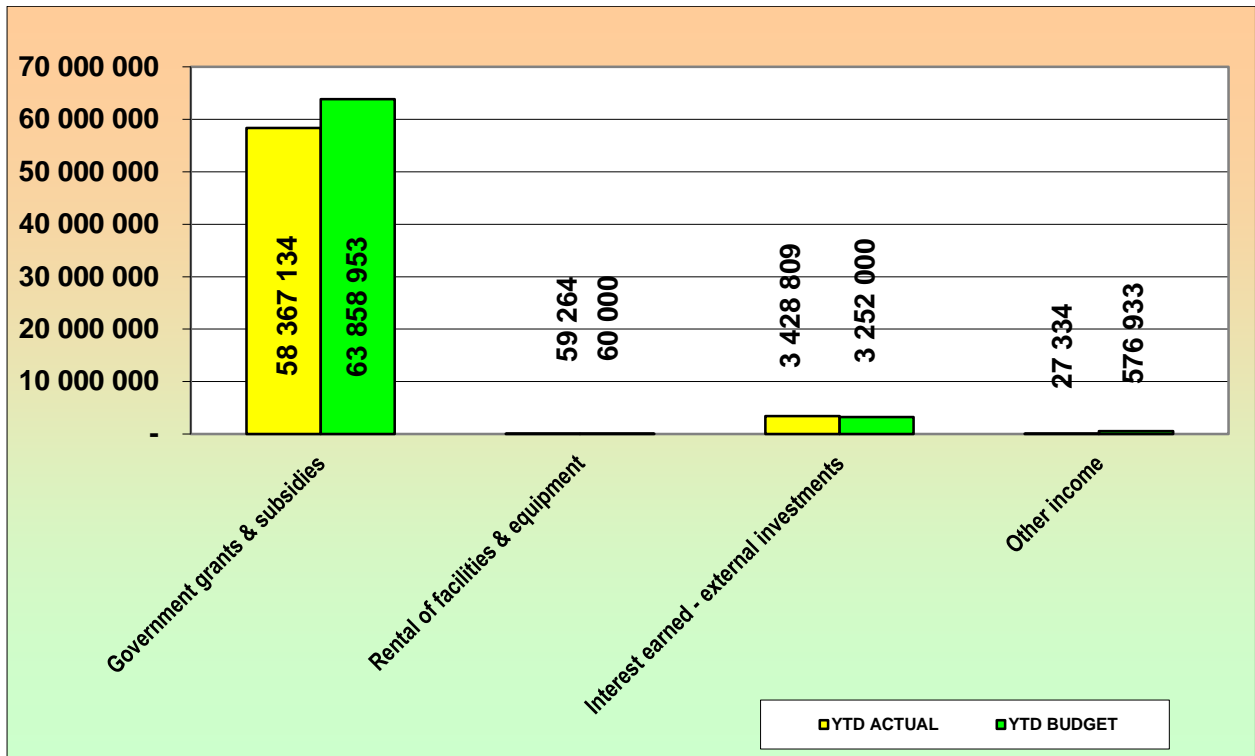


1. FINANCIAL POSITION

FRANCES BAARD DISTRICT MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION	29 February 2012	Jun-11	
	R	R	
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets	103,210,973	86,187,966	
Capital Replacement Reserve	3,034,665	4,411,867	
Revaluation Reserve	5,828,305	5,828,305	
Accumulated Surplus / (Deficit)	94,348,003	75,947,793	
Non-current Liabilities	32,350,388	32,913,606	
Long-Term Liabilities	12,251,709	12,814,927	
Employee Benefits	20,098,679	20,098,679	
Current Liabilities	18,181,384	13,516,295	
Current Employee Benefits	4,781,340	5,228,584	
Trade Payables	1,168,332	2,267,558	
Unspent Conditional Grants and Receipts	10,938,942	4,727,383	
Operating Lease Liability	-	-	
Current Portion of Long-term Liabilities	1,292,770	1,292,770	
TOTAL: NET ASSETS AND LIABILITIES	153,742,745	132,617,866.71	
<u>ASSETS</u>			
Non-current Assets	50,929,348	52,185,456	
Property, Plant and Equipment	50,318,196	51,574,304	
Non-Current Assets Held for Sale	-	-	
Investment Property	-	-	
Intangible Assets	611,151	611,151	
Financial Assets	-	-	
Long-term Receivables	-	-	
Current Assets	102,813,397	80,432,411	
Taxes	177,513	1,489,596	
Trade Receivables from Exchange Transactions	-	-	
Trade Receivables from Non-Exchange Transactions	1,769,747	2,184,489	
Operating Lease Asset	9,383	9,383	
Inventory	391,817	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	97,564,937	73,128,152	
TOTAL: ASSETS	153,742,745	132,617,867	

