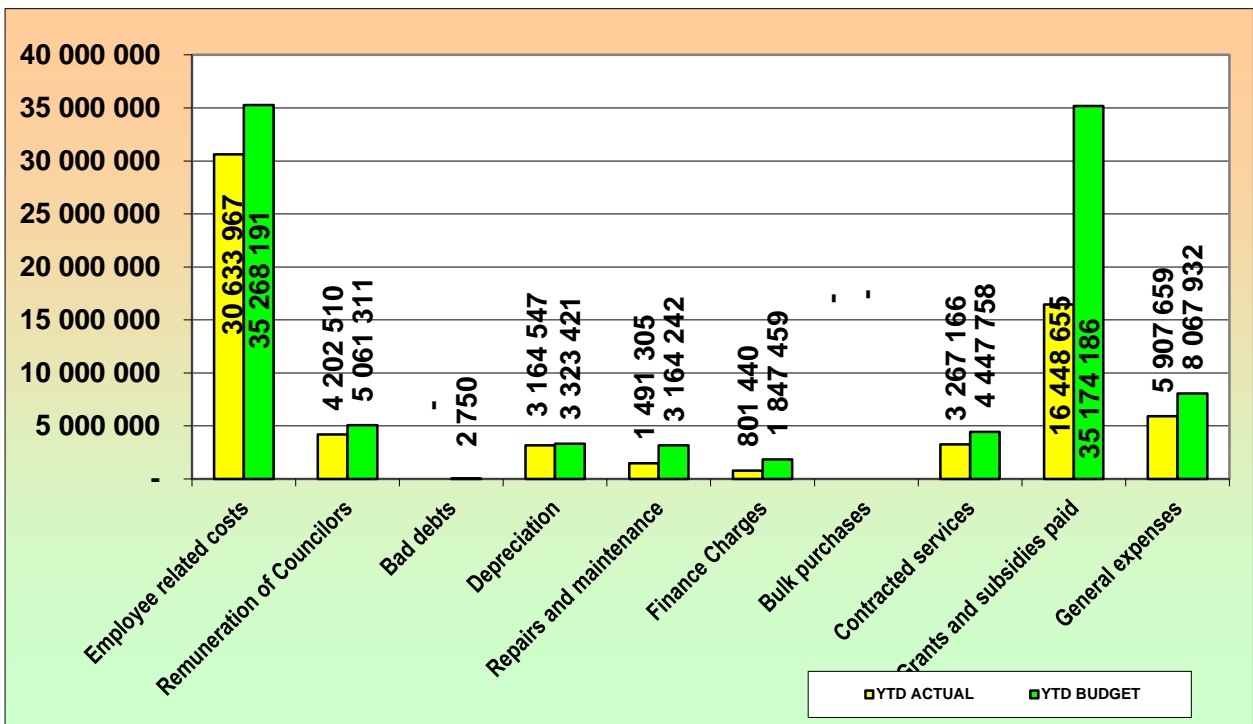
2. FINANCIAL PERFORMANCE

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 third quarter 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 &amp; Allowances</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	<b>34,836,477</b>	<b>40,329,502</b>	<b>5,493,025</b>	<b>14%</b>
Councillors Remuneration	4,202,510	5,061,311	858,801	17%
Post-Service Benefits	600,021	728,741	128,719	18%
Personnel Remuneration	30,033,945	34,539,450	4,505,505	13%
<i>Employee Related Costs</i>	25,139,215	28,782,123	3,642,908	13%
<i>Social Contributions</i>	4,287,559	4,860,708	573,149	12%
<i>Compulsory Levies</i>	607,171	896,619	289,448	32%

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

**Depreciation:** The actual depreciation reflected for the financial year is based on true transaction and acquisition date of asset. Assets are depreciated in accordance with GRAP / GAMAP guidelines per asset type and calculated on cost, using the straight line method over the estimated useful life of assets. Asset acquisitions are included in the capital budget and are depreciated as the year progresses.

