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## **FOREWORD**

The report covers the financial performance of municipalities in the province for the 3<sup>rd</sup> quarter of 2011/12 financial year ended 31 March 2012. We are continuously improving the structure of the report, for example by including quarter to quarter comparisons. The structure of the report covers the non-financial data to assist in the evaluation of the performance of municipalities. It should assist the Legislature with its oversight role over municipalities. It is hoped that the report will further assist municipal councilors to exercise their oversight role.

For the quarter under review all municipalities complied with the MFMA section 71 requirements, with exception of one municipality which regressed as compared to the previous quarters. Support will also be intensified in this municipality to ensure compliance in future.

The unit recently conducted a participative CFO forum to address and assist municipalities with preparation of the 2012/13 MTREF budget process and compilation of Annual Financial Statement for 2011/12. It became evident from the forum that municipalities are not yet applying the National Treasury alignment model, which aligns planning, budgeting and infrastructure delivery processes.

Insufficient time is generally allowed in the planning stages of capital projects and this result in delays in the project commencement and that in turn adversely affects expenditure.

The department is currently engaging with municipalities to ensure that National Treasury alignment model is effectively applied.

Submission of the 2010/11 Annual Finance Statement has improved from nine to fifteen municipalities, since the last briefing by the office of the Auditor General.

In conclusion, coupled with the intervention measures mentioned in the previous quarter's report, the department has solicited the services of a team of experts to further assist struggling municipalities in addressing poor financial management and with the compilation of improved Annual Financial Statements.

**LOUISA MABE (MPL)**  
**MEMBER OF EXECUTIVE COUNCIL**  
**MEC FOR FINANCE**

## 1. INTRODUCTION

In terms of section 71(5) of the Municipal Finance Management (MFMA), municipalities are required to submit to the relevant provincial treasury a monthly statement on the state of the municipality's budget, by no later than 10 working days after the end of the month. The statement must be in the form of a signed document and electronic format.

Section 71(7) of the Act further states that, the MEC for Finance must submit a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality to the Provincial Legislature no later than 45 days after the end of each quarter.

Publishing this information is part of the evolving system of reporting envisaged by the MFMA. The aim is to assist in oversight of performance, address shortcomings, improve internal controls and facilitate service delivery. Publishing this information further improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipality.

The structure of the report is such that it will provide analytical information about the financial management of all municipalities in the province, including the two non-delegated municipalities (Mafikeng and Rustenburg local municipality). The main areas covered by the report include municipal revenue and expenditure in terms of the requirements of section 71 of the MFMA; it also addresses cash flow analysis and the projections thereof, debt management and intervention measures.

The figures published in this report are as submitted by municipalities.

## 2. PROVINCIAL OVERVIEW

The overall submission of the monthly budget statement are starting to reach an acceptable level with only one municipality in the province regressing in terms of submitting the section 71 reports during the quarter under review, namely: Mamusa local municipality. It was reported in the previous quarter that Ramotshere Moiloa municipality was not submitting the monthly budget statements as per section 71 of the MFMA. The department subsequently intervened and the municipality has started to comply with the MFMA requirements in terms of Section 71.

The total adjusted capital budget for all municipalities in the province amounted to R2, 5 billion and only R404 million or 16 per cent was spent during the quarter under review, this bring the total year to date spending to R1 billion or 41, 5 per cent. The 41, 5 per cent spending is far less than the anticipated 75 per cent spending during the quarter under review. There was a decrease of R25 million in spending when compared to the previous quarter.

Municipalities in the province spent R1, 9 billion or 20 per cent during the quarter under review on operating expenditure against the total adjusted budget of R9, 5 billion, which brings the year to date spending to R6 billion or 63 per cent. There was a decrease of R247 million on the 3<sup>rd</sup> quarter spending when compared to the previous quarter.

Debt collection is a crucial element of financial sustainability, with non-payment by debtors putting the ability of municipalities to meet their expenditure plans at risk. Aged debtors analysis should be an early warning technique that must indicate monthly collection levels and deterioration in collection levels. High or increasing levels of the absolute value of outstanding debts are clear indications that there are problems with revenue collection systems. The amount of outstanding debts is a serious challenge that requires joint efforts by all stakeholders to come up with innovative ways to increase debt collection.

Total amount of debtors outstanding during the quarter under review amounted to R4, 8 billion of which R4 billion or 85, 5 per cent is owed for more than 90 days. Collection of some of these debtors is doubtful. Government departments account for R360 million or 7 per cent of the total outstanding debt, whereas households accounted (R3, 5 billion or 73 per cent), business (R662 million or 13, 6 per cent) and other debtors (R277 million or 5, 7 per cent).

Creditors outstanding amounted to R545 million of which R229 million or 42 per cent are outstanding for more than 90 days. Most of the creditors are owed on bulk water at R165 million or 30 per cent, followed by bulk electricity at R122 million or 22 per cent. Of the total amount outstanding on bulk water, R126 million or 76 per cent is owed for more than 90 days, whereas R17 million or 14 is owed for more than 90 days on electricity. This is an indication that some municipalities are gradually heading towards serious financial distress and as a result fail

to make payments as and when they are due. There was a decrease of R190 million or 25 in outstanding creditors when compared to the previous quarter.

Section 122 and 126 of the MFMA stipulates that every municipality must for each financial year prepare Annual Financial statements and within two months after the end of the financial year submit those statements to the Auditor General for auditing. Not all the municipalities within the Province are complying with section 122 and 126 of MFMA.

As at 31<sup>st</sup> March 2012 only fifteen municipalities out of twenty four municipalities submitted their 2010/11 Annual Financial Statement to Auditor General for audit. Since the publication of the previous report ending 31 December 2011 that reported thirteen AFS submission, the Auditor General identified errors in the AFS that were submitted from four municipalities (Tlokwe, Ramotshere Moiloa, Dr Kenneth Kaunda District and Rustenburg) and has since returned them for corrections. Six municipalities have submitted the Annual Financial Statements to Auditor General during the quarter under review namely Ngaka Modiri Molema District, Mafikeng, Moses Kotane, Tlokwe, Tswaing and Lekwa-Teemane.

Auditor General issued the audit opinions for the following ten municipalities for the 2010/11 financial year, which increased from the eight previously reported in the last quarter. The two municipalities are Dr Kenneth Kaunda District Municipality and Moses Kotane Local Municipality, which obtained qualified and disclaimer audit opinion respectively.