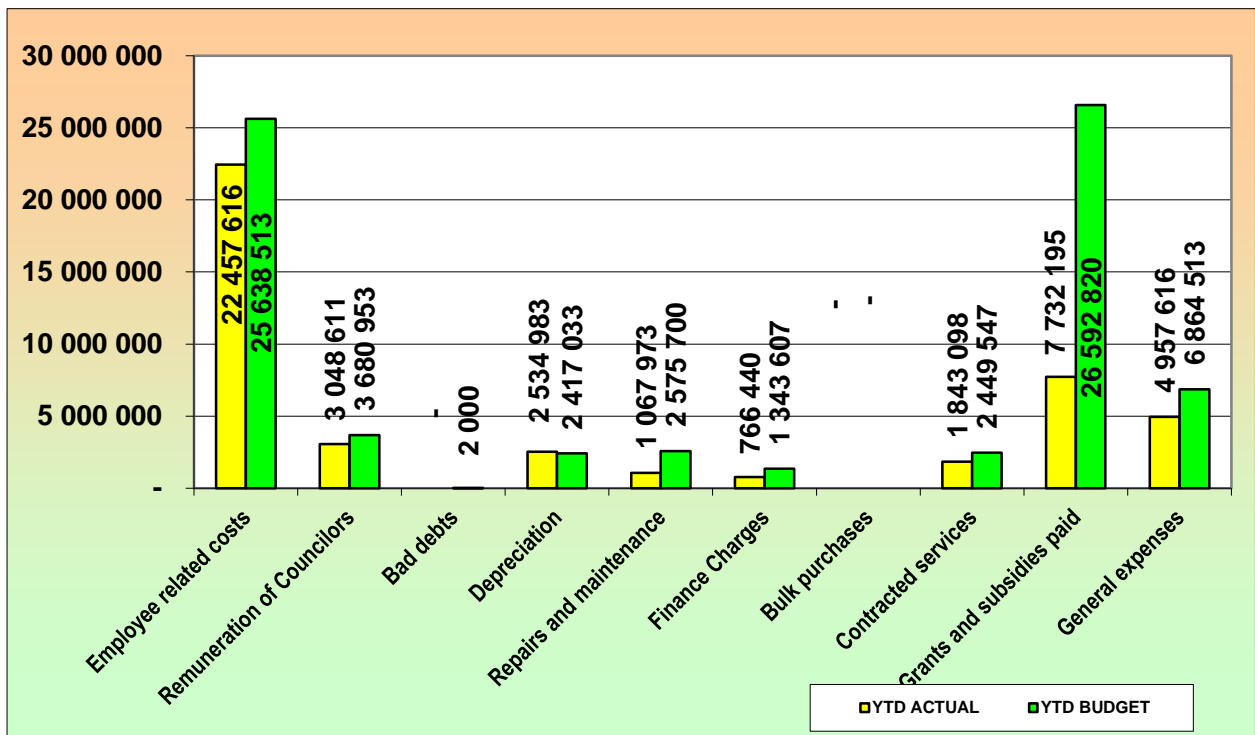
2. **FINANCIAL PERFORMANCE**

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 second 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 & Allowances</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	25,506,227	29,319,467	3,813,240	13%
Councillors Remuneration	3,048,611	3,680,953	632,342	17%
Post-Service Benefits	426,977	529,993	103,017	19%
Personnel Remuneration	22,030,639	25,108,520	3,077,881	12%
<i>Employee Related Costs</i>	18,404,088	20,915,673	2,511,585	12%
<i>Social Contributions</i>	3,173,506	3,554,827	381,320	11%
<i>Compulsory Levies</i>	453,045	638,020	184,975	29%

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.