**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.

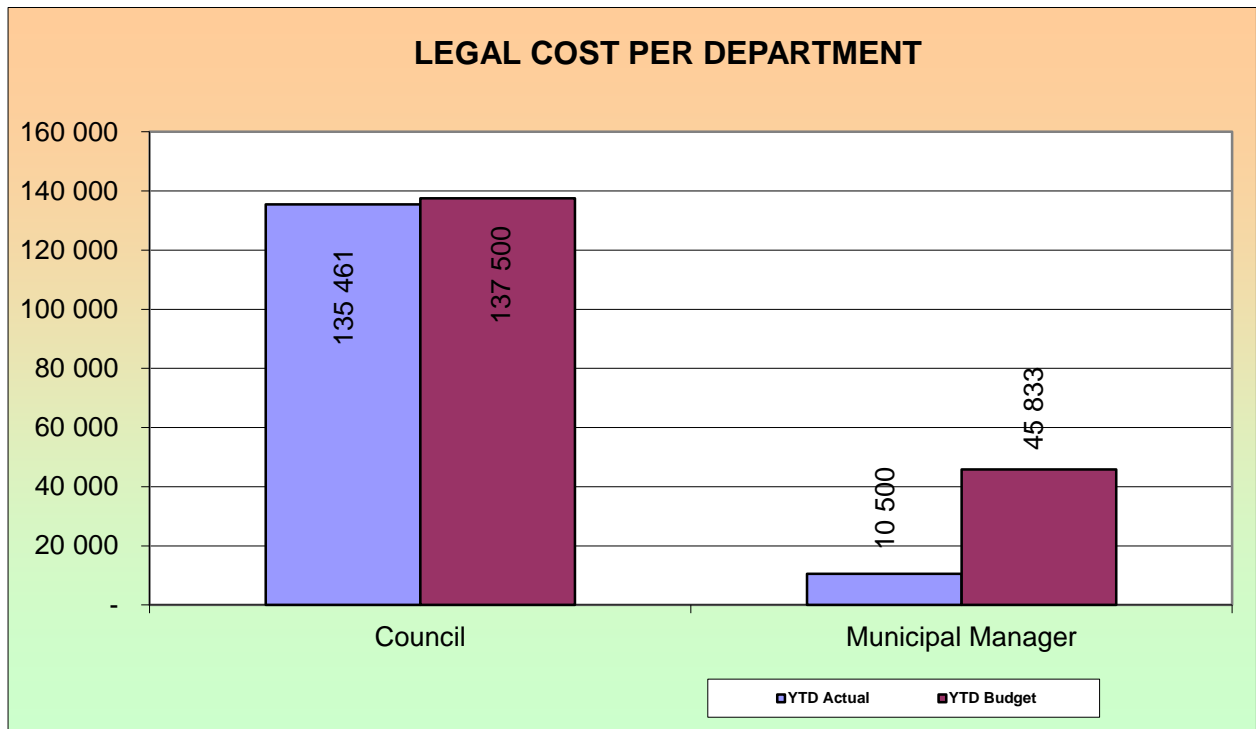
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

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

<i>Grants &amp; Subsidies</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	<b>16,448,655</b>	<b>35,174,186</b>	<b>18,725,531</b>	<b>53%</b>
<i>Internal / Administration</i>	5,869,517	9,464,880	3,595,362	38%
<i>External Beneficiaries</i>	10,579,138	25,709,307	15,130,169	59%
<i>State Funded Grants</i>	8,552,964	18,245,807	9,692,843	53%
<i>Reserve Funded Grants</i>	1,996,555	7,433,500	5,436,945	73%
<i>Revenue Funded Grants</i>	29,618	30,000	382	1%

**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 with the year to date budgeted amount being R183 333. Reflected on the graph is the actual year to date versus the projected budget amount to end May 2012.

**Projected Operating Results:**

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

*Please refer to next page*

Revenue & Expenditure per classification	YTD Actual 31 May 2012	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
<b>REVENUE BY SOURCE:</b>					
Interest Earned - External Investments	4,745,561	4,878,000	4,878,000	-	0.00%
Interest Earned - Outstanding Debtors	-	-	-	-	-
Other	44,226	24,500	24,500	-	0.00%
Rental of Facilities & Equipment	76,459	90,000	90,000	-	0.00%
Income for Agency Services	-	-	-	-	-
Government Grants & Subsidies	83,090,415	101,947,910	101,947,910	-	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%
<b>Total Revenue:</b>	<b>87,956,660</b>	<b>107,020,410</b>	<b>109,235,090</b>	<b>2,214,680</b>	<b>2.52%</b>
<b>EXPENDITURE PER VOTE:</b>					
<b>Executive and Council</b>	<b>12,113,161</b>	<b>13,587,652</b>	<b>17,181,430</b>	<b>3,593,778</b>	<b>26.45%</b>
Council	7,124,425	7,587,732	8,906,100	1,318,368	-
Office of the Municipal Manager	4,988,736	5,999,920	8,275,330	2,275,410	-
<b>Finance &amp; Administration</b>	<b>21,121,685</b>	<b>25,981,469</b>	<b>30,901,420</b>	<b>4,919,951</b>	<b>18.94%</b>
Budget & Treasury Office	10,463,804	13,203,938	15,143,070	1,939,132	-
Corporate Services	10,657,881	12,777,530	15,758,350	2,980,820	-
<b>Planning &amp; Development</b>	<b>24,778,718</b>	<b>35,090,377</b>	<b>38,443,790</b>	<b>3,353,413</b>	<b>9.56%</b>
Planning & Development	9,009,516	13,959,794	15,042,110	1,082,316	-
Technical Services	15,769,202	21,130,584	23,401,680	2,271,096	-
Health	2,844,130	3,326,605	4,183,090	856,485	20.47%
Community & Social Services	5	-	-	-	-
Public Safety	2,868,957	3,260,255	3,359,340	99,085	2.95%
Housing	2,747,258	3,690,224	4,420,680	730,456	16.52%
<b>Total Expenditure:</b>	<b>66,473,914</b>	<b>84,936,581</b>	<b>98,489,750</b>	<b>13,553,169</b>	<b>13.76%</b>
Transfer to Capital Replacement Reserve	-	1,185,000	1,185,000	-	-
Prior year Revenue & Expenditure	-	-	-	-	-
<b>NET OPERATING RESULT:- SURPLUS / (DEFICIT)</b>	<b>21,482,746</b>	<b>20,898,829</b>	<b>9,560,340</b>	<b>(11,338,489)</b>	

**EXPENDITURE PER VOTE:**

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.

