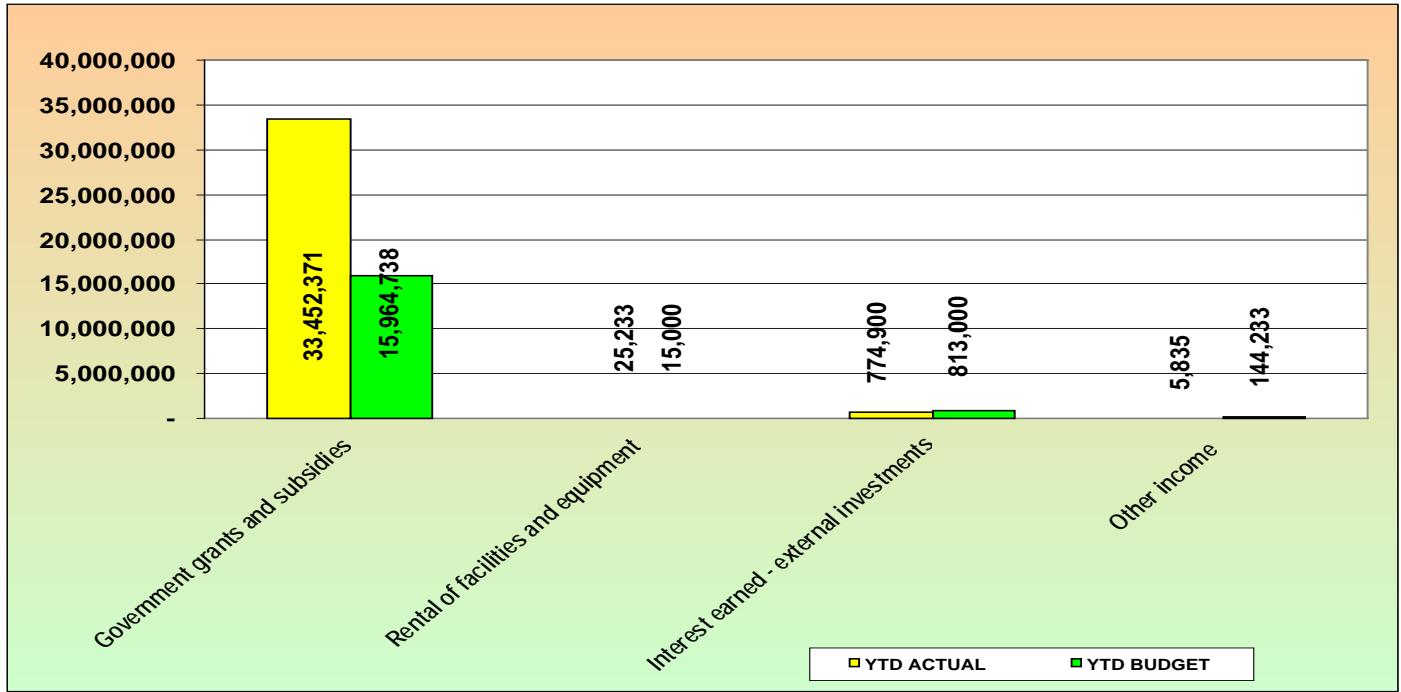


1. FINANCIAL POSITION

<b>FRANCES BAARD DISTRICT MUNICIPALITY</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31 August 2011</b>	<b>Jun-11</b>	
	<b>R</b>	<b>R</b>	
<b><u>NET ASSETS AND LIABILITIES</u></b>			
<b>Net Assets</b>	<b>111,486,855</b>	<b>85,928,187</b>	
Capital Replacement Reserve	4,411,867	4,411,867	
Revaluation Reserve	5,828,305	5,828,305	
Accumulated Surplus / (Deficit)	101,246,682	75,688,014	
<b>Non-current Liabilities</b>	<b>32,913,606</b>	<b>32,913,606</b>	
Borrowings	12,814,927	12,814,927	
Non-Current Provisions	20,098,679	20,098,679	
<b>Current Liabilities</b>	<b>13,614,697</b>	<b>13,730,362</b>	
Provisions	5,228,584	5,228,584	
Trade Payables	1,288,286	2,481,625	
Unspent Conditional Grants and Receipts	5,805,057	4,727,383	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1,292,770	1,292,770	
Cash and Cash Equivalents	-	-	
<b>TOTAL: NET ASSETS AND LIABILITIES</b>	<b>158,015,158</b>	<b>132,572,154.10</b>	
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>	<b>52,299,207</b>	<b>52,266,987</b>	
Property, Plant and Equipment	51,447,700	51,415,480	
Non-Current Assets Held for Sale	-	-	
Discontinues Operations	234,138	234,138	
Investment Property	-	-	
Intangible Assets	611,151	611,151	
Investments	6,218	6,218	
Long-term Receivables	-	-	
<b>Current Assets</b>	<b>105,715,950</b>	<b>80,305,167</b>	
Taxes	1,410,192	1,489,296	
Trade Receivables from Exchange Transactions	1,605	1,674	
Trade Receivables from Non-Exchange Transactions	2,685,525	2,406,388	
Operating Lease Asset	9,383	9,383	
Inventory	400,352	370,274	
Current Portion of Long-term Receivables	-	-	
Cash and Cash Equivalents	101,208,893	76,028,152	
<b>TOTAL: ASSETS</b>	<b>158,015,158</b>	<b>132,572,154.10</b>	