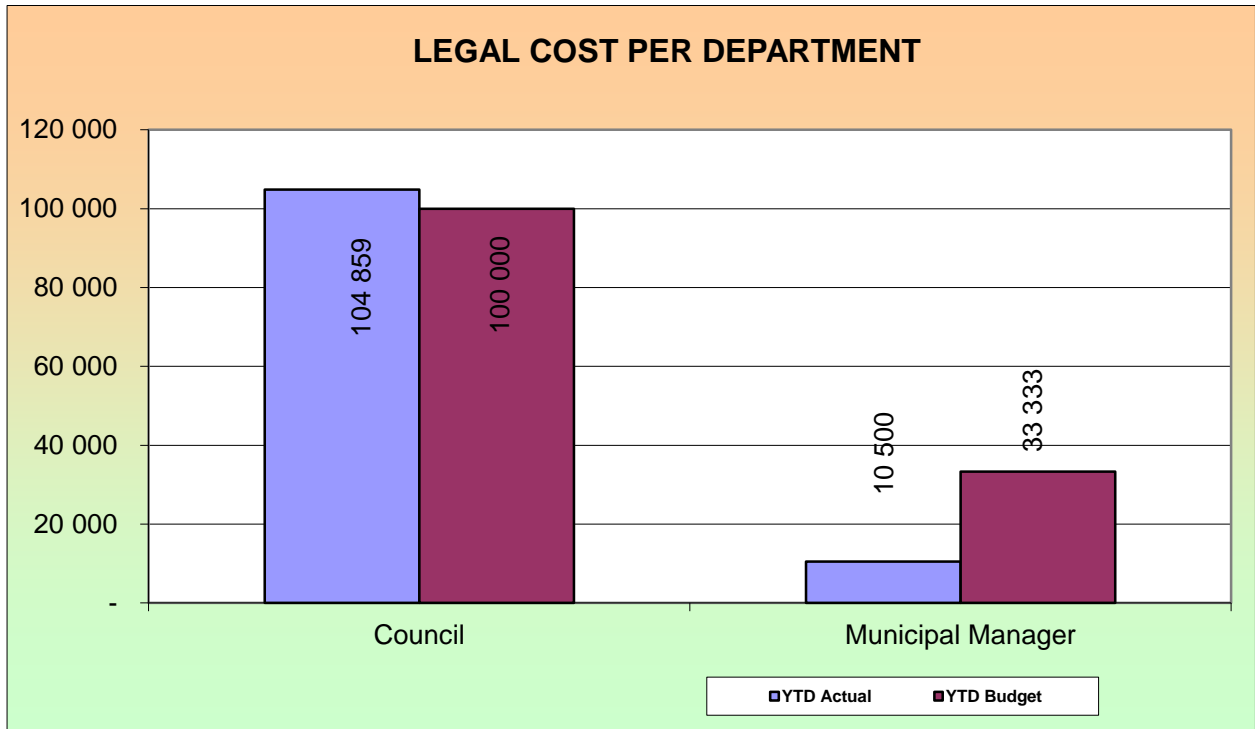
Projects that were not completed during the previous year-end have been rolled over to the new financial year for completion from the accumulated surplus / deficit or applicable unspent grant funding accounts.

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

<i>Grants & Subsidies</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
	7,732,195	26,592,820	18,860,625	71%
<i>Internal / Administration</i>	4,462,537	6,799,947	2,337,410	34%
<i>External Beneficiaries</i>	3,269,658	19,792,873	16,523,216	83%
<i>State Funded Grants</i>	1,904,930	12,500,873	10,595,943	85%
<i>Reserve Funded Grants</i>	1,364,728	7,292,000	5,927,273	81%
<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 with the year to date budgeted amount being R100 000. Reflected on the graph is the actual year to date versus the projected budget amount to end February 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 29 February 2012	Estimated Projection: 2011/12	Approved Budget 2011/12	Projected Variance R	Projected Variance %
REVENUE BY SOURCE:					
Interest Earned - External Investments	3,428,809	4,878,000	4,878,000	-	0.00%
Interest Earned - Outstanding Debtors	-	-	-	-	-
Other	27,334	865,400	865,400	-	0.00%
Rental of Facilities & Equipment	59,264	90,000	90,000	-	0.00%
Income for Agency Services	-	-	-	-	-
Government Grants & Subsidies	58,367,134	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:	61,882,540	101,701,830	103,916,510	2,214,680	3.58%
EXPENDITURE PER VOTE:					
Executive and Council	8,892,611	13,565,341	17,561,320	3,995,979	29.46%
Council	5,379,712	7,368,010	8,992,600	1,624,590	-
Office of the Municipal Manager	3,512,899	6,197,331	8,568,720	2,371,389	-
Finance & Administration	15,941,266	26,321,026	30,354,160	4,033,134	15.32%
Budget & Treasury Office	7,978,853	13,077,516	14,830,090	1,752,574	-
Corporate Services	7,962,413	13,243,510	15,524,070	2,280,560	-
Planning & Development	13,620,081	36,544,286	46,446,900	9,902,614	27.10%
Planning & Development	6,146,137	14,075,671	14,940,240	864,569	-
Technical Services	7,473,944	22,468,616	31,506,660	9,038,044	-
Health	2,398,794	3,351,991	3,983,090	631,099	15.84%
Community & Social Services	4	-	-	-	-
Public Safety	2,035,932	3,468,024	3,789,840	321,816	8.49%
Housing	1,719,251	3,739,121	4,108,540	369,419	8.99%
Total Expenditure:	44,607,940	86,989,789	106,243,850	19,254,061	18.12%
Transfer to Capital Replacement Reserve	-	1,185,000	1,185,000	-	-
Prior year Revenue & Expenditure	-	-	-	-	-
NET OPERATING RESULT:- SURPLUS / (DEFICIT)	17,274,601	13,527,041	(3,512,340)	(17,039,381)	

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 29.46% primarily in the areas of:

- Consultancy, legal services - expenditure is needs driven
- Councillor training, special projects, incentive bonus and accommodation and travelling expenses.
- Vacant post of Office Manager in the office of the Municipal Manager.