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

- **Executive and Council:**

- o Expenditure of Council and Executive was less than the budget by 26.45% primarily in the areas of:

- Consultancy, legal services - expenditure is needs driven
- Councillor training
- Vacant post of Office Manager in the office of the Municipal Manager.

The annual increase for Councillors' was decided in December 2011 and implemented in terms of the remuneration of Public Office Bearers Act, 1998 in respect of the 2011/2012 financial year which has been budgeted for the full year.

- **Finance & Administration:**

Expenditure of Finance & Administration is less than the projected budget by 18.94% primarily in the areas of interest on external loan; maintenance of software, buildings, office equipment; grounds & fencing; development of IT governance & service management framework; computer software; Employee Assistance Programme; advertising, recruitment and relocation costs.

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

**Remedy:** Savings realized and shortfalls have been corrected with the adjustment budget.

- **Planning & Development:**

Expenditure of Planning & Development is less than the projected budget by 9.56% primarily in the areas of computer software maintenance, advertisement general notices, special projects and implementation of the IDP.

**Remedy:** All planned activities are on schedule and are likely to be completed by 30 June 2012.

- **Spatial Planning**

The establishment of a township has yet to start. Invitation to tender for the Environmental Impact Assessment and the Bulk Service Report will occur during the first week of June 2012. Additional funding was requested for the bio-diversity study.

**Remedy:** Appointment of a consultant for the valuation and transfer of property is in progress.

- **GIS**

A new service provider has been appointed for the capturing of water infrastructure data.

**Remedy:** All planned activities are on schedule and the project is likely to be completed before the end of the financial year.

- **Local Economic Development**

Most LED & Tourism projects have not started yet and it is envisaged that they will be completed on or before end of June 2012.

**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 yet started and it is estimated that they will be completed on or before end June 2012.

**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 20.47%.

IWMP awareness programmes are in progress.

The Air Quality Management Plan workshop will take place on 05 June 2012.

Only R50 000 for the maintenance of the recycling project will be needed out of an approved budget of R500 000 and the operation will start in June 2012.

**Remedy:** Shortfalls and savings have been corrected with the adjustment budget.

- **Public Safety:**  
Expenditure of public safety is less than the projected budget by 2.95% 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 16.52 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
<b><u>Council</u></b>				
District Aids Council Grant	95,649	-		
Goodwill Fund Projects: Executive Mayor	1,892	4,000	47.31%	
Commemorative Days	26,609	50,000	53.22%	
11/12: Contribution Maloof Money Cup SA	126,500	126,500		Completed
<b>Total</b>	<b>250,650</b>	<b>180,500</b>	<b>138.86%</b>	
<b><u>Communications</u></b>				
CFS System	-	4,430	0.00%	Amount paid in full - 2 year contract
PAIA Management	6,941	12,000	57.85%	Training for the year completed
Branding	9,901	20,000	49.50%	Branding to be rolled out in full now that the visual standards manual is completed
<b>Total</b>	<b>16,842</b>	<b>36,430</b>	<b>46.23%</b>	
	YTD Actual	Budget	% Spending	Remarks
<b><u>Committee &amp; Administration Services</u></b>				
2011: Spec Proj - Youth Unit	29,618	30,000	98.73%	Completed
<b>Total</b>	<b>29,618</b>	<b>30,000</b>	<b>98.73%</b>	

- **Finance & Administration**

	YTD Actual	Budget	% Spending	Remarks
<b><u>Finance: Directorate</u></b>				
Finacial System Support (3) LM	448,052	450,000	99.57%	Ongoing
<b>Total</b>	<b>448,052</b>	<b>450,000</b>	<b>99.57%</b>	
<b><u>Finance: Budget Office</u></b>				
Capacity Building & BTO Operation	120,269	180,000	66.82%	Ongoing
<b>Total</b>	<b>120,269</b>	<b>180,000</b>	<b>66.82%</b>	
	YTD Actual	Budget	% Spending	Remarks
<b><u>Information Communication &amp; Technology</u></b>				
Develop IT Governance Framework	-	380,000	0.00%	Service Provider has been appointed
<b>Total</b>	<b>-</b>	<b>380,000</b>	<b>0.02%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><i>Human Resource Management</i></b>				
Employee Assistance Programme	4,073	100,000	4.07%	Needs driven
Employee Wellness	432,981	495,000	87.47%	Ongoing
HIV VIP Primer	216,760	220,000	98.53%	Needs driven
<b>Total</b>	<b>653,813</b>	<b>815,000</b>	<b>80.22%</b>	