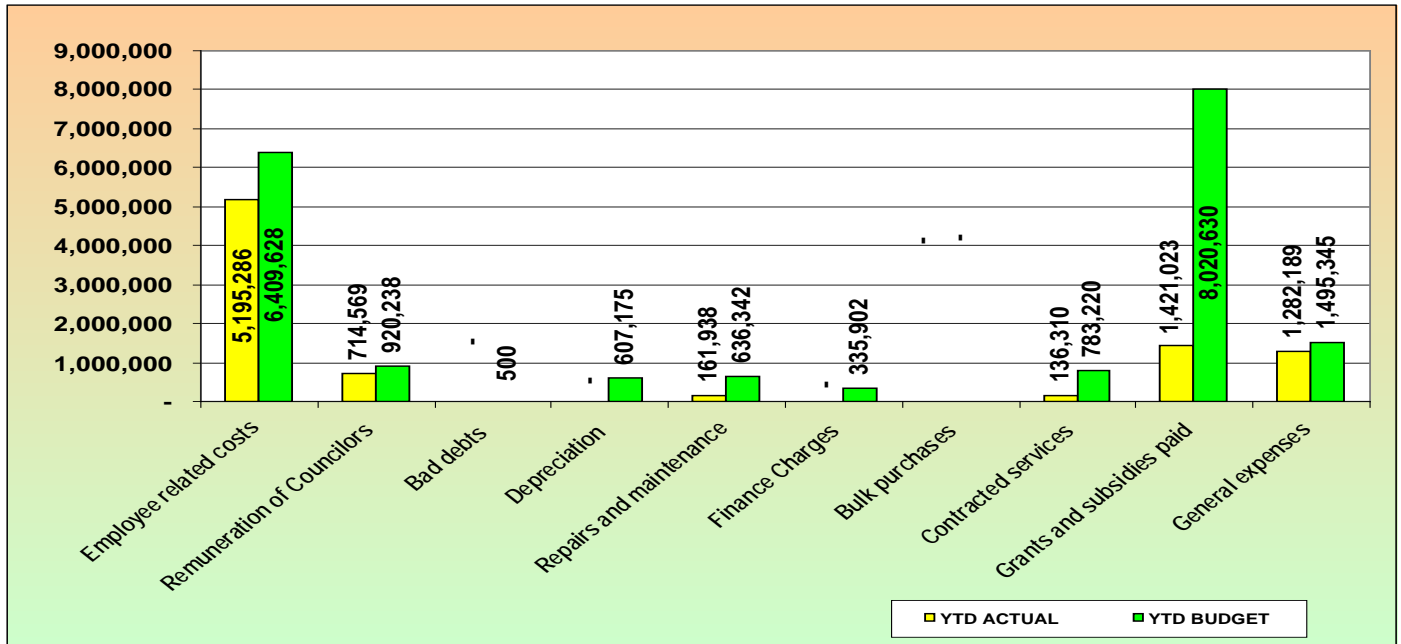
2. **FINANCIAL PERFORMANCE**

**Revenue by Source (YTD):**



The positive variance on Grants and Subsidies is mainly due to receiving equitable share grant in advance for the first quarter ending 30 September 2011.

**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>5,909,856</b>	<b>7,329,867</b>	<b>1,420,011</b>	<b>19%</b>
Councillors Remuneration	714,569	920,238	205,669	22%
Post-Service Benefits	107,695	132,498	24,803	19%
Personnel Remuneration	5,087,591	6,277,130	1,189,539	19%
<i>Employee Related Costs</i>	4,222,986	5,228,918	1,005,933	19%
<i>Social Contributions</i>	797,605	888,707	91,101	10%
<i>Compulsory Levies</i>	67,000	159,505	92,505	58%

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.