- Two municipalities received **financially unqualified audit opinion** - Bojanala District Municipality and Ratlou Local Municipality.
- Two municipalities received **qualified audit opinion** – Greater Taung Local and Dr Kenneth Kaunda municipality.
- Six municipalities received **disclaimer audit opinion** – Ventersdorp Local Municipality, Naledi Local Municipality, Maquassi Hills Local Municipality, Madibeng Local Municipality, Moses Kotane Local Municipality and City of Matlosana.

The Auditor General report reflected that the audited municipalities had repeat audit findings on the following areas of the financial statements: capital assets, current assets, liabilities, capital and reserves, other disclosure items, revenue, expenditure, unauthorised, irregular, and fruitless and wasteful expenditure. The Auditor General report also reflected that overall implementation of key control in the following is still a challenge: Leadership, Financial Performance Management and Governance.

The following five of the fifteen municipalities that submitted their 2010/11 annual financial statements have not received the audit report from Auditor General as at the 31 March 2012: Tswaing Local Municipality, Tlokwe Local Municipality, Ngaka Modiri Molema District Municipality, Lekwa- Teemane Local and Mafikeng Local Municipality.

As at 31st March 2012 the following nine municipalities did not submit their 2010/11 Annual Financial Statements which were due by the 31<sup>st</sup> August 2011:

Kgetlengrivier Local Municipality, Moretele Local Municipality, Ditsobotla Local Municipality, Dr Ruth Segomotsi Mompoti District Municipality, Kagisano Local Municipality, Mamusa Local Municipality, Molopo Local Municipality, Rustenburg Local Municipality, Ramotshere Moiloa Local Municipality.

The following municipalities still have to submit their 2009/2010 Annual Financial Statements and this has an impact on the submission of the 2010/11 Annual Financial Statement: Dr Ruth Segomotsi Mompoti District Municipality, Kagisano Local Municipality, Mamusa Local Municipality, Moretele Local Municipality.

Provincial Treasury has established a project team that will come up with a plan that will assist identified municipalities to comply with the above mentioned sections of the MFMA. This is part of a plan to improve financial management in municipalities, focusing on the identified struggling municipalities.

### 3. DETAIL MUNICIPAL PERFORMANCE PER DISTRICT

#### 3.1 BOJANALA PLATINUM DISTRICT

##### 3.1.1 BUDGETS

##### 3.1.1.1 OPERATING REVENUE

Table 2.1(a) shows actual revenue collected as at 31 March 2012 by municipalities in the Bojanala Platinum District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 31 March 2012 (R'000)

| Municipality               | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Collected | Detail         |                 |                |                |
|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------|----------------|-----------------|----------------|----------------|
|                            |                  |                  |                   |                   |                   |                  |             | Property Rates | Service Charges | Grants         | Other          |
| Moretele                   | 198,039          | 220,232          | 67,607            | 53,338            | 46,415            | 167,360          | 76          | 615            | 5,935           | 37,275         | 2,590          |
| Madibeng                   | 949,774          | 1,023,578        | 344,257           | 277,812           | 213,879           | 835,948          | 82          | 43,409         | 86,012          | 62,976         | 21,482         |
| Rustenburg                 | 2,246,389        | 2,277,811        | 474,238           | 544,677           | 418,271           | 1,437,186        | 63          | 43,111         | 309,253         | 3,749          | 62,158         |
| Kgetleng Rivier            | 101,117          | 112,979          | 35,539            | 30,165            | 23,390            | 89,094           | 79          | 980            | 7,981           | 9,508          | 4,921          |
| Moses Kotane               | 321,031          | 325,024          | 113,574           | 100,182           | 86,443            | 300,199          | 92          | 8,044          | 16,126          | 56,162         | 6,111          |
| Bojanala Platinum District | 346,134          | 340,134          | 99,948            | 86,996            | 65,235            | 252,179          | 74          | -              | -               | 58,052         | 7,183          |
| <b>Total</b>               | <b>4,162,484</b> | <b>4,299,758</b> | <b>1,135,163</b>  | <b>1,093,170</b>  | <b>853,633</b>    | <b>3,081,966</b> | <b>72</b>   | <b>96,159</b>  | <b>425,307</b>  | <b>227,722</b> | <b>104,445</b> |

As at the end of the third quarter, municipalities in the district received R 3 billion or 72 per cent of revenue against the adjusted budget of R4.2 billion. For the quarter, most of the revenue received was on Services charges amounting to R 425 million or 50 per cent of the total revenue received. Government grants constitute R 227 million or 27 per cent of the revenue received in the district. Property Rates accounted for R 96 million or 11 per cent of the total revenue received.

##### Moretele Local Municipality

As at the end of the third quarter, Moretele municipality generated revenue amounting to R167.3 million or 85 per cent against the budgeted amount of R 198 million. For the quarter under review the municipality received R 46 million or 23.4 per cent of the budgeted amount. This is less as compared to the previous two quarters. Most of the revenue received was from grants at R 37 million or 80 per cent of the total revenue received. This implies that the municipality is relying on government grants to carry out the municipal activities as their own revenue comprises of only 20 per cent. Property rates and Service charges accounted for R 615 thousand or 1 per cent and R 5.9 million or 12.7 per cent respectively of the total revenue received.



### **Madibeng Local Municipality**

As at the end of third quarter the total adjusted revenue reported by the municipality amounted to R 836 million or 82 per cent of the total budgeted revenue of R 1 billion. For the quarter under review the municipality spent R 213 million or 21 per cent of the budgeted amount. The municipality's revenue is less as compared to the previous quarters. Municipality's own revenue reported is 70.5 per cent for the quarter under review of which Property rates accounted for R 43 million or 19.4 per cent, Service charges accounted for 86 million or 40 per cent respectively and this indicates that the municipality is complementary on their revenue against the government grants transferred to operate daily activities as required.

### **Rustenburg Local Municipality**

As at the end of third quarter the total revenue reported for Rustenburg Municipality amounts to R 1.4 billion or 63 per cent of the total budgeted revenue of R 2.2 billion. For the quarter under review, Rustenburg municipality reported total revenue for an amount of R418.2 million or 18.6 per cent against the budgeted revenue of R2, 2 billion. The total operating revenue generated for the quarter under review amounted to R 418 million, which comprises of Property rates and Service charges amounting to R 43 million and R 309 million respectively. Grants accounted for R 3.7 million of total revenue generated to date. This might be an indication that the municipality can generate own revenue and sustain itself without entirely depending on government grants.