The annual increase for Councilors' 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.

As per request from Council, the following votes were increased with the Adjustments budget that was adopted on 25 January 2012:

❖ **Council:**

- Printing & stationery
- Subsistence Allowance
- Travel & accommodation – Councillors
- Motor Vehicle Usage
- Affiliation fees: SALGA – this increase was due to SALGA increasing their fees after the budget had been approved.

❖ **Committee Services:**

No funds were provided in the 2011/2012 budget, however R30 000 was allocated to this unit for a course for the youth co-ordinators.

❖ **Communication:**

- Travel Expenditure - Accommodation

● **Finance & Administration:**

Expenditure of Finance & Administration is less than the projected budget by 15% 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. Shortfalls were corrected with the adjustment budget:

❖ FMG Capacity building – accommodation for finance interns attending courses was more than expected

❖ SCM: Consultancy – Extra funds required for bank evaluation

❖ **Motor Vehicle Pool:**

- Motor vehicle repairs – there was an increase in the number of vehicles being sent for repairs
- Motor vehicle fuel – Increase in petrol prices

❖ **Human Resource Management:**

- Employee Wellness – Sports trips still to be undertaken
- Consultant Fees – Review all job levels
- Travel Expenditure – Accommodation

❖ **Office Support Services:**

- Printing & Stationery – under budgeted
- Rental of Equipment – under budgeted

● **Planning & Development:**

Expenditure of Planning & Development is less than the projected budget by 27% primarily in the areas of computer software maintenance and review and implementation of the IDP. Most MSIG Projects have not started yet. R196 750 has been committed for the development of By-Laws.

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

● **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 March 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**

Projects' relating to capturing of water infrastructure data has yet to start. There is a pending case against the consultant.

Remedy: The case has been referred to the District Municipality's lawyers for non-performance.

The following votes will be increased with the adjustments budget:

- ❖ Maintenance Computer Software – new programmes purchased
- ❖ Stationery – had been under budgeted
- ❖ Accommodation – Serving on Spatial Information Committee which has increased the number of meetings held annually

● **Local Economic Development**

The following additions have been made with the adjustments budget:

- ❖ Contribution to Diamonds and Dorings Festival
- ❖ Contribution towards Maloof Money Cup (already took place)

● **Directorate: Infrastructure Services**

The following votes will be increased with the adjustments budget due to under budgeting:

- ❖ Subsistence
- ❖ Accommodation

● **Project Management & Advisory Services**

Most of the infrastructure projects have not 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.

The following votes have been increased with the adjustments budget:

- ❖ Magareng refuse truck – under budgeted
 - ❖ DMA electricity self-build scheme – provision for additional funding by farmers and ESCOM
 - ❖ Maloof Skate Park: Ablution facilities – Provision of ablution facilities at venue
- **Roads Maintenance**
The following votes have been increased with the adjustments budget due to under budgeting:
 - ❖ Overtime
 - ❖ Nights Out
 - ❖ Cell phone Allowance
 - ❖ Motor vehicle usage
 - **Health:**
Expenditure of health is less than the projected budget by 15%.
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.

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

- **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 8% 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.

The following votes have been increased with the adjustments budget:

- ❖ Security services – there was an increase in the cost of services
 - ❖ Disaster management Forum – under budgeted
- **Housing:**
Expenditure of housing is less than the budget by 8% 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.

The following votes have been increased with the adjustments budget:

- ❖ Housing Field Workers – remuneration
- ❖ Review Housing Chapters – Additional funding required for 3 Housing Chapters and 3 Housing Sector Plans
- ❖ Consultancy: Professional services – Tender amount more than budget
- ❖ Subsistence – amount budgeted inadequate

EXPENDITURE ON SPECIAL PROJECTS PER VOTE:

• **Council & Executive**

	YTD Actual	Budget	% Spending	Remarks
<u>Council</u>				
Goodwill Fund Projects: Executive Mayor	1,892	4,000	47.31%	
Commemorative Days	16,609	50,000	33.22%	
11/12: Contribution Maloof Money Cup SA	126,500	-		Complete
Total	145,001	54,000	268.52%	
<u>Communications</u>				
CFS System	-	4,430	0.00%	Amount paid in full - 2 year contract
PAIA Management	-	12,000	0.00%	Paia workshop planned for 12/04/2012
Branding	9,901	20,000	49.50%	Branding to be rolled out in full now that the visual standards manual is completed
Total	9,901	36,430	27.18%	