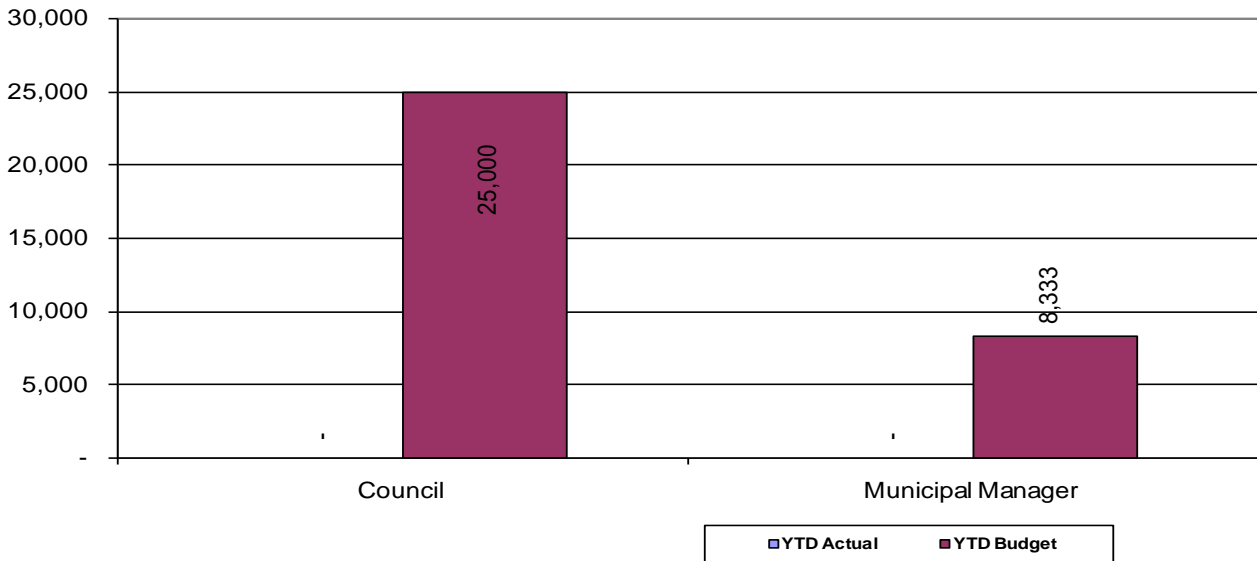
Progress on actual expenditure on infrastructure and development projects, in comparison with the budget, is:

<i>Grants &amp; Subsidies</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	<b>1,421,023</b>	<b>8,020,630</b>	<b>6,599,607</b>	<b>82%</b>
<i>Internal / Administration</i>	1,290,896	1,900,912	610,016	32%
<i>External Beneficiaries</i>	130,127	6,119,718	5,989,591	98%
<i>State Funded Grants</i>	130,127	3,237,718	3,107,591	96%
<i>Reserve Funded Grants</i>	-	2,882,000	2,882,000	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:

**LEGAL COST PER DEPARTMENT**



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:

## DEPARTMENT FINANCE

AUGUST 2011

Revenue & Expenditure per classification	YTD Actual 31 August 2011	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
<b><i>REVENUE BY SOURCE:</i></b>					
Interest Earned - External Investments	774,900	4,649,401	4,878,000	228,599	4.69%
Interest Earned - Outstanding Debtors	-	-	-	-	
Other	5,835	865,400	865,400	-	0.00%
Rental of Facilities & Equipment	25,233	90,000	90,000	-	0.00%
Income for Agency Services	-	-	-	-	
Government Grants & Subsidies	33,452,371	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%
<b>Total Revenue:</b>	<b>34,258,339</b>	<b>101,473,231</b>	<b>103,916,510</b>	<b>2,443,279</b>	<b>7.13%</b>
<b><i>EXPENDITURE PER VOTE:</i></b>					
<b>Executive and Council</b>	<b>2,490,422</b>	<b>13,915,822</b>	<b>17,241,320</b>	<b>3,325,498</b>	<b>23.90%</b>
Council	1,664,775	7,997,339	8,672,600	675,261	7.79%
Office of the Municipal Manager	825,648	5,918,483	8,568,720	2,650,237	30.93%
<b>Finance &amp; Administration</b>	<b>2,610,645</b>	<b>24,139,999</b>	<b>30,354,160</b>	<b>6,214,161</b>	<b>25.74%</b>
Budget & Treasury Office	1,086,133	12,283,707	14,830,090	2,546,383	17.17%
Corporate Services	1,524,511	11,856,292	15,524,070	3,667,778	23.63%
<b>Planning &amp; Development</b>	<b>2,406,443</b>	<b>34,739,138</b>	<b>46,125,200</b>	<b>11,386,062</b>	<b>32.78%</b>
Planning & Development	1,688,286	13,621,929	14,909,540	1,287,611	8.64%
Technical Services	718,157	21,117,209	31,215,660	10,098,451	32.35%
Health	744,863	3,234,454	3,983,090	748,636	18.80%
Community & Social Services	-	-	-	-	
Public Safety	438,543	3,165,949	3,789,840	623,891	16.46%
Housing	220,400	3,259,702	4,094,940	835,238	20.40%
<b>Total Expenditure:</b>	<b>8,911,315</b>	<b>82,455,064</b>	<b>105,588,550</b>	<b>23,133,486</b>	<b>21.91%</b>
Transfer to Capital Replacement Reserve	-	1,185,000	1,185,000	-	
Prior year Revenue & Expenditure	-	-	-	-	
<b>NET OPERATING RESULT:- SURPLUS / (DEFICIT)</b>	<b>25,347,024</b>	<b>17,833,167</b>	<b>(2,857,040)</b>	<b>(20,690,207)</b>	