- **Environmental Health**

	YTD Actual	Budget	% Spending	Remarks
<b><i>Environmental Health</i></b>				
Waste Recycling Project	1,477,522	1,546,000	95.57%	Project completed
Awareness Program - Sanitation, HIV and Enviro Days	29,487	50,000	58.97%	Spending according to programmes
Awareness Program IWMP & EMF	3,400	25,000	13.60%	Spending according to programmes
Maint Recycling Project	-	500,000	0.00%	Operation will start in June 2012
Air Quality Management Plan	27,478	95,000	28.92%	Workshop rescheduled for 05 June 2012
<b>Total</b>	<b>1,537,888</b>	<b>2,216,000</b>	<b>69.40%</b>	

- **Planning & Development**

	YTD Actual	Budget	% Spending	Remarks
<b><i>Planning &amp; Development Directorate</i></b>				
Dikgatlong Town Plan	61,403	300,000	20.47%	Service provider has been appointed and a partial payment was done in March
Review District Management Plan	-	300,000	0.00%	In consultation phase
Preparation of By-Laws	112,675	200,000	56.34%	Service provider has been appointed and a partial payment was done in March with R86 350 being committed.
Establish Water Infrastructure System	-	400,000	0.00%	Project in progress
<b>Total</b>	<b>174,077</b>	<b>1,200,000</b>	<b>14.51%</b>	
<b><i>IDP / PMS Management</i></b>				
IDP Review and Implementation	-	38,660	0.00%	Will be spent in the 4th quarter of the financial year.
<b>Total</b>	<b>-</b>	<b>38,660</b>	<b>0.00%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><i>HOUSING</i></b>				
Housing Consumer Education	8,272	22,000	37.60%	In process
Housing HDD Field Workers	126,723	147,860	85.70%	In process
REV. Housing Chapters	78,912	350,000	22.55%	In process
Development Housing Strategy	-	19,500	0.00%	Completed in-house: savings
Housing Register Contractors	-	40,600	0.00%	In consultation with NHBRC
<b>Total</b>	<b>213,907</b>	<b>579,960</b>	<b>36.88%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><i>GIS</i></b>				
GIS - Capture Water Infrastructure	489,460	847,020	57.79%	In process
Township Establishment	38,226	1,003,160	3.81%	Busy with surveying of the area
<b>Total</b>	<b>527,686</b>	<b>1,850,180</b>	<b>28.52%</b>	



DEPARTMENT FINANCE

MAY 2012

	YTD Actual	Budget	% Spending	Remarks
<b>LED / Tourism</b>				
LED Capacity Building	213	16,000	1.33%	In process - 4th quarter
LED Social Responsibility / Miners	2,600	7,000	37.14%	In process - 4th quarter
LED Agency	9,763	70,000	13.95%	In process - 4th quarter
LED Forums	19,202	20,000	96.01%	In process
LED - NCTA Support	135,000	135,000	100.00%	Spending completed
TOUR Business Plan Competition	195,711	270,000	72.49%	In process
LED Phokwane Vegetable Plant	88,025	90,000	97.81%	In process - awaiting final document
LED Entrepreneur Program	110,799	156,000	71.03%	Awaiting appointment of candidates
LED Bokomoto Dikgatlong	80,652	80,000	100.82%	Spending completed
LED Kgolosego Phokwane	1,714	150,000	1.14%	To be completed in 4th quarter
LED SMME Development	103,742	109,530	94.72%	In process
LED EXPO	238,616	450,000	53.03%	In process
LED Phokwane vegetable Plant	25,056	60,000	41.76%	In process
TOUR Marketing Brochure	-	200,000	0.00%	In process - 4th 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	100,000	100,000	100.00%	Spending completed
TOUR Tourism Guide Training	189,327	250,000	75.73%	In process
TOUR Capacity Building	-	120,000	0.00%	In process - 4th quarter
TOUR Capacity Building Phokwane	4,338	100,000	4.34%	In process - 4th quarter
TOUR Product Owners Meeting Grading	71,751	100,000	71.75%	In process
TOUR Indaba Trade EXPO	59,939	120,000	49.95%	In process
TOUR Know Your Region Campaign	20,144	60,000	33.57%	In process
TOUR N12 Treasure Route	20,000	20,000	100.00%	Spending completed
TOUR NCTA Marketing Meetings	9,784	15,000	65.22%	Awaiting invitations
TOUR Association Meetings	4,741	10,000	47.41%	In process
TOUR Advertising	67,347	270,000	24.94%	In process
TOUR NAT Tourism Day Celebrations	10,000	10,000	100.00%	Spending completed
TOUR PROV Tourism Month Celebration	10,000	10,000	100.00%	Spending completed
TOUR N12 Information Boards	87,889	100,000	87.89%	In process - 4th quarter
TOUR N12 Promotion	50,000	50,000	100.00%	Spending completed
TOUR Contribution Gariep Festival	100,000	100,000	100.00%	Spending completed
TOUR / LED SMME EXPO	29,706	85,000	34.95%	In process
Contribution to Doring Fees	100,000	100,000	100.00%	Spending completed
<b>Total</b>	<b>2,196,059</b>	<b>3,683,530</b>	<b>59.62%</b>	