### **Kgetleng Rivier Local Municipality**

As at the end of third quarter the total revenue reported for Kgetleng Rivier municipality amounted to R 89 million or 79 per cent of the total adjusted budgeted revenue of R 112.9 million. For the quarter under review, the municipality reported total revenue for an amount of R 23.3 million or 20.7 per cent of the total adjusted budgeted revenue of R 112, 9 million. Own revenue amounted to R 13.8 million or 59 per cent of the total revenue and government grants constituted of R 9.5 million or 40 per cent for the quarter under review.

### **Moses Kotane Local Municipality**

As at the end of the third quarter the total revenue reported for Moses Kotane municipality amounts to R 300.1 million or 92 per cent of the total adjusted budgeted revenue. For the quarter under review, the municipality reported total revenue for an amount of R 86.4 million or 26.9 per cent of the total budgeted revenue. Municipality's own revenue reported is 35 per cent of the total revenue for the quarter of which Property rates accounted for R 8 million or 9 per cent, Service charges accounted for R 16 million or 19 per cent respectively. Most of the revenue received was on government grants amounting to R 56 million or 65 per cent of the total revenue received.

## Bojanala Platinum District

As at the end of third quarter total revenue reported by the municipality to date amounted to R 252.1 million or 74 per cent of the total downward adjusted revenue budget of R340 million. For the quarter under review, the municipality reported total revenue for an amount of R 65.2 million or 18 per cent of the total budgeted revenue. The municipality reported an amount of R 58 million or 89 per cent as grants received. Other revenue collected is for an amount of R 7 million or 11 per cent. It should be noted that the original budgeted figure differs from the previous quarter's disclosure because the municipality reported different figures on budget as compared to the statement of financial performance budget return. The figures disclosed on this report correspond to the statement of financial performance budget return.

### 3.1.1.2 OPERATING EXPENDITURE

Table 2.1(b) below shows the total expenditure incurred by the municipalities in district as at 31 March 2012.

Table 2.1(b) : Operating Expenditure as at 31 March 2012 (R'000)

| Municipality               | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Spent   | Detail                 |                       |                |                |
|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------|------------------------|-----------------------|----------------|----------------|
|                            |                  |                  |                   |                   |                   |                  |           | Employee Related Costs | Repairs & maintenance | Bulk Purchases | Other          |
| Moretele                   | 198,039          | 194,506          | 36,993            | 46,536            | 42,212            | 125,741          | 65        | 10,693                 | 2,007                 | 7,241          | 22,271         |
| Madibeng                   | 949,715          | 1,023,537        | 177,847           | 178,616           | 208,426           | 564,889          | 55        | 56,291                 | -                     | 94,337         | 57,798         |
| Rustenburg                 | 2,242,663        | 2,277,492        | 472,099           | 419,014           | 406,942           | 1,298,055        | 57        | 87,868                 | 16,395                | 175,227        | 127,452        |
| Kgetleng Rivier            | 94,719           | 105,078          | 25,501            | 26,861            | 20,276            | 72,638           | 69        | 8,029                  | -                     | 4,498          | 7,749          |
| Moses Kotane               | 376,772          | 368,831          | 72,176            | 85,779            | 79,544            | 237,499          | 64        | 24,664                 | -                     | 11,160         | 43,720         |
| Bojanala Platinum District | 332,934          | 369,711          | 72,001            | 101,680           | 86,693            | 260,374          | 70        | 26,606                 | -                     | -              | 60,087         |
| <b>Total</b>               | <b>4,194,842</b> | <b>4,339,155</b> | <b>856,617</b>    | <b>858,486</b>    | <b>844,093</b>    | <b>2,559,196</b> | <b>59</b> | <b>214,151</b>         | <b>18,402</b>         | <b>292,463</b> | <b>319,077</b> |

The total expenditure incurred by the municipalities in the district amounted to R2.5 billion or 59 per cent of the total expenditure adjusted budget of R4.3 billion. Other expenditure constituted most expenditure for the quarter under review at R 319 million or 38 per cent followed by Bulk purchases expenses at R 292 million or 35 per cent. Repairs and maintenance still remains a challenge at other municipalities as it shows that the municipal assets are not adequately maintained, as the spending to date amounted to R 18.4 million or 2 per cent of the total spending during the quarter.

### Moretele Local Municipality

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on "other" expenditure at R 22 million or 53 per cent, followed by employee related cost at R 10.6 million or 25 per cent. Spending on repairs and maintenance amounted to R 2 million or 5 per cent, whereas spending on Bulk purchase amounted to R 7 million or 17 per cent of total spending for the quarter under review.

### **Madibeng Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on bulk purchases amounting to R 94 million or 45 per cent, followed by other expenditure at R 57.7 million or 28 per cent of total expenditure for the quarter under review. The municipality reported no spending on repairs and maintenance during the quarter under review.

### **Rustenburg Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on bulk purchases at R 175 million or 43 per cent followed by “other” expenses at R 127 or 31 per cent. Expenditure on employee related costs amounted to R 88 million or 22 per cent and repairs and maintenance cost amounted to R 16 million or 4 per cent.

### **Kgetleng Rivier Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 8 million or 40 per cent of the total expenditure. Bulk purchase contributed the least expense at R 4.4 million or 22 per cent. Expenditure on “other” amounted to R 7.7 million or 38 per cent. The municipality has not reported any spending on the repairs and maintenance during the quarter under review.

### **Moses Kotane Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenses at R 43.7 million or 55 per cent followed by employee cost at R 24.6 million or 31 per cent of the total expenditure. Expenditure on bulk purchases costs amounted to R 11.1 million or 14 per cent. The municipality has not reported any spending on the repairs and maintenance during the quarter under review.

### **Bojanala Platinum District**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 60 million or 69 per cent. The major part of it is on contracted services where the district had budgeted the support of its local municipalities on line item. Expenditure on employee related cost amounted to R 26.6 million or 31 per cent.

### 3.1.1.3 CAPITAL EXPENDITURE

Table 2.1(c) shows capital spending by municipalities in the district as at 31 March 2012.