***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 September 2011:

**98% of Vote Printing and Stationery**  
**47 % of Vote Conferences and Seminars**  
**42 % of Vote Accommodation Councillors**

**43% of Vote Transportation Councillors**  
**45% of Vote Motor Vehicle Usage**  
**25 % of Vote Sundry Expenses**  
**7 % of Vote Entertainment – Council**

Please note that as per direction from National Treasury, the current budget is based on an increase of 6% 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:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Planning & Development:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***LED & Tourism Projects***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Spatial Planning***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Project Management & Advisory Services***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Health:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Community & Social Services:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Public Safety:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.
- ***Housing:***  
Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.

**EXPENDITURE ON SPECIAL PROJECTS PER VOTE:**

• **Council & Executive**

	YTD Actual	Budget	% Spending	Remarks
<b><u>Council</u></b>				
Goodwill Fund Projects: Executive Mayor	-	4,000	0.00%	
Commemorative Days	11,609	50,000	23.22%	
<b>Total</b>	<b>11,609</b>	<b>54,000</b>	<b>21.50%</b>	
<b><u>Communications</u></b>				
Internal Survey	-	4,430	0.00%	
External Survey	-	12,000	0.00%	
Promotion of Access to Information Act	6,940	20,000	34.70%	
<b>Total</b>	<b>6,940</b>	<b>36,430</b>	<b>19.05%</b>	

• **Finance & Administration**

	YTD Actual	Budget	% Spending	Remarks
<b><u>Finance: Directorate</u></b>				
10/11: Financial System Support (3) LM	-	450,000	0.00%	
<b>Total</b>	<b>-</b>	<b>450,000</b>	<b>0.00%</b>	
<b><u>Finance: Budget Office</u></b>				
Capacity Building & BTO Operation	35,979	90,000	39.98%	
<b>Total</b>	<b>35,979</b>	<b>90,000</b>	<b>39.98%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><u>Information Communication &amp; Technology</u></b>				
Special Project: Employee Assistance Programme	-	380,000	0.00%	
10/11: Employee Wellness	-	280,000	0.00%	
<b>Total</b>	<b>-</b>	<b>660,000</b>	<b>0.02%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><u>Human Resource Management</u></b>				
Special Project: Employee Assistance Programme	2,947	100,000	2.95%	
10/11: Employee Wellness	176	450,000	0.04%	
10/11: Municipal Manager Funeral Costs	-	200,000	0.00%	
<b>Total</b>	<b>3,123</b>	<b>750,000</b>	<b>0.42%</b>	

• **Environmental Health**

	YTD Actual	Budget	% Spending	Remarks
<b><u>Environmental Health</u></b>				
Waste Recycling Project	520,747	1,546,000	33.68%	
Awareness Program - Sanitation, HIV and Enviro Days	4,790	50,000	9.58%	
Awareness Program IWMP & EMF	-	25,000	0.00%	
Maint Recycling Project	-	500,000	0.00%	
Air Quality Management Plan	-	95,000	0.00%	
<b>Total</b>	<b>525,537</b>	<b>2,216,000</b>	<b>23.72%</b>	

• Planning & Development

	YTD Actual	Budget	% Spending	Remarks
<b><u>Planning &amp; Development Directorate</u></b>				
Dikgatlong Town Plan	-	300,000	0.00%	
Review District Management Plan	-	300,000	0.00%	
Preparation of By-Laws	-	200,000	0.00%	
Establish Water Infrastructure System	-	400,000	0.00%	
<b>Total</b>	<b>-</b>	<b>1,200,000</b>	<b>0.00%</b>	
<b><u>IDP / PMS Management</u></b>				
IDP Review and Implementation	-	38,660	0.00%	
<b>Total</b>	<b>-</b>	<b>38,660</b>	<b>0.00%</b>	