Please refer to next page

DEPARTMENT FINANCE

MAY 2012

	YTD Actual	Budget	% Spending	Remarks
<b><u>PROJECT &amp; ADVISORY SERVICES</u></b>				
EQS 11/12 - Magareng: MNT Water Treatment Works	119,489	300,000	39.83%	Assessment
EQS 11/12 - Magareng: MNT Waste Treatment Works	56,580	300,000	18.86%	Implementation
EQS 11/12 - Magareng: MNT Electricity Network	-	300,000	0.00%	Procurement
EQS 11/12 - Magareng: MNT Water and Sewer Network	183,074	250,000	73.23%	Implementation
EQS 11/12 - Magareng: MNT Street & Stormwater	524,056	1,650,000	31.76%	Procurement
EQS 11/12 - Phokwane: MNT Water Treatment Works	398,519	400,000	99.63%	Spending completed
Works	399,540	500,000	79.91%	Procurement - estimated completion April 2012
EQS 11/12 - Phokwane: MNT Electricity Network	493,600	500,000	98.72%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Water and Sewer Network	250,000	250,000	100.00%	Spending completed
EQS 11/12 - Phokwane: MNT Street & Stormwater	202,200	400,000	50.55%	Implementation - estimated completion June 2012
EQS 11/12 - Dikgatlong: MNT Water Treatment Works	266,767	550,000	48.50%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Waste Treatment Works	122,655	400,000	30.66%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Electricity Network	86,434	150,000	57.62%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Water and Sewer Network	59,875	62,000	96.57%	Assessment & Procurement
EQS 11/12 : Service Private Owned Land Rural	676,979	1,000,000	67.70%	Implementation - estimated completion June 2012
EPWP Unallocated	-	9,882,000	0.00%	
DWAF: 11/12 SANITATION MVULA TRUST	1,429,960	1,429,960	100.00%	Spending completed
10/11: DWA ASSESS W/W TREATMENT WORKS	68,260	68,260	100.00%	Spending completed
EPWP 11/12 : Bush Clearance	78,452	185,420	42.31%	Implementation - Roll Over 2012/13 Financial Year
RES: DMA 11/12 - Electricity Selfbuild Roll Over	1,704,152	2,192,330	77.73%	In Process
RES 11/12 : Phokwane: Pave Roads	1,044,721	1,400,000	74.62%	In Process
REVF 11/12 - SOL: MNT Streets and Stormwater	463,006	650,000	71.23%	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	68,245	238,000	28.67%	Procurement stage
REVF 11/12 - Dikgatlong: MNT Street & Stormwater	298,983	700,000	42.71%	Procurement stage
REVF 09/10: 11/12: Phokwane: Pave Roads	1,029,854	2,312,000	44.54%	Bid adjudication - estimated completion June 2012
REVF 09/10: 11/12: Magareng Refuse Truck	-	1,600,000	0.00%	Bid stage - nominated bidders - Adjustment Budget
REVF 09/10: 11/12: Dikgatlong: Water Treatment Works	136,468	1,412,000	9.66%	Consultant appointed
REVF 09/10: 11/12: Magareng: Electricity Masterplan	-	270,000	0.00%	Consultant appointed
REVF 09/10: 11/12: Dikgatlong: Electricity MasterPlan	-	300,000	0.00%	Planning - advert postponed to include other requirements
11/12: MALOOF SKATEPARK-ABLUTION BLOCKS	-	500,000	0.00%	
<b>Total</b>	<b>10,161,868</b>	<b>30,251,970</b>	<b>33.59%</b>	

**FIRE FIGHTING / DISASTER MANAGEMENT**

	YTD Actual	Budget	% Spending	Remarks
<b><u>FIRE FIGHTING / DISASTER MANAGEMENT.</u></b>				
Assit: Fire Fighting Equipment Maintenance	6,001	90,000	6.67%	Utilised as per request
Volunteers Training	-	62,500	0.00%	Procurement likely to occur during the 4th Quarter
Volunteers Fire Equipment	22,824	49,380	46.22%	In Process
Equipment - FF Personnel	-	15,000	0.00%	Procurement likely to occur during the 4th Quarter
Disaster Management Volunteers Project	89,100	180,000	49.50%	Expenditure as per request
<b>Total</b>	<b>117,925</b>	<b>396,880</b>	<b>29.71%</b>	