Table 2.1(c) : Capital Expenditure as at 31 March 2011 (R'000)

| Municipality               | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail        |              |          |                  |               |
|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|----------------|-----------|---------------|--------------|----------|------------------|---------------|
|                            |                  |                  |                   |                   |                   |                |           | Water         | Electricity  | Housing  | Roads & Pavement | Other         |
| Moretele                   | 92,024           | 92,024           | 9,347             | 19,314            | 15,747            | 44,408         | 48        | 11,186        | -            | -        | 1,873            | 2,688         |
| Madibeng                   | 284,250          | 284,250          | 19,162            | 68,502            | 52,620            | 140,284        | 49        | 22,606        | 4,071        | -        | 22,691           | 3,252         |
| Rustenburg                 | 496,605          | 528,576          | 24,593            | 61,528            | 47,837            | 133,958        | 25        | 1,913         | 5,242        | -        | 29,310           | 11,372        |
| Kgetleng Rivier            | 26,998           | 33,491           | 5,510             | 2,332             | 2,091             | 9,933          | 30        | 384           | 106          | -        | -                | 1,601         |
| Moses Kotane               | 144,620          | 214,216          | 22,287            | 32,836            | 10,093            | 65,216         | 30        | 6,387         | -            | -        | 2,240            | 1,466         |
| Bojanala Platinum District | 7,587            | 7,587            | 688               | 5,085             | 1,483             | 7,256          | 96        | -             | -            | -        | -                | 1,483         |
| <b>Total</b>               | <b>1,052,084</b> | <b>1,160,144</b> | <b>81,587</b>     | <b>189,597</b>    | <b>129,871</b>    | <b>401,055</b> | <b>38</b> | <b>42,476</b> | <b>9,419</b> | <b>-</b> | <b>56,114</b>    | <b>21,862</b> |

The municipalities in the district spent R 401 million or 38 per cent against the total upward adjusted capital budget of R1.3 billion. The average district spending is very low when compared to the 75 per cent spending that was expected for the quarter under review. The low spending on capital projects result in municipalities having backlog on capital projects and having to surrender unspent grants to the national revenue fund.

Most spending by municipalities in the district was incurred on roads projects at R 56 million or 43 per cent followed by water projects at R 42 million or 32 per cent respectively. For the quarter under review, similar to the previous quarter it is evident that municipalities have done the least where electricity projects are concerned as expenditure incurred amounted to a meager R 9.4 million or 7 per cent of the total expenditure of R 129.7 million incurred for the quarter under review.

#### Moretele Local Municipality

The municipality has reported spending for an amount of R 15.7 million or 17 per cent against the budget which is less compared to the last quarter spending of 21 per cent. Most of the expenditure was incurred on water at R 11 million or 71 per cent. The expenditure on other expenses and roads was for an amount of R 2.6 million or 17 per cent and 1.8 million or 11.8 per cent respectively.

#### Madibeng Local Municipality

For the quarter under review, Madibeng municipality has spent R 52.6 million which is 18 per cent against the total capital budget of R284 million. This is less compared to 24 per cent in the previous quarter. The capital expenditure to date is very low as compared to the anticipated 75 per cent for the quarter under review. The expenditure on water expenses, roads, other

expenses and electricity amounted to 22.6 million or 45 per cent, R 22 million or 42 percent, R 3.2 million or 4.8 per cent and R 4 million or 8 per cent respectively.

### **Rustenburg Local Municipality**

The total capital spending reported for Rustenburg municipality amounted to R 47.8 million or 9 per cent of the total capital budget of R 528 million. The low spending was reported in the previous quarter and it has not changed much in the quarter under review. Most of the capital spending was incurred on roads at R 29 million or 61 per cent of the total expenditure. Expenditure on other expenses, water and electricity amounted to R 11.3 million or 24 per cent, R 1.9 million or 4 per cent and R 5.2 million or 11 per cent respectively.

### **Kgetleng Rivier Local Municipality**

The municipality reported spending of R 2 million or 6 per cent of the total capital budget of R 33.4 million. It should be noted that the municipality has adjusted its budget during the quarter under review. As reported in the previous quarter the municipality's spending on water projects is still remaining very minimal. This reports that the municipality will have backlog in their water projects. Most of the spending is on "other" expense amounting to R 1.6 million or 77 per cent followed by electricity amounting to R 106 thousand or 5 per cent for the quarter under review.

### **Moses Kotane Local Municipality**

The municipality spent R 10 million or 5 per cent of their capital budget of R 214 million for the quarter under review. This is still a concern as the municipality has not been able to meet the target of 75 per cent at the end of third quarter. Capital expenditure on water projects amounts to R 6.3 million or 63 per cent of the total capital spending for the quarter under review. This was followed by roads projects and other expenses amounting to R 2.2 million or 22 per cent, R 1.4 million or 15 per cent respectively. The municipality has not reported any expenditure on electricity expenses for the quarter under review.

### **Bojanala Platinum District Municipality**

The municipality reported to have incurred the highest expenditure at R 1.4 million or 20 per cent of their capital budget of R7.5 million when compared to other municipalities in the district. The capital expenditure was incurred on office equipment and maintenance of motor vehicles.

#### **3.1.1.4 CAPITAL FUNDING**

Table 2.1(d) below provides details about the sources of capital funding for the second quarter ending 31 March 2012.

**Table 2.1(d) : Capital Funding as at 31 March 2011 (R'000)**

| Municipality               | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail         |                        |               |              |
|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|----------------|-----------|----------------|------------------------|---------------|--------------|
|                            |                  |                  |                   |                   |                   |                |           | External Loans | Internal contributions | Grants        | Other        |
| Moretele                   | 92,024           | 92,024           | 9,347             | 19,315            | 15,747            | 44,409         | 48        | -              | 2,011                  | 13,736        | -            |
| Madibeng                   | 284,250          | 478,176          | -                 | -                 | 38,908            | 38,908         | 8         | -              | 2,941                  | 35,967        | -            |
| Rustenburg                 | 496,605          | 528,576          | 24,593            | 61,528            | 47,837            | 133,958        | 25        | -              | 8,173                  | 39,559        | 105          |
| Kgetleng Rivier            | 26,998           | 33,491           | 5,510             | 2,332             | 2,091             | 9,933          | 30        | -              | 385                    | -             | 1,706        |
| Moses Kotane               | 144,620          | 214,216          | 22,287            | 32,836            | 10,093            | 65,216         | 30        | 599            | 50                     | 9,444         | -            |
| Bojanala Platinum District | 7,587            | 5,905            | 688               | 5,085             | 658               | 6,431          | 109       | -              | -                      | -             | 658          |
| <b>Total</b>               | <b>1,052,084</b> | <b>1,352,388</b> | <b>62,425</b>     | <b>121,096</b>    | <b>115,334</b>    | <b>298,855</b> | <b>28</b> | <b>599</b>     | <b>13,560</b>          | <b>98,706</b> | <b>2,469</b> |

The total capital funding for the district amounts to R 298.8 million or 22 per cent of the total capital budget. Most funding was from grants at R 98 million or 85 per cent followed by internal contribution at R 13.5 million or 12 per cent. Moses Kotane municipality is the only municipality in the district that had utilized external loans to fund capital projects for an amount of R 599 thousand for the quarter under review.