• **Finance & Administration**

	YTD Actual	Budget	% Spending	Remarks
<u>Finance: Directorate</u>				
Finacial System Support (3) LM	448,052	450,000	99.57%	Ongoing
Total	448,052	450,000	99.57%	
<u>Finance: Budget Office</u>				
Capacity Building & BTO Operation	83,068	90,000	92.30%	Ongoing
Total	83,068	90,000	92.30%	

	YTD Actual	Budget	% Spending	Remarks
<u>Information Communication & Technology</u>				
Develop IT Governance Framework	-	380,000	0.00%	In Process - Evaluation Committee
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	3,949	100,000	3.95%	Needs driven
Employee Wellness	427,137	450,000	94.92%	Ongoing
HIV VIP Primer	195,815	200,000	97.91%	Needs driven
Total	626,901	750,000	83.59%	

- **Environmental Health**

	YTD Actual	Budget	% Spending	Remarks
<u>Environmental Health</u>				
Waste Recycling Project	1,417,915	1,546,000	91.72%	Project completed
Awareness Program - Sanitation, HIV and Enviro Days	17,949	50,000	35.90%	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	-	95,000	0.00%	Workshop rescheduled for 05 June 2012
Total	1,439,263	2,216,000	64.95%	

- **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%	Service provider has been appointed and a partial payment will be done in March due the progress of the project.
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	57,703	120,600	47.85%	
REV. Housing Chapters	44,352	117,000	37.91%	In process
Development Housing Strategy	-	19,500	0.00%	Completed in-house savings
Housing Register Contractors	-	40,600	0.00%	In consultation with NHBRC
Total	102,055	319,700	31.92%	

	YTD Actual	Budget	% Spending	Remarks
<u>GIS</u>				
GIS - Capture Water Infrastructure	-	847,020	0.00%	Tender awarded
Township Establishment	38,226	1,003,160	3.81%	Busy with surveying of the area
Total	38,226	1,850,180	2.07%	

Please refer to next page

	YTD Actual	Budget	% Spending	Remarks
LED / Tourism				
LED Capacity Building	-	16,000	0.00%	In process - 3rd quarter
LED Social Responsibility / Miners	-	7,000	0.00%	In process - 3rd quarter
LED Agency	-	70,000	0.00%	In process - 3rd quarter
LED Forums	12,040	20,000	60.20%	In process
LED - NCTA Support	135,000	135,000	100.00%	Spending completed
TOUR Business Plan Competition	189,999	270,000	70.37%	In process
LED Phokwane Vegetable Plant	80,000	90,000	88.89%	In process - awaiting final document
LED Entrepreneur Program	9,800	156,000	6.28%	Awaiting appointment of candidates
LED Bokomotso Dikgatlong	-	80,000	0.00%	To be completed in 3rd quarter
LED Kgolosego Phokwane	-	150,000	0.00%	To be completed in 3rd quarter
LED SMME Development	112,335	200,000	56.17%	In process
LED EXPO	229,450	450,000	50.99%	In process
LED Phokwane vegetable Plant	18,912	60,000	31.52%	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	185,877	250,000	74.35%	In process
TOUR Capacity Building	-	120,000	0.00%	In process - 3rd quarter
TOUR Capacity Building Phokwane	-	100,000	0.00%	In process - 3rd quarter
TOUR Product Owners Meeting Grading	57,925	100,000	57.92%	In process
TOUR Indaba Trade EXPO	4,846	120,000	4.04%	In process
TOUR Know Your Region Campaign	11,127	60,000	18.55%	In process
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	3,248	10,000	32.48%	In process
TOUR Advertising	51,885	270,000	19.22%	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	-	100,000	0.00%	In process - 3rd quarter
TOUR N12 Promotion	50,000	50,000	100.00%	Spending completed
TOUR Contribution Gariiep Festival	100,000	100,000	100.00%	Spending completed
TOUR / LED SMME EXPO	24,748	85,000	29.12%	In process
Total	1,570,070	3,674,000	42.73%	

Please refer to next page

	YTD Actual	Budget	% Spending	Remarks
<u>PROJECT & ADVISORY SERVICES</u>				
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	8,820	250,000	3.53%	Implementation
EQS 11/12 - Magareng: MNT Street & Stormwater	103,524	1,650,000	6.27%	Procurement
EQS 11/12 - Phokwane: MNT Water Treatment Works	387,046	400,000	96.76%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Water Treatment Works	368,540	500,000	73.71%	Procurement - estimated completion April 2012
EQS 11/12 - Phokwane: MNT Electricity Network	210,078	500,000	42.02%	Implementation - estimated completion June 2012
EQS 11/12 - Phokwane: MNT Water and Sewer Network	242,500	250,000	97.00%	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	112,904	550,000	20.53%	Assessment & Procurement
EQS 11/12 - Dikgatlong: MNT Waste Treatment Works	32,556	400,000	8.14%	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	220,389	1,000,000	22.04%	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	78,452	185,430	42.31%	To appoint a new contractor in April 2012
RES: DMA 11/12 - Electricity Selfbuild Roll Over	1,286,850	1,500,000	85.79%	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	26,615	238,000	11.18%	Procurement
REVF 11/12 - Dikgatlong: MNT Street & Stormwater	51,263	700,000	7.32%	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 - Adjustment Budget
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: Electricity MasterPlan	-	300,000	0.00%	Planning - advert postponed to include other requirements
Total	3,215,125	27,622,430	11.64%	