	YTD Actual	Budget	% Spending	Remarks
<b><u>HOUSING</u></b>				
Housing Consumer Education	-	22,000	0.00%	
Housing HDD Field Workers	-	120,600	0.00%	
REV. Housing Chapters	-	117,000	0.00%	
Development Housing Strategy	-	19,500	0.00%	
Housing Register Contractors	-	40,600	0.00%	
<b>Total</b>	<b>-</b>	<b>319,700</b>	<b>0.00%</b>	

*Please refer to next page*



DEPARTMENT FINANCE

AUGUST 2011

	YTD Actual	Budget	% Spending	Remarks
<b><i>LED / Tourism</i></b>				
LED Capacity Building	-	16,000	0.00%	
LED Social Responsibility / Miners	-	7,000	0.00%	
LED Agency	-	70,000	0.00%	
LED Forums	-	20,000	0.00%	
LED - NCTA Support	135,000	135,000	100.00%	
TOUR Business Plan Competition	45,395	270,000	16.81%	
LED Phokwane Vegetable Plant	-	90,000	0.00%	
LED Entrepreneur Program	-	156,000	0.00%	
LED Bokomoto Dikgatlong	-	80,000	0.00%	
LED Kgololosego Phokwane	-	150,000	0.00%	
LED SMME Development	90,466	200,000		
LED EXPO	-	450,000	0.00%	
LED Phokwane vegetable Plant	1,500	60,000	2.50%	
TOUR Marketing Brochure	-	200,000	0.00%	
TOUR SAN Community Culture Village	150,000	150,000	100.00%	
TOUR Wildebeestkuil Rock Art	100,000	100,000	100.00%	
TOUR SMME Registration & Grading	2,877	100,000	2.88%	
TOUR Tourism Guide Training	-	250,000	0.00%	
TOUR Capacity Building	-	120,000	0.00%	
TOUR Capacity Building Phokwane	-	100,000	0.00%	
TOUR Product Owners Meeting Grading	-	100,000	0.00%	
TOUR Indaba Trade EXPO	4,846	120,000	4.04%	
TOUR Know Your Region Campaign	-	60,000	0.00%	
TOUR N12 Treasure Route	20,000	20,000	100.00%	
TOUR NCTA Marketing Meetings	-	15,000	0.00%	
TOUR Association Meetings	-	10,000	0.00%	
TOUR Advertising	131	270,000	0.05%	
TOUR NAT Tourism Day Celebrations	-	10,000	0.00%	
TOUR PROV Tourism Month Celebration	-	10,000	0.00%	
TOUR N12 Information Boards	-	100,000	0.00%	
TOUR N12 Promotion	50,000	50,000	100.00%	
TOUR Contribution Cariep Festival	100,000	100,000	100.00%	
TOUR / LED SMME EXPO	7,492	85,000	8.81%	
<b>Total</b>	<b>707,707</b>	<b>3,674,000</b>	<b>19.26%</b>	

*Please refer to next page*

DEPARTMENT FINANCE

AUGUST 2011

	YTD Actual	Budget	% Spending	Remarks
<b><i>PROJECT &amp; ADVISORY SERVICES</i></b>				
EQS 11/12 - Magareng: MNT Water Treatment Works	-	300,000	0.00%	
EQS 11/12 - Magareng: MNT Waste Treatment Works	-	300,000	0.00%	
EQS 11/12 - Magareng: MNT Electricity Network	-	300,000	0.00%	
EQS 11/12 - Magareng: MNT Water and Sewer Network	-	250,000	0.00%	
EQS 11/12 - Magareng: MNT Street & Stormwater	-	1,650,000	0.00%	
EQS 11/12 - Phokwane: MNT Water Treatment Works	-	400,000	0.00%	
Works	-	500,000	0.00%	
EQS 11/12 - Phokwane: MNT Electricity Network	-	500,000	0.00%	
EQS 11/12 - Phokwane: MNT Water and Sewer Network	73,500	250,000	29.40%	
EQS 11/12 - Phokwane: MNT Street & Stormwater	-	400,000	0.00%	
EQS 11/12 - Dikgatlong: MNT Water Treatment Works	-	550,000	0.00%	
EQS 11/12 - Dikgatlong: MNT Waste Treatment Works	-	400,000	0.00%	
EQS 11/12 - Dikgatlong: MNT Electricity Network	-	150,000	0.00%	
EQS 11/12 - Dikgatlong: MNT Water and Sewer Network	-	62,000	0.00%	
EQS 11/12 : Service Private Owned Land Rural	-	1,000,000	0.00%	
EPWP Unallocated	-	9,882,000	0.00%	
EPWP 11/12 : Bush Clearance	56,627	185,430	30.54%	
RES: DMA 11/12 - Eelectricity Selfbuild Roll Over	-	1,500,000	0.00%	
RES 11/12 : Phokwane: Pave Roads	-	1,400,000	0.00%	
REVF 11/12 - SOL: MNT Streets and Stormwater	-	650,000	0.00%	
REVF 11/12 - SOL: MNT Platfontein Sewer	-	100,000	0.00%	
REVF 11/12 - Dikgatlong: MNT Water and Sewer Network	-	238,000	0.00%	
REVF 11/12 - Dikgatlong: MN Street & Stormwater	-	700,000	0.00%	
REVF 09/10: 11/12: Phokwane: Pave Roads	-	2,312,000	0.00%	
REVF 09/10: 11/12: Magareng Refuse Truck	-	1,350,000	0.00%	
REVF 09/10: 11/12: Dikgatlong: Water Treatment Works	-	1,412,000	0.00%	
REVF 09/10: 11/12: Magareng: Electricity Masterplan	-	270,000	0.00%	
REVF 09/10: 11/12: Dikgatlong: Eelctricity MasterPlan	-	300,000	0.00%	
<b>Total</b>	<b>130,127</b>	<b>27,311,430</b>	<b>0.48%</b>	