**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 %
<b><u>CAPITAL EXPENDITURE PER VOTE:</u></b>					
<b>Executive and Council</b>	<b>136,066</b>	<b>189,060</b>	<b>189,060</b>	<b>-</b>	<b>0.00%</b>
Council	-	-	-	-	-
Office of the Municipal Manager	136,066	189,060	189,060	-	0.00%
<b>Finance &amp; Administration</b>	<b>555,206</b>	<b>702,428</b>	<b>794,780</b>	<b>92,352</b>	<b>11.62%</b>
Budget & Treasury Office	287,272	281,798	282,600	802	0.28%
Corporate Services	267,934	420,630	512,180	91,550	17.87%
<b>Planning &amp; Development</b>	<b>1,248,742</b>	<b>1,427,550</b>	<b>1,429,500</b>	<b>-1,950</b>	<b>-0</b>
Planning & Development	19,500	75,500	75,500	-	0.00%
Technical Services	1,229,242	1,352,050	1,354,000	-1,950	-0.14%
Housing	33,626	53,088	55,000	1,912	0.00%
Health	-	-	-	-	0.00%
Community & Social Services	-	-	-	-	0.00%
Public Safety	-	1,600,000	1,600,000	-	0.00%
<b>Total Capital Expenditure:</b>	<b>1,973,640</b>	<b>3,972,126</b>	<b>4,068,340</b>	<b>92,314</b>	<b>2.27%</b>

Expenditure on capital acquisition is 87% as compared to the full year budget, with 38.23% being committed at the period of reporting.

**Computer Equipment**

- 58% of computer equipment has been acquired to date as compared to the full year capital budget resulting in an under spending of R289 310.

**Office Equipment**

- 63% of office equipment has been acquired to date as compared to the full year capital budget resulting in an under spending of R2 167.54

**Furniture and Fittings**

- 20% of the furniture and fittings have been acquired to date as compared to the full year capital budget resulting in an under spending to the value of R46 737. Procurement to occur before end of June 2012.

**Motor Vehicles**

- Procurement of a motor vehicle with a tow bar, caravan and sliding cover for the double cab is complete.

**Plant & Equipment**

- 2% plant & equipment has been acquired to date resulting in an under spending of R1 634 481. Procurement to occur before end of June 2012.

**Buildings & Facilities**

- 90% of buildings & facilities has been spent to date on alteration and renovations resulting in an under spending of R123 617. 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:

<b>EXTERNAL FUNDING</b>	<b>Balance Fwd</b>	<b>Received</b>	<b>Applied</b>	<b>Balance</b>
Equitable Share	-	79,281,000	76,108,769	3,172,231
Financial Management Grant	-	1,250,000	1,058,167	191,833
Municipal Systems Improvement Grant	-	1,200,000	174,077	1,025,923
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	1,533,799	2,611,752	-
District Aids Council	114,682	-	95,649	19,033
NEAR Control Centre	-	569,000	-	569,000
Firefighting Equipment	352,364	371,000	-	723,364
SETA Skills Grant	-	46,586	46,586	-
Vuna Awards	-	-	-	-
NC TOURISM	-	200,000	-	200,000
EPW: Lerato Park	185,421	-	78,452	106,969
Environmental Health Recycling Project	1,427,746	-	1,427,746	-
Koopmansfontein Self Build Scheme	80,000	16,000	-	96,000
<b>Total</b>	<b>4,727,383</b>	<b>84,467,385</b>	<b>83,090,415</b>	<b>6,104,353</b>

*Please refer to next page*

3. CASH AND INVESTMENT

<b>CASH FLOW REPORT</b>	<b>30-Jun-11</b>	<b>May-12</b>
<b>OPERATING FLOWS</b>	<b>(82,575,159)</b>	<b>(60,244,083)</b>
- Salaries, wages and allowances	(39,731,307)	(36,283,829)
- Cash and creditor payments	(55,129,658)	(27,352,125)
- Statutory Payments (incl VAT)	(2,561,407)	(5,358,334)
- Other payments	(122,395)	-
- Revenue receipts	(1,607,683)	(2,226,705)
- Statutory Receipts (incl VAT)	7,376,480	4,766,524
- Capital payments	6,534,246	3,738,129
- Other revenues	2,666,564	2,472,258
<b>INVESTMENT FLOWS</b>	<b>(11,600,000)</b>	<b>(26,000,000)</b>
- Investments made-OUT	(86,500,000)	(116,500,000)
- Investments redeemed	74,900,000	90,500,000
<b>FINANCING FLOW</b>	<b>96,237,132</b>	<b>84,506,145</b>
- External loans repaid	(1,051,524)	(766,440)
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	97,288,656	85,272,585
<b>Nett Cash Generated from operating activities</b>	<b>2,061,973</b>	<b>-1,737,938</b>
Increase / (Decrease) in investment activities	10,100,000	26,000,000
<b>Nett increase / (Decrease) in cash and cash investments</b>	<b>12,161,973</b>	<b>24,262,062</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the Year	76,028,152	100,290,214
Balance at the beginning of the Year	63,866,179	76,028,152
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>12,161,973</b>	<b>24,262,062</b>

Cash Flow Statement

Cash flow for the period ended 31 May 2012 reflects a positive amount of R24.2m as a result of receiving Equitable Share Grant for third quarter ending 31 March 2012.