### 3.1.1.5 DEBTORS

Table 2.1(e) below shows outstanding debtors within Bojanala Platinum district at the 31 March 2012 while table 2.1(e) (1) show debtors per customer type.

**Table 2.1(e) : Debtor Age Analysis as at 31 March 2012 (R'000)**

| Municipality               | 0 - 30 Days   |          | 31 - 60 Days   |          | 61 - 90 Days   |          | Over 90 Days     |           | Total            |            |
|----------------------------|---------------|----------|----------------|----------|----------------|----------|------------------|-----------|------------------|------------|
|                            | Amount        | %        | Amount         | %        | Amount         | %        | Amount           | %         | Amount           | %          |
| Moretele                   | 3,015         | 3        | 2,958          | 3        | 8,307          | 8        | 90,170           | 86        | 104,450          | 4          |
| Madibeng                   | 56,216        | 8        | 33,142         | 5        | 23,700         | 3        | 571,255          | 83        | 684,313          | 25         |
| Rustenburg                 | -             | 0        | 127,236        | 7        | 63,195         | 4        | 1,512,890        | 89        | 1,703,321        | 61         |
| Kgetleng Rivier            | 2,877         | 2        | 3,467          | 3        | 3,007          | 2        | 120,998          | 93        | 130,349          | 5          |
| Moses Kotane               | 11,801        | 8        | 6,602          | 4        | 6,559          | 4        | 126,607          | 84        | 151,569          | 5          |
| Bojanala Platinum District | -             | -        | -              | -        | -              | -        | -                | -         | -                | -          |
| <b>Total BPD</b>           | <b>73,909</b> | <b>3</b> | <b>173,405</b> | <b>6</b> | <b>104,768</b> | <b>4</b> | <b>2,421,920</b> | <b>87</b> | <b>2,774,002</b> | <b>100</b> |

Source : IYM Summary Reports Received from the Municipalities

Total debtors outstanding in the Bojanala district amounted to R2, 7 billion, of which R2, 4 billion or 87 per cent is owed for more than 90 days. There was not much movement in outstanding debtors when compared to the previous quarter. This is an indication that the municipalities are not implementing their credit control and debt collection policies effectively.

**Supporting table 2.1(e)1:Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Bojanala District | 0 - 30 Days   |          | 31 - 60 Days   |          | 61 - 90 Days   |          | Over 90 Days     |           | Total            |            |
|-------------------|---------------|----------|----------------|----------|----------------|----------|------------------|-----------|------------------|------------|
|                   | Amount        | %        | Amount         | %        | Amount         | %        | Amount           | %         | Amount           | %          |
| Government        | 1,240         | 1        | 3,617          | 4        | 2,292          | 3        | 77,785           | 92        | 84,934           | 3          |
| Business          | 39,282        | 10       | 71,194         | 17       | 23,712         | 6        | 273,319          | 67        | 407,507          | 15         |
| Households        | 33,777        | 2        | 82,964         | 4        | 70,840         | 3        | 1,915,571        | 91        | 2,103,152        | 76         |
| Other             | -389          | 0        | 15,630         | 9        | 7,924          | 4        | 155,244          | 87        | 178,409          | 6          |
| <b>Total</b>      | <b>73,910</b> | <b>3</b> | <b>173,405</b> | <b>6</b> | <b>104,768</b> | <b>4</b> | <b>2,421,919</b> | <b>87</b> | <b>2,774,002</b> | <b>100</b> |
| Water             | 18,373        | 2        | 38,688         | 5        | 27,074         | 3        | 752,168          | 90        | 836,303          | 30         |
| Electricity       | 27,544        | 9        | 82,936         | 28       | 28,345         | 9        | 162,227          | 54        | 301,052          | 11         |
| Property rates    | 16,465        | 4        | 22,737         | 5        | 18,353         | 4        | 412,515          | 88        | 470,070          | 17         |
| Other             | 11,528        | 1        | 29,044         | 2        | 30,996         | 3        | 1,095,009        | 94        | 1,166,577        | 42         |
| <b>Total</b>      | <b>73,910</b> | <b>3</b> | <b>173,405</b> | <b>6</b> | <b>104,768</b> | <b>4</b> | <b>2,421,919</b> | <b>87</b> | <b>2,774,002</b> | <b>100</b> |

## Moretele Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Moretele       | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total          |             |
|----------------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|----------------|-------------|
|                | Amount       | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount         | %           |
| Government     | 79           | 3%        | 77           | 3%        | 217          | 8%        | 2,357         | 86%        | 2,730          | 0%          |
| Business       | 120          | 3%        | 118          | 3%        | 331          | 8%        | 3,592         | 86%        | 4,161          | 0%          |
| Households     | 2,816        | 3%        | 2,763        | 3%        | 7,759        | 8%        | 84,221        | 86%        | 97,559         | 4%          |
| Other          | -            | -         | -            | -         | -            | -         | -             | -          | -              | -           |
| <b>Total</b>   | <b>3,015</b> | <b>3%</b> | <b>2,958</b> | <b>3%</b> | <b>8,307</b> | <b>8%</b> | <b>90,170</b> | <b>86%</b> | <b>104,450</b> | <b>100%</b> |
| Water          | 1,973        | 4%        | 1,997        | 4%        | 2,861        | 5%        | 46,385        | 87%        | 53,216         | 2%          |
| Electricity    | -            | -         | -            | -         | -            | -         | -             | -          | -              | -           |
| Property rates | 205          | 3%        | 205          | 3%        | 4,692        | 65%       | 2,087         | 29%        | 7,189          | 0%          |
| Other          | 837          | 2%        | 756          | 2%        | 754          | 2%        | 41,698        | 95%        | 44,045         | 2%          |
| <b>Total</b>   | <b>3,015</b> | <b>3%</b> | <b>2,958</b> | <b>3%</b> | <b>8,307</b> | <b>8%</b> | <b>90,170</b> | <b>86%</b> | <b>104,450</b> | <b>100%</b> |

Total outstanding debtors amounted to R104.4 million of which R90.1 million or 86 per cent is owed for more than 90 days. There was no decrease in debtors when compared to the previous quarter. Moretele municipality's debtor's book is not improving as expected, because the Indigent Register is not updated and still needs to be verified, hence there is possible over consumption of service by Indigents which the municipality will not be able to recover. Municipality has also appointed the service provider in order to assist with revenue enhancement improvement and progress on implementation has been requested.