**FIRE FIGHTING / DISASTER MANAGEMENT**

	YTD Actual	Budget	% Spending	Remarks
<b><u>FIRE FIGHTING / DISASTER MANAGEMENT.</u></b>				
Assit: Fire Fighting Equipment Maintenance	-	90,000	0.00%	
Volunteers Training	-	62,500	0.00%	
Volunteers Fire Equipment	-	49,380	0.00%	
Equipment - FF Personnel	-	15,000	0.00%	
Disaster Management Volunteers Project	-	180,000	0.00%	
<b>Total</b>	<b>-</b>	<b>396,880</b>	<b>0.00%</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>60,000</b>	<b>60,000</b>	-	<b>0.00%</b>
Council	-	-	-	-	-
Office of the Municipal Manager	-	60,000	60,000	-	0.00%
<b>Finance &amp; Administration</b>	<b>29,132</b>	<b>718,132</b>	<b>760,600</b>	<b>42,468</b>	<b>5.58%</b>
Budget & Treasury Office	2,798	322,798	323,600	802	0.25%
Corporate Services	26,334	395,334	437,000	41,666	9.53%
<b>Planning &amp; Development</b>	-	<b>1,359,680</b>	<b>1,359,680</b>	-	-
Planning & Development	-	110,680	110,680	-	0.00%
Technical Services	-	1,249,000	1,249,000	-	0.00%
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%
<b>Total Capital Expenditure:</b>	<b>32,220</b>	<b>3,375,300</b>	<b>3,419,680</b>	<b>44,380</b>	<b>1.30%</b>

Variances based on actual expenditure trends will be analysed in order to provide more realistic expenditure projections as from September 2011.

**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	-	33,034,000	33,034,000	-
Financial Management Grant	-	1,250,000	111,074	1,138,926
Municipal Systems Improvement Grant	-	-	-	-
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	212,895	217,520	1,073,328
District Aids Council	114,682	-	-	114,682
NEAR Control Centre	-	-	-	-
Firefighting Equipment	352,364	-	-	352,364
SETA Skills Grant	-	-	-	-
Vuna Awards	-	-	-	-
NC TOURISM	-	-	-	-
EPW: Lerato Park	185,421	-	56,627	128,794
Environmental Health Recycling Project	1,427,746	-	-	1,427,746
Koopmansfontein Self Build Scheme	80,000	-	-	80,000
<b>Total</b>	<b>4,727,383</b>	<b>34,496,895</b>	<b>33,419,221</b>	<b>5,805,057</b>

### 3. CASH AND INVESTMENT

*Please refer to next page*

<b>CASH FLOW REPORT</b>	<b>30-Jun-11</b>	<b>Aug-11</b>
<b>OPERATING FLOWS</b>	<b>(82,575,159)</b>	<b>(19,817,283)</b>
- Salaries, wages and allowances	(39,731,307)	(4,512,917)
- Cash and creditor payments	(55,129,658)	(6,030,661)
- 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	898,696
- Capital payments	6,534,246	301,100
- Other revenues	2,666,564	109,955
<b>INVESTMENT FLOWS</b>	<b>(11,600,000)</b>	<b>(17,000,000)</b>
- Investments made-OUT	(86,500,000)	(37,000,000)
- Investments redeemed	74,900,000	20,000,000
<b>FINANCING FLOW</b>	<b>96,237,132</b>	<b>34,496,895</b>
- External loans repaid	(1,051,524)	-
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	97,288,656	34,496,895
<b>Nett Cash Generated from operating activities</b>	<b>2,061,973</b>	<b>-2,320,388</b>
Increase / (Decrease) in investment activities	10,100,000	25,500,000
<b>Nett increase / (Decrease) in cash and cash investments</b>	<b>12,161,973</b>	<b>23,179,612</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the Year	78,029,281	101,208,893
Balance at the beginning of the Year	65,867,308	78,029,281
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>12,161,973</b>	<b>23,179,612</b>