**Cash Balances:**

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

Bank Statement			+	1,717,316
Plus: Unreconciled Cheques				233,114
Minus Unreconciled Direct Payments				597,289.07
Minus: Cancelled Cheques				
Plus: Unreconciled Deposits				
Minus Unreconciled Direct Payments				
Salary Payments				
Creditors Payment				
Investments				
<b>Cash Book Balance</b>			+	<b>886,914</b>
Adjustment to Bank			-	
<b>Adjusted Cash Book Balance</b>			+	<b>886,914</b>
* None > 3 Months				
<b>SURPLUS CASH INVESTED</b>				
Absa				15,250,000
Standard Bank				34,750,000
First Rand				12,750,000
Nedcor				33,750,000
Absa [Collateral security - Due 30 June 2011]				500,000
Standard Bank[Leave reserve Due 30 June 2011]				2,400,000
<b>Total Cash Investments</b>				<b>99,400,000</b>
<b>Petty Cash float</b>				<b>3,300</b>
<b>Total Cash on Hand</b>				<b>100,290,214</b>

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***

Dikgatlong Municipality is in arrears with an amount of R17 607.97 for free basic electricity and street lights which the District Municipality previously paid to Eskom for Koopmansfontein indigent households.

- ***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 31 May 2012 is Department of Transport, Roads and Public Works R478 768.80 and R247 301.91 for furniture of the Council house, Jansen van Vuuren R5 002.90 for crashing into the main entrance gate, Shell Ultra R3 469.02 refund of incorrect fuel refill, Department of Safety and Liaison R3 828.25 for rental of clinic building and Department of Health R2010.00 for hiring of the Lecture Rooms.

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

***The DMA has fallen away, transfer of the assets, revenue and expenditure linked to this occurred in 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. Staff annual bonuses have been paid at the end of November 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.

*Please refer to next page*

<b>PAYMENTS</b>	
Total value of all payments	<b>R 8,954,803</b>
Electronic transfers	207
Cheques issued	38
<b>STORES</b>	
Value of Stores issued	32,438
<b>SALARIES</b>	
Number of salary beneficiaries	<b>196</b>
Councillors	27
Employees	165
Pensioners	4
<b>Total remuneration paid</b>	
	<b>2,887,240</b>
Councillors	365,784
Employees	2,515,279
Pensioners	6,178

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.

#### **6. 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 May 2012.

#### ***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 offered or attended by supply chain management personnel.

- 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 May 2012, two contracts (R200 000+) were awarded by the Bid Adjudication Committee.

1. Banking Services - Standard Bank
2. Marketing Materials: C-Squared - R134 056.20

For the period of May 2012 one written price quotation (R30 000-R200 000) was awarded by the Acting Municipal Manager.

1. Farmiliazation Tour: Cape Fox Tours – R119 300.00

The value of orders issued for the period ending 31 May 2012 total R3 175 371.64 (*See Annexure "A"*)

**Orders per department**

Council and Executive	R117 779.89
Municipal Manager	R89 081.97
Finance	R12 910.77
Administration	R663 152.24
Planning and Development	R1 772 110.24
Technical Service	R475 131.04
Stores	R45 205.49

- Disposal Management

Dikgatlong Municipality collected the redundant equipment as written off by Council resolution.

- Deviations

Two deviations were approved by the Acting Municipal Manager

1. First Technology: IT Disaster Recovery Plan – R281 371.18 VAT inclusive.
2. The tender process for the 11KW power line at the Recycling Project.

- Issues from Stores

Total orders issued R32 438.12

Issues per department

Council and Executive	R0.00
Municipal Manager	R2 557.97
Finance	R1 520.55
Administration	R21 397.23
Planning and Development	R2 394.44
Technical Service	R4 567.97

- List of accredited service providers

The supplier's database is updated daily and the database is amended to make provision for the MBD4 and MBD9 forms as required by the Auditors General's report.

**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 30 May to 12 June 2012 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. On the last working day of each month a monthly calendar 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 20 vehicles as part of its routine activities.

Statistical information regarding the year-to-date utility for April 2012 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	150,000	9/30/2012	55,526	140,706	85,180
2	Citi Golf	Pool	2005	BSM 014 NC	90,000	4/30/2013	73,975	83,124	9,149
3	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	210,000	4/30/2013	188,465	202,504	14,039
4	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	60,000	9/30/2012	17,529	46,674	29,145
5	Chevrolet Opel Corsa	Disaster Management	2010	CBY 227 NC	30,000	9/30/2012	8,433	25,601	17,168
6	Chevrolet Captiva	Pool	2011	CDM 296 NC	30,000	11/30/2012	68	19,142	19,074
7	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	165,000	7/31/2012	136,339	154,732	18,393
8	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	150,000	4/30/2013	129,226	145,695	16,469
9	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	105,000	4/30/2013	83,245	100,127	16,882
10	Toyota Corolla	Pool	2009	BZP 439 NC	75,000	9/30/2012	44,715	71,031	26,316
11	Toyota Corolla	Pool	2009	BZP 440 NC	75,000	9/30/2012	50,068	60,098	10,030
12	Toyota Condor	Tourism Centre	2001	BLR 461 NC	200,000	6/30/2012	171,370	191,551	20,181
13	Isuzu 2.4	Housing	2009	CBD 761 NC	60,000	2013/02/29	32,138	56,478	24,340
14	Toyota Corolla	Pool	2008	BXL 799 NC	120,000	2013/02/29	97,169	114,680	17,511
15	Nissan LDV	Community Development	2006	BVC 831 NC	120000	7/31/2012	103,365	116,502	13,137
16	Ford Bantam	Finance	2004	BRD 836 NC	90000	1/31/2013	76,985	81,562	4,577
17	Toyota Hilux	PMU	2004	BRF 837 NC	120000	2013/02/29	110,175	119,220	9,045
18	Isuzu KB. 200	Disaster Management	2010	CBY 895 NC	15000	9/30/2012	2,241	11,523	9,282
19	Isuzu KB. 200	Disaster Management	2010	CBY 898 NC	15000	9/30/2012	1,703	10,863	9,160
20	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	160000	2013/02/29	142,110	158,375	16,265
<b>YEAR TO DATE UTILITY - FULL FLEET</b>									<b>385,343</b>