## Madibeng Local Municipality

**Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Madibeng       | 0 - 30 Days   |           | 31 - 60 Days  |           | 61 - 90 Days  |           | Over 90 Days   |            | Total          |             |
|----------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|------------|----------------|-------------|
|                | Amount        | %         | Amount        | %         | Amount        | %         | Amount         | %          | Amount         | %           |
| Government     | 879           | 5%        | 544           | 3%        | 438           | 2%        | 17,221         | 90%        | 19,082         | 3%          |
| Business       | 30,611        | 16%       | 15,276        | 8%        | 7,440         | 4%        | 132,697        | 71%        | 186,024        | 27%         |
| Households     | 24,057        | 6%        | 16,658        | 4%        | 15,225        | 4%        | 373,872        | 87%        | 429,812        | 63%         |
| Other          | 669           | 1%        | 664           | 1%        | 597           | 1%        | 47,465         | 96%        | 49,395         | 7%          |
| <b>Total</b>   | <b>56,216</b> | <b>8%</b> | <b>33,142</b> | <b>5%</b> | <b>23,700</b> | <b>3%</b> | <b>571,255</b> | <b>83%</b> | <b>684,313</b> | <b>100%</b> |
| Water          | 8,215         | 9%        | 4,196         | 5%        | 3,694         | 4%        | 73,351         | 82%        | 89,456         | 13%         |
| Electricity    | 25,796        | 36%       | 12,767        | 18%       | 6,223         | 9%        | 27,762         | 38%        | 72,548         | 11%         |
| Property rates | 12,057        | 5%        | 8,127         | 3%        | 6,725         | 3%        | 206,957        | 88%        | 233,866        | 34%         |
| Other          | 10,148        | 4%        | 8,052         | 3%        | 7,058         | 2%        | 263,185        | 91%        | 288,443        | 42%         |
| <b>Total</b>   | <b>56,216</b> | <b>8%</b> | <b>33,142</b> | <b>5%</b> | <b>23,700</b> | <b>3%</b> | <b>571,255</b> | <b>83%</b> | <b>684,313</b> | <b>100%</b> |

The total outstanding debtors at Madibeng municipality amounts to R684.3 million of which R571.2 million or 83 per cent is owed for more than 90 days. There was a slight decrease in outstanding debtors as compared to previous quarter. The municipality has appointed two service providers that will assist in upgrading and updating their billing system and to also perform the disconnection and restriction of services where payments are not made.

## Rustenburg Local Municipality

**Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Rustenburg     | 0 - 30 Days |           | 31 - 60 Days   |           | 61 - 90 Days  |           | Over 90 Days     |            | Total            |             |
|----------------|-------------|-----------|----------------|-----------|---------------|-----------|------------------|------------|------------------|-------------|
|                | Amount      | %         | Amount         | %         | Amount        | %         | Amount           | %          | Amount           | %           |
| Government     | -           | 0%        | 2,681          | 5%        | 1,378         | 2%        | 51,170           | 93%        | 55,229           | 3%          |
| Business       | -           | 0%        | 53,220         | 34%       | 14,045        | 9%        | 90,191           | 57%        | 157,456          | 9%          |
| Households     | -           | 0%        | 56,553         | 4%        | 40,628        | 3%        | 1,269,059        | 93%        | 1,366,240        | 80%         |
| Other          | -           | 0%        | 14,782         | 12%       | 7,144         | 6%        | 102,470          | 82%        | 124,396          | 7%          |
| <b>Total</b>   | <b>-</b>    | <b>0%</b> | <b>127,236</b> | <b>7%</b> | <b>63,195</b> | <b>4%</b> | <b>1,512,890</b> | <b>89%</b> | <b>1,703,321</b> | <b>100%</b> |
| Water          | -           | 0%        | 27,553         | 5%        | 15,254        | 3%        | 525,812          | 92%        | 568,619          | 100%        |
| Electricity    | -           | 0%        | 68,927         | 32%       | 21,347        | 10%       | 125,055          | 58%        | 215,329          | 100%        |
| Property rates | -           | 0%        | 12,700         | 7%        | 5,516         | 3%        | 152,489          | 89%        | 170,705          | 100%        |
| Other          | -           | 0%        | 18,056         | 2%        | 21,078        | 3%        | 709,534          | 95%        | 748,668          | 100%        |
| <b>Total</b>   | <b>-</b>    | <b>0%</b> | <b>127,236</b> | <b>7%</b> | <b>63,195</b> | <b>4%</b> | <b>1,512,890</b> | <b>89%</b> | <b>1,703,321</b> | <b>100%</b> |

Rustenburg municipality is the most owed municipality in the district with outstanding debtors amounting to R1.7 billion. There was no significant decrease in outstanding debtors when compared to the previous quarter. Of the total outstanding debt R 1.5 billion is owed for more than 90 days.



## Kgetleng Local Municipality

**Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Kgetleng Rivier | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days   |            | Total          |             |
|-----------------|--------------|-----------|--------------|-----------|--------------|-----------|----------------|------------|----------------|-------------|
|                 | Amount       | %         | Amount       | %         | Amount       | %         | Amount         | %          | Amount         | %           |
| Government      | 130          | 6%        | 151          | 6%        | 96           | 4%        | 1,977          | 84%        | 2,354          | 2%          |
| Business        | 1,537        | 19%       | 638          | 8%        | 364          | 4%        | 5,719          | 69%        | 8,258          | 6%          |
| Households      | 2,303        | 2%        | 2,521        | 2%        | 2,400        | 2%        | 108,367        | 94%        | 115,591        | 89%         |
| Other           | -1,092       | -26%      | 157          | 4%        | 147          | 4%        | 4,934          | 119%       | 4,146          | 3%          |
| <b>Total</b>    | <b>2,878</b> | <b>0</b>  | <b>3,467</b> | <b>0</b>  | <b>3,007</b> | <b>0</b>  | <b>120,997</b> | <b>0</b>   | <b>130,349</b> | <b>100%</b> |
| Water           | 1,009        | 3%        | 412          | 1%        | 493          | 1%        | 31,336         | 94%        | 33,250         | 26%         |
| Electricity     | 1,748        | 13%       | 1,242        | 9%        | 775          | 6%        | 9,410          | 71%        | 13,175         | 10%         |
| Property rates  | 289          | 3%        | 212          | 2%        | 188          | 2%        | 9,073          | 93%        | 9,762          | 7%          |
| Other           | -168         | 0%        | 1,601        | 2%        | 1,551        | 2%        | 71,178         | 96%        | 74,162         | 57%         |
| <b>Total</b>    | <b>2,878</b> | <b>2%</b> | <b>3,467</b> | <b>3%</b> | <b>3,007</b> | <b>2%</b> | <b>120,997</b> | <b>93%</b> | <b>130,349</b> | <b>100%</b> |