### Cash Flow Statement

Cash flow for the period ended 31 August 2011 reflects a positive amount of R23m 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			+	1,240,885
Minus Outstanding Cheques				935,293
Minus Unreconciled ACB				
Minus: Outstanding Deposits				
Minus Unreconciled Deposits				
Minus Unreconciled Direct Payments				
Salary Payments				
Creditors Payment				
Investments				
<b>Cash Book Balance</b>			+	<b>305,593</b>
Adjustment to Bank			-	
<b>Adjusted Cash Book Balance</b>			+	<b>305,593</b>
* None > 3 Months				
<b>SURPLUS CASH INVESTED</b>				
Absa				28,500,000
Standard Bank				33,500,000
First Rand				16,000,000
Nedcor				20,000,000
Absa [Collateral security - Due 30 June 2011]				500,000
Standard Bank[Leave reserve Due 30 June 2011]				2,400,000
<b>Total Cash Investments</b>				<b>100,900,000</b>
Petty Cash float				3,300
<b>Total Cash on Hand</b>				<b>101,208,893</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***

The roads agency function has been terminated on 01 July 2011 and the outstanding balance on the Agency Loan Account – Roads is R1 019 926.

- ***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 June 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 debtors that follow will occur within the first quarter of this financial year. Hence we have reflected information in this report.***

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

The supply of water services at Koopmansfontein started in December 2004 and the first account to consumers was submitted in February 2005. About 90% of the people have been registered as indigent and therefore receive the 6kl free basic water services as per Council's indigent policy.

Most of the residents' water consumption is well managed within the 6kl free basic water allocation. The outstanding debtors for more than 90 days will be dealt with in terms of the approved Debt Collection Policy of Council whereby the water consumption will be restricted to 6kl of water only until such time that the full outstanding debt has been settled. The outstanding debt that is in the 90days + zone for the month of August 2011 is R958.48.

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

The sanitation and refuse removal services started on 01 July 2010. Most of the sanitation and refuse services are well managed. The outstanding debtors for more than 90 days will be dealt with in terms of the approved Debt Collection Policy. The outstanding debt that is in the 90days + zone for the month of August 2011 is R514.95 including VAT.

- ***Property Rates***

Council has adopted a Property Rates Policy which has also been implemented as from 01 July 2009. As from July 2011, property rates are no longer charged by the District Municipality as the DMA has fallen away. Transfer of the properties to the local municipalities is in progress.

To date 461 debtors has been traced and summoned by Revco Revenue Consulting (PTY) Ltd. Outstanding debt that is in the 90days + zone amounts to R175 792.62 as at 31 August 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.

<b>PAYMENTS</b>	
Total value of all payments	<b>R 6,244,280</b>
Electronic transfers	163
Cheques issued	29
<b>STORES</b>	
Value of Stores issued	41,638
<b>SALARIES</b>	
Number of salary beneficiaries	<b>145</b>
Councillors	27
Employees	114
Pensioners	4
<b>Total remuneration paid</b>	
	<b>2,695,931</b>
Councillors	341,695
Employees	2,348,179
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 July 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

Training was provided for all bid committee members on CIDB procurement regulations.

- 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 August 2011, no contract (R200 000+) was awarded by the Bid Adjudication Committee.

For the period of August 2011, two written price quotations (R30 000-R200 000) were awarded by the Acting Municipal Manager.

- Development of Visual Standard Manual: Kate Valaza – R 24 075
- Laptops: X Factor communications – R26 334.00

The value of orders issued for the period ending 31 August 2011 total R809 810.94 (*See Annexure "A"*)

**Orders per department**

Council and Executive	R100 002.96
Municipal Manager	R73 566.93
Finance	R329 232.37
Administration	R119 603.20
Planning and Development	R81 504.30

Technical Service	R43 061.70
Road Agency	R62 819.48

- Disposal Management

No disposals took place for the month of August 2011

- Deviations

One deviation was approved by the Acting Municipal Manager

- o Motor vehicle- Premier Auto: R278 907.50 – RT57 Contract participation.

- Issues from Stores

Total orders issued R41 637.93

Issues per department

Council and Executive	R2 720.08
Municipal Manager	R6 479.68
Finance	R2 617.11
Administration	R26 798.77
Planning and Development	R1 081.86
Technical Service	R1 940.43

- 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 2010.

**Asset Inventory:**

TAT I-Chain Asset Management System has been implemented. There are still challenges regarding the printing of inventory lists that needs attention. The annual asset stock take took place during 16 to 24 May 2011.