FIRE FIGHTING / DISASTER MANAGEMENT

	YTD Actual	Budget	% Spending	Remarks
<u>FIRE FIGHTING / DISASTER MANAGEMENT</u>				
Assit: Fire Fighting Equipment Maintenance	6,001	90,000	6.67%	Utilised as per request
Volunteers Training	-	62,500	0.00%	Training likely to occur during the beginning of the 3rd Quarter
Volunteers Fire Equipment	1,120	49,380	2.27%	Procurement likely to occur during the beginning of the 3rd Quarter
Equipment - FF Personnel	-	15,000	0.00%	Procurement likely to occur during the beginning of the 3rd Quarter
Disaster Management Volunteers Project	47,412	180,000	26.34%	Expenditure as per request
Total	54,533	396,880	13.74%	

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	36,366	60,000	60,000	-	0.00%
Council	-	-	-	-	-
Office of the Municipal Manager	36,366	60,000	60,000	-	0.00%
Finance & Administration	550,224	743,428	760,600	17,172	2.26%
Budget & Treasury Office	287,272	322,798	323,600	802	0.25%
Corporate Services	262,952	420,630	437,000	16,370	3.75%
Planning & Development	790,612	1,412,730	1,414,680	-1,950	-0
Planning & Development	19,500	110,680	110,680	-	0.00%
Technical Services	771,112	1,302,050	1,304,000	-1,950	-0.15%
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:	1,380,291	3,453,646	3,474,680	17,134	0.49%

Expenditure on capital acquisition is 40% as compared to the full year projected budget, with 0.14% being committed at the period of reporting.

Computer Equipment

- 52% of computer equipment has been acquired to date as compared to the projected capital budget resulting in an under spending of R265 573.

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. 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. A savings of R19 388 has been realised.

Plant & Equipment

- 3% plant & equipment has been acquired to date resulting in an under spending of R1 234 481. Procurement to occur before end of June 2012.

Buildings & Facilities

- 54% of buildings & facilities has been spent to date on alteration and renovations resulting in an under spending of R511 746. Alteration of the recreational hall is in progress.

The following has been requested as additional purchases that have been provided for on the Adjustments Budget:

- ❖ **Council** – Fax & Printer
- ❖ **Internal Audit** – Audit Programmes (Intangible)
- ❖ **IT:**
 - Procurement & installation of VMware Licence (Intangible)
 - Replacement of laptops (Council resolution 27 July 2011)
 - Re-hosting of eVenus Server (Intangible)
 - Auto Cad drawing software (Intangible)
 - Mimecast Unified Email Solutions (Intangible)
 - Hard Drive Capacity – additional
 - IT network for new building (Renovation of Recreation Hall)
- ❖ **Project Management & Advisory Services:**
 - Unforeseen expenditure incurred with renovation of Recreation Hall
 - Laptop for Transport Official
- ❖ **Public Safety** – Additional amount required for purchase of Fire Fighting Fire Engine
- ❖ **Housing:**
 - Laptop – additional amount required as under budgeted
 - 3 x White boards
 - Bookcases without doors – additional amount required as under budgeted
 - Digital Camera - additional amount required as under budgeted
 - Schmidt Hammer; Laser level and Dumpy level – as per council resolution

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	-	59,461,000	54,152,686	5,308,314
Financial Management Grant	-	1,250,000	927,213	322,787
Municipal Systems Improvement Grant	-	1,200,000	-	1,200,000
Municipal Infrastructure Grant	-	-	-	-
DWAF - Sanitation (Mvula Trust)	1,489,217	-	68,260	1,420,957
Expanded Public Works Program Grant	-	-	-	-
NCPA - Housing Accreditation Grant	1,077,953	2,408,196	1,692,547	1,793,602
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	-	200,000	-	200,000
EPW: Lerato Park	185,421	-	78,452	106,969
Environmental Health Recycling Project	1,427,746	-	1,417,915	9,831
Koopmansfontein Self Build Scheme	80,000	16,000	-	96,000
Total	4,727,383	64,548,631	58,337,072	10,938,942