Total outstanding debtors for the quarter under review amounted to R 130 million, of which R121 million or 93 per cent is owed for more 90 days. There was an increase in the outstanding debtors as compared to the previous quarter.

## Moses Kotane Local Municipality

**Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Moses Kotane   | 0 - 30 Days   |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days   |            | Total          |             |
|----------------|---------------|-----------|--------------|-----------|--------------|-----------|----------------|------------|----------------|-------------|
|                | Amount        | %         | Amount       | %         | Amount       | %         | Amount         | %          | Amount         | %           |
| Government     | 152           | 3%        | 164          | 3%        | 163          | 3%        | 5,060          | 91%        | 5,539          | 4%          |
| Business       | 7,014         | 14%       | 1,942        | 4%        | 1,532        | 3%        | 41,120         | 80%        | 51,608         | 34%         |
| Households     | 4,601         | 5%        | 4,469        | 5%        | 4,828        | 5%        | 80,052         | 85%        | 93,950         | 62%         |
| Other          | 34            | 7%        | 27           | 6%        | 36           | 8%        | 375            | 79%        | 472            | 0%          |
| <b>Total</b>   | <b>11,801</b> | <b>0</b>  | <b>6,602</b> | <b>0</b>  | <b>6,559</b> | <b>0</b>  | <b>126,607</b> | <b>0</b>   | <b>151,569</b> | <b>100%</b> |
| Water          | 7,176         | 8%        | 4,530        | 5%        | 4,772        | 5%        | 75,284         | 82%        | 91,762         | 61%         |
| Electricity    | -             | -         | -            | -         | -            | -         | -              | -          | -              | -           |
| Property rates | 3,914         | 8%        | 1,493        | 3%        | 1,232        | 3%        | 41,909         | 86%        | 48,548         | 32%         |
| Other          | 711           | 6%        | 579          | 5%        | 555          | 5%        | 9,414          | 84%        | 11,259         | 7%          |
| <b>Total</b>   | <b>11,801</b> | <b>8%</b> | <b>6,602</b> | <b>4%</b> | <b>6,559</b> | <b>4%</b> | <b>126,607</b> | <b>84%</b> | <b>151,569</b> | <b>100%</b> |

Total outstanding debtors for the quarter under review amounted to R151.5 million, of which R126.6 million or 84 per cent is owed for more 90 days. There was an increase in the outstanding debtors as compared to the previous quarter. Although the municipality had indicated in the previous quarter about implementing its debt recovery plan to address the outstanding debtors; progress on implementation has been requested.

## Bojanala Platinum District Municipality

The municipality has no outstanding Debtors.

### 3.1.1.6 CREDITORS

Table 2.1(f) below shows outstanding creditors per municipality and table 2.1(f) 1 show outstanding creditors per type.

The district municipality does not have outstanding creditors currently. Rustenburg municipality is the only municipality with current outstanding creditors i.e. 0-30 days.

Table 2.1(f) : Creditors Age Analysis as at 31 March 2012 (R'000)

| Municipality      | 0 - 30 Days   |           | 31 - 60 Days |          | 61- 90 Days |          | Over 90 Days  |           | Total          |            |
|-------------------|---------------|-----------|--------------|----------|-------------|----------|---------------|-----------|----------------|------------|
|                   | Amount        | %         | Amount       | %        | Amount      | %        | Amount        | %         | Amount         | %          |
| Moretele          | 4,544         | 6         | 401          | 1        | 285         | 0        | 74,181        | 93        | 79,411         | 49         |
| Madibeng          | -             | -         | -            | -        | -           | -        | -             | -         | -              | -          |
| Rustenburg        | 78,496        | 100       | -            | -        | -           | -        | -             | -         | 78,496         | 48         |
| Kgetleng Rivier   | 901           | 20        | 288          | 6        | 87          | 2        | 3,272         | 72        | 4,548          | 3          |
| Moses Kotane      | 753           | 63        | 69           | 6        | 59          | 5        | 305           | 26        | 1,186          | 0          |
| Bojanala Platinum | -             | -         | -            | -        | -           | -        | -             | -         | -              | 0          |
| <b>Total</b>      | <b>84,694</b> | <b>52</b> | <b>758</b>   | <b>0</b> | <b>431</b>  | <b>0</b> | <b>77,758</b> | <b>48</b> | <b>163,641</b> | <b>100</b> |

The total outstanding creditors to date for the district amounted to R163. 6 million, which indicates that municipalities are not adhering in paying their creditors within the prescribed time frame as outlined in the Municipal Finance Management Act, with the exception of Rustenburg and Bojanala municipality which reported having current creditors and no outstanding creditor respectively.