**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 August 2011 is as follows:

*Please refer to next page.*

	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	75,000	9/30/2011	55,526	72,188	16,662
2	Citi Golf	Pool	2005	BSM 014 NC	90,000	4/30/2012	73,975	76,337	2,362
3	Volkswagen Microbus	Pool	2001	BMG 088 NC	150,000	9/30/2011	141,486	143,038	1,552
4	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	195,000	4/30/2012	188,465	191,892	3,427
5	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	30,000	11/30/2011	17,529	24,530	7,001
6	Chevrolet Opel Corsa	Disaster Management	2010	CBY 227 NC	15,000	11/30/2011	8,433	10,634	2,201
7	Toyota LDV 4x4	Environmental Health	2002	BMT 234 NC	160,000	1/31/2012	143,706	149,888	6,182
8	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	150,000	7/31/2012	136,339	139,808	3,469
9	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	135,000	4/30/2012	129,226	132,601	3,375
10	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	90,000	4/30/2012	83,245	85,726	2,481
11	Toyota Corolla	Pool	2009	BZP 439 NC	60,000	9/30/2011	44,715	49,200	4,485
12	Toyota Corolla	Pool	2009	BZP 440 NC	60,000	9/30/2011	50,068	50,068	
13	Toyota Condor	Tourism Centre	2001	BLR 461 NC	180,000	6/30/2012	171,370	176,034	4,664
14	Isuzu 2.4	Housing	2009	CBD 761 NC	45,000	2/29/2012	32,138	36,204	4,066
15	Toyota Corolla	Pool	2008	BXL 799 NC	105,000	2/29/2012	97,169	101,285	4,116
16	Nissan LDV	Community Development	2006	BVC 831 NC	120,000	7/31/2012	103,365	104,819	1,454
17	Ford Bantam	Finance	2004	BRD 836 NC	90,000	1/31/2012	76,985	77,881	896
18	Toyota Hilux	PMU	2004	BRF 837 NC	120,000	2/29/2012	110,175	112,037	1,862
19	Isuzu KB. 200	Disaster Management	2010	CBY 895 NC	15000	9/30/2011	2,241	2,826	585
20	Isuzu KB. 200	Disaster Management	2010	CBY 898 NC	15000	9/30/2011	1,703	4,410	2,707
21	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	150000	2/29/2012	142,110	144,865	2,755

### *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: Toyota corolla registration number BZP 440 NC is in for gearbox repair.

<i>VEHICLE OPERATING COST</i>	<i>ACTUAL</i>	<i>BUDGET</i>	<i>VARIANCE</i>	<i>VAR %</i>
Depreciation: Motor Vehicles	-	85,663	(85,663)	-100.00%
Insurance	1,330	9,167	(7,837)	-85.49%
MV Administration Levy	1,923	2,667	(743)	-27.87%
Fuel	41,706	48,503	(6,797)	-14.01%
Licence	3,891	2,108	1,783	84.55%
Repairs and Maintenance	4,924	7,667	(2,743)	-35.78%
Tyres	2,398	10,767	(8,369)	-77.73%
<b>TOTAL</b>	<b>56,172</b>	<b>166,542</b>	<b>(110,370)</b>	<b>-66.27%</b>

- *Motor Vehicle Damage Report*

Motor vehicle registration number BXL 799 NC was damaged on N12 10KM from Kimberley on 30 August 2011. The right rear bumper and fender, and the left front bumper and fender and the engine were damaged. The incident has been reported to the asset management unit as well as the insurance company.

***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.

**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 Municipality was assisted with specifications for the acquisition of furniture.

Endumeni Municipality was assisted with specifications for banking services.

**9. PERSONNEL****Personnel Attendances:**

Personnel attendance in the workplace for August 2011 averages 88%. 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
<b>Number of Members</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>17</b>
Leave	0	10	1	19
Sick Leave	0	0	0	3
Courses / Seminar	3	0	0	25
Meetings	0	0	0	0
Family Responsibility	0	0	3	0
Study	0	0	0	0
Maternity Leave	0	0	0	0
Overtime	0	0	0	0
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
<b>No. of Workdays Attended</b>	<b>20</b>	<b>82</b>	<b>65</b>	<b>321</b>
<b>Total Workdays</b>	<b>23</b>	<b>92</b>	<b>69</b>	<b>368</b>
<b>Percentage attendance per Group</b>	<b>87%</b>	<b>89%</b>	<b>94%</b>	<b>87%</b>
<b>Average</b>	<b>88%</b>			

**Personnel Development:**

No training was attended during the month of August 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 August 2011, Council maintains a healthy financial position with respect to its cash and reserves.

**DIRECTOR: FINANCE**