3. **CASH AND INVESTMENT**

CASH FLOW REPORT	30-Jun-11	Feb-12
OPERATING FLOWS	(82,575,159)	(49,283,317)
- Salaries, wages and allowances	(39,731,307)	(25,545,342)
- Cash and creditor payments	(55,129,658)	(16,949,909)
- Statutory Payments (incl VAT)	(2,561,407)	(4,415,332)
- Other payments	(122,395)	(10,584,708)
- Revenue receipts	(1,607,683)	-
- Statutory Receipts (incl VAT)	7,376,480	3,699,050
- Capital payments	6,534,246	2,948,569
- Other revenues	2,666,564	1,564,355
INVESTMENT FLOWS	(11,600,000)	(16,500,000)
- Investments made-OUT	(86,500,000)	(77,000,000)
- Investments redeemed	74,900,000	60,500,000
FINANCING FLOW	96,237,132	63,218,974
- External loans repaid	(1,051,524)	(1,329,658)
- External loans received	-	-
- Utilisation of Overdraft Facility	-	-
- Grants and subsidies	97,288,656	64,548,631
Nett Cash Generated from operating activities	2,061,973	-2,564,344
Increase / (Decrease) in investment activities	10,100,000	25,000,000
Nett increase / (Decrease) in cash and cash investments	12,161,973	22,435,656
CASH AND CASH EQUIVALENTS		
Balance at the end of the Year	78,029,281	100,464,937
Balance at the beginning of the Year	65,867,308	78,029,281
Net increase / (Decrease) in cash and cash equivalents	12,161,973	22,435,656

Cash Flow Statement

Cash flow for the period ended 29 February 2012 reflects a positive amount of R22.4m as a result of receiving Equitable Share Grant for second quarter ending 31 December 2011.

Please refer to next page

Cash Balances:

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

Bank Statement			+	396,976
Minus Unreconciled Cheques				260,204
Minus: Cancelled ACB				1,253
Minus: Cancelled Cheques				73,882.14
Plus: Unreconciled Deposits				
Minus Unreconciled Direct Payments				
Salary Payments				
Creditors Payment				
Investments				
Cash Book Balance			+	61,637
Adjustment to Bank			-	
Adjusted Cash Book Balance			+	61,637
* None > 3 Months				
SURPLUS CASH INVESTED				
Absa				25,500,000
Standard Bank				37,000,000
First Rand				11,000,000
Nedcor				24,000,000
Absa [Collateral security - Due 30 June 2011]				500,000
Standard Bank[Leave reserve Due 30 June 2011]				2,400,000
Total Cash Investments				100,400,000
Petty Cash float				3,300
Total Cash on Hand				100,464,937

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 R8 127.51 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 29 February 2012 is Department of Safety & Liaison R20 327.44 and Department of Transport, Roads and Public Works R296 159.90.

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.

PAYMENTS	
Total value of all payments	R 14,002,178
Electronic transfers	159
Cheques issued	26
STORES	
Value of Stores issued	30,650
SALARIES	
Number of salary beneficiaries	173
Councillors	27
Employees	142
Pensioners	4
Total remuneration paid	
Councillors	358,827
Employees	2,108,656
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.

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 February 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 February 2012.

- *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 February 2012, five contracts (R200 000+) were awarded by the Bid Adjudication Committee.

1. Refuse Truck to Imperial Isuzu for R 1 843 819 .47 VAT inclusive.

2. Road Construction Materials to Roadspan Surface for the amount of R7 306.00 per ton VAT inclusive.
3. Supply and Delivery of Bitumen Emulsion to Sharlyn General Supplies for the amount of R1 050 per m³ VAT inclusive.
4. Segment Paving to Kimcorp 640 CC for the amount of R371 896.50 VAT inclusive.
5. Water Infrastructure Audit to Spatial Intelligence (PTY) LTD for the amount of R 895 984.93 VAT inclusive.

For the period of February 2012, no written price quotation (R30 000-R200 000) was awarded by the Acting Municipal Manager.

The value of orders issued for the period ending 29 February 2012 total R410 089.20 (*See Annexure "A"*)

Orders per department

Council and Executive	R35 000.20
Municipal Manager	R175 956.48
Finance	R17 120.80
Administration	R56 804.35
Planning and Development	R56 380.80
Technical Service	R22 047.05
Stores	R46 779.52

- Disposal Management

Letters were issued to Magareng, Phokwane and Dikgatlong Municipalities to confirm whether they are interested in the redundant equipment as written off by Council resolution.

- Deviations

One deviation was approved by the Acting Municipal Manager:

- CQS Technologies-Internal Audit software-R129 570.12 VAT inclusive.

- Issues from Stores

Total orders issued R30 650.16

Issues per department

Council and Executive	R0.00
Municipal Manager	R2 402.03
Finance	R1 626.46
Administration	R24 375.01
Planning and Development	R1 260.66
Technical Service	R986.00

- 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 3rd week of March 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.