Volkswagen Microbus registration number BMG 088NC and Toyota LDV registration number BMT 234 NC has been transferred to Magareng Municipality.

***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	-	471,148	(471,148)	-100.00%
Insurance	4,470	50,417	(45,947)	-91.13%
MV Administration Levy	18,849	14,667	4,182	28.51%
Fuel	465,325	357,500	107,825	30.16%
Licence	5,854	11,596	(5,742)	-49.52%
Repairs and Maintenance	60,285	82,500	(22,215)	-26.93%
Tyres	23,367	59,217	(35,850)	-60.54%
<b>TOTAL</b>	<b>578,150</b>	<b>1,047,044</b>	<b>(468,895)</b>	<b>-44.78%</b>

- ***Motor Vehicle Damage Report***

Mazda Double Cab, registration number BSM 137 NC has been taken in for repairs. Chevrolet Cruze CBY226NC was damaged during March 2012. A report from the responsible person has been requested and is still outstanding. A requisition has been made out for the repairs.

***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 2012/13 financial year has been submitted to the Executive Mayor for approval on 27 July 2011 and has also been given to National Treasury. The strategic planning session took place one 02-03 February 2012 at Christiana. This has the following impact on the budget process plan:

<b>DATE</b>	<b>ACTIVITY</b>
<b>17 February 2012</b>	Returns from Managers re budget due
<b>27 February 2012</b>	Meet with Managers re budgets submitted
<b>09 March 2012</b>	Completion of Draft Budget (Budget Office)
<b>15 &amp; 16 March 2012</b>	Draft Budget presented to Council
<b>28 March 2012</b>	Draft Budget to be approved by Council
<b>18 to 20 April 2012</b>	Review budgets with Managers & Budget Committee
<b>08/09 May 2012</b>	Budget consultation process
<b>30 May 2012</b>	Approval of Final budget 2012/2013

**Adjustment Budget 2011/2012:**

The adjustment budget was tabled and approved on 25 January 2012 at a Council meeting. The information reflected in this report is based on movements on the Adjustment Budget 2011/2012.

**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. The District Municipality received a **Qualified Audit Opinion** for the 2010/11 Financial Year Audit.

## 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*

Magareng Local Municipality requested assistance with the preparation of their Annual Financial Statements and assistance with budget and training on financial system. However when the CFO, Mr. van Biljon was at the municipality to obtain information etc., he was informed that the Districts assistance was not required.

## 9. PERSONNEL

### Personnel Attendances:

Personnel attendance in the workplace for May 2012 averages 84%. The reason for the deviations is mainly due to study, annual, sick, and family responsibility leave.

Attendance trends are summarized as follows:

	Senior Management	Middle Management	Supervisory	Clerical
<b>Number of Members</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>17</b>
Leave	5	1	1	8
Sick Leave	0	2	3	42
Courses / Seminar	1	2	0	0
Meetings	0	0	0	0
Family Responsibility	0	1	0	1
Study	0	0	0	9
Maternity Leave	0	0	0	0
Union Matters	0	0	0	0
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
<b>No. of Workdays Attended</b>	<b>16</b>	<b>82</b>	<b>40</b>	<b>260</b>
<b>Total Workdays</b>	<b>22</b>	<b>88</b>	<b>44</b>	<b>320</b>
<b>Percentage attendance per Group</b>	<b>73%</b>	<b>93%</b>	<b>91%</b>	<b>81%</b>
<b>Average</b>	<b>84%</b>			

### Personnel Development:

No training was attended during May 2012.

**10. 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 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.

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 have attended the Municipal Finance Management Programme and they have completed the MFMA DVD learning programme. The Municipal Finance Management Programme was completed on 20 April 2012. Therefore, the Internship contract that was to end on 29 February 2012 has been further extended to 31 July 2012 to give them practical exposure.

**CONCLUSION**

According to the results presented above for the period ending 31 May 2012, Council maintains a healthy financial position with respect to its cash and reserves.

**DIRECTOR: FINANCE**