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 20 vehicles as part of its routine activities.

Statistical information regarding the year-to-date utility for February 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	120,000	9/30/2012	55,526	113,684	58,158
2	Citi Golf	Pool	2005	BSM 014 NC	90,000	4/30/2012	73,975	81,860	7,885
3	Mazda Drifter D/Cab	Pool	2005	BSM 137 NC	210,000	4/30/2012	188,465	200,738	12,273
4	Chevrolet Cruze 1.8 LS	Pool	2010	CBY 226 NC	45,000	11/30/2012	17,529	39,672	22,143
5	Chevrolet Opel Corsa	Disaster Management	2010	CBY 227 NC	30,000	11/30/2012	8,433	21,136	12,703
6	Chevrolet Captiva	Pool	2011	CDM 296 NC	15,000	11/30/2012	68	10,195	10,127
7	Isuzu 2.4	Environmental Health	2006	BVC 305 NC	165,000	7/31/2012	136,339	150,240	13,901
8	Isuzu 2.4	Environmental Health	2006	BTT 339 NC	150,000	4/30/2012	129,226	140,843	11,617
9	Nissan D/Cab	Disaster Management	2006	BTT 376 NC	105,000	4/30/2012	83,245	92,559	9,314
10	Toyota Corolla	Pool	2009	BZP 439 NC	75,000	9/30/2012	44,715	64,690	19,975
11	Toyota Corolla	Pool	2009	BZP 440 NC	60,000	9/30/2012	50,068	52,754	2,686
12	Toyota Condor	Tourism Centre	2001	BLR 461 NC	190,000	6/30/2012	171,370	186,994	15,624
13	Isuzu 2.4	Housing	2009	CBD 761 NC	60,000	2013/02/29	32,138	49,300	17,162
14	Toyota Corolla	Pool	2008	BXL 799 NC	120,000	2013/02/29	97,169	109,018	11,849
15	Nissan LDV	Community Development	2006	BVC 831 NC	120000	7/31/2012	103,365	112,397	9,032
16	Ford Bantam	Finance	2004	BRD 836 NC	90000	1/31/2013	76,985	80,661	3,676
17	Toyota Hilux	PMU	2004	BRF 837 NC	120000	2013/02/29	110,175	117,620	7,445
18	Isuzu KB. 200	Disaster Management	2010	CBY 895 NC	15000	9/30/2012	2,241	8,446	6,205
19	Isuzu KB. 200	Disaster Management	2010	CBY 898 NC	15000	9/30/2012	1,703	8,131	6,428
20	Toyota Condor	PIMSS Centre	2002	BMT 978 NC	160000	2013/02/29	142,110	154,627	12,517
YEAR TO DATE UTILITY - FULL FLEET									270,720

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	-	342,653	(342,653)	-100.00%
Insurance	4,470	36,667	(32,197)	-87.81%
MV Administration Levy	13,083	10,667	2,416	22.65%
Fuel	307,735	194,013	113,722	58.62%
Licence	4,186	8,433	(4,247)	-50.36%
Repairs and Maintenance	49,740	30,667	19,073	62.19%
Tyres	12,373	43,067	(30,694)	-71.27%
TOTAL	391,586	666,167	(274,580)	-41.22%

- Motor Vehicle Damage Report***

Chev Cruze CBY226NC was damaged during February 2012. A report from the responsible person has been requested and is still outstanding.

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:

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

No support was rendered to local municipalities.

9. PERSONNEL

Personnel Attendances:

Personnel attendance in the workplace for February 2012 averages 89%. The reason for the deviations is mainly due to study, annual, sick leave and special three days leave granted by council to all employees.

Attendance trends are summarized as follows:

	Senior Management	Middle Management	Supervisory	Clerical
Number of Members	1	4	3	17
Leave	0	0	1	4
Sick Leave	0	2	0	19
Courses / Seminar	1	0	2	20
Meetings	0	0	0	0
Family Responsibility	1	0	0	0
Study	0	0	0	0
Maternity Leave	0	0	0	0
Union Matters	0	0	0	3
Absent	0	0	0	0
Special Leave (SAMSRA)	0	0	0	0
No. of Workdays Attended	19	82	39	269
Total Workdays	21	84	42	315
Percentage attendance per Group	90%	98%	93%	85%
Average	89%			

Personnel Development:

No training was attended during February 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 are attending the Municipal Finance Management Programme and they have completed the MFMA DVD learning programme. The Municipal Finance Management Programme will be completed on 20 April 2012. Therefore, the Internship contract that was to end on 30 March 2012 has been extended to 30 April 2012.

CONCLUSION

According to the results presented above for the period ending 29 February 2012, Council maintains a healthy financial position with respect to its cash and reserves.

DIRECTOR: FINANCE