Supporting Table 2.1(f)1: Outsantding Creditors as at 31 March 2012

| District overview             | 0 - 30 Days   |           | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days  |           | Total          |            |
|-------------------------------|---------------|-----------|--------------|----------|--------------|----------|---------------|-----------|----------------|------------|
|                               | Amount        | %         | Amount       | %        | Amount       | %        | Amount        | %         | Amount         | %          |
| <b>R'000</b>                  |               |           |              |          |              |          |               |           |                |            |
| <b>Creditors Age Analysis</b> |               |           |              |          |              |          |               |           |                |            |
| Bulk Electricity              | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| Bulk Water                    | 4,352         | 5         | 230          | 0        | 0            | 0        | 76,182        | 94        | 80,764         | 49         |
| PAYE Deductions               | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| VAT(Output less Input)        | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| Pension/Retirement            | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| Loans Repayments              | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| Trade Creditors               | 80,240        | 98        | 505          | -        | 417          | -        | 623           | -         | 81,785         | 50         |
| Auditor-General               | 0             | 0         | 0            | 0        | 0            | 0        | 946           | -         | 946            | 1          |
| Other                         | -             | -         | -            | -        | -            | -        | -             | -         | -              | -          |
| <b>Total</b>                  | <b>84,592</b> | <b>52</b> | <b>735</b>   | <b>0</b> | <b>417</b>   | <b>0</b> | <b>77,751</b> | <b>48</b> | <b>163,495</b> | <b>100</b> |

## Moretele Local Municipality

### Outstanding Creditors as at 31 March 2012

| Moretele<br>R'000             | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|-------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                               | Amount       | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |              |           |              |           |              |           |               |            |               |             |
| Bulk Electricity              | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Bulk Water                    | 4,248        | 5%        | -            | -         | -            | -         | 73,959        | 95%        | 78,207        | 98%         |
| PAYE Deductions               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| VAT(Output less Input)        | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Pension/Retirement            | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Loans Retirement              | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Trade Creditors               | 296          | 25%       | 401          | 0         | 285          | 24%       | 222           | 18%        | 1,204         | 2%          |
| Auditor-General               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Other                         | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| <b>Total</b>                  | <b>4,544</b> | <b>6%</b> | <b>401</b>   | <b>1%</b> | <b>285</b>   | <b>0%</b> | <b>74,181</b> | <b>93%</b> | <b>79,411</b> | <b>100%</b> |

Total outstanding creditor's for the municipality amount to R 79 million, of which R 74 million or 93 per cent are creditors for over 90 days. Most of the outstanding creditors are owed on water at R 78 million or 98 per cent and it is owed for more than 90 days.

## Madibeng Local Municipality

### Outstanding Creditors as at 31 March 2012

| Madibeng<br>R'000             | 0 - 30 Days |          | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days |          | Total    |          |
|-------------------------------|-------------|----------|--------------|----------|--------------|----------|--------------|----------|----------|----------|
|                               | Amount      | %        | Amount       | %        | Amount       | %        | Amount       | %        | Amount   | %        |
| <b>Creditors Age Analysis</b> |             |          |              |          |              |          |              |          |          |          |
| Bulk Electricity              | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Bulk Water                    | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| PAYE Deductions               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| VAT(Output less Input)        | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Pension/Retirement            | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Loans Retirement              | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Trade Creditors               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Auditor-General               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Other                         | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| <b>Total</b>                  | <b>-</b>    | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b> |

The municipality had not submitted the creditors return during the compilation of this report.

## Rustenburg Local Municipality

**Outstanding Creditors as at 31 March 2012**

| Rustenburg                    | 0 - 30 Days   |             | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days |          | Total         |             |
|-------------------------------|---------------|-------------|--------------|----------|--------------|----------|--------------|----------|---------------|-------------|
|                               | Amount        | %           | Amount       | %        | Amount       | %        | Amount       | %        | Amount        | %           |
| <b>R'000</b>                  |               |             |              |          |              |          |              |          |               |             |
| <b>Creditors Age Analysis</b> |               |             |              |          |              |          |              |          |               |             |
| Bulk Electricity              | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Bulk Water                    | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| PAYE Deductions               | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| VAT(Output less Input)        | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Pension/Retirement            | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Loans Retirement              | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Trade Creditors               | 78,496        | 100%        | -            | 0%       | -            | 0%       | -            | 0%       | 78,496        | 100%        |
| Auditor-General               | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Other                         | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| <b>Total</b>                  | <b>78,496</b> | <b>100%</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>78,496</b> | <b>100%</b> |

Rustenburg municipality shows an improvement in paying their outstanding creditors within the prescribed time frame as the outstanding creditors amounting to R 78 million are current i.e. 0-30 days.

**Kgetleng Rivier Local Municipality**
**Outstanding Creditors as at 31 March 2012**

| Kgetleng Rivier               | 0 - 30 Days |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |            | Total        |             |
|-------------------------------|-------------|------------|--------------|-----------|--------------|-----------|--------------|------------|--------------|-------------|
|                               | Amount      | %          | Amount       | %         | Amount       | %         | Amount       | %          | Amount       | %           |
| <b>R'000</b>                  |             |            |              |           |              |           |              |            |              |             |
| <b>Creditors Age Analysis</b> |             |            |              |           |              |           |              |            |              |             |
| Bulk Electricity              | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Bulk Water                    | 104         | 4%         | 230          | 9%        | -            | -         | 2,223        | 87%        | 2,557        | 56%         |
| PAYE Deductions               | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| VAT(Output less Input)        | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Pension/Retirement            | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Loans Retirement              | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Trade Creditors               | 695         | 77%        | 35           | 4%        | 73           | 8%        | 96           | 11%        | 899          | 20%         |
| Auditor-General               | -           | -          | -            | -         | -            | -         | 946          | 100%       | 946          | 21%         |
| Other                         | 102         | 70%        | 23           | 16%       | 14           | 10%       | 7            | 5%         | 146          | 3%          |
| <b>Total</b>                  | <b>901</b>  | <b>20%</b> | <b>288</b>   | <b>6%</b> | <b>87</b>    | <b>2%</b> | <b>3,272</b> | <b>72%</b> | <b>4,548</b> | <b>100%</b> |

Total outstanding debtors amounted to R4, 5 million, of which R 2 million or 51 per cent is owed for more than 90 days. Most of the creditors outstanding are owed for bulk water purchases at R 2, 5 million or 56 per cent. The municipality reported to owe the Auditor General an amount of R976 thousand in the previous quarter which has now been paid off.

## Moses Kotane Local Municipality

### Outstanding Creditors as at 31 March 2012

| Moses Kotane<br>R'000         | 0 - 30 Days |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |            | Total        |             |
|-------------------------------|-------------|------------|--------------|-----------|--------------|-----------|--------------|------------|--------------|-------------|
|                               | Amount      | %          | Amount       | %         | Amount       | %         | Amount       | %          | Amount       | %           |
| <b>Creditors Age Analysis</b> |             |            |              |           |              |           |              |            |              |             |
| Bulk Electricity              | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Bulk Water                    | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| PAYE Deductions               | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| VAT(Output less Input)        | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Pension/Retirement            | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Loans Retirement              | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Trade Creditors               | 753         | 63%        | 69           | 6%        | 59           | 5%        | 305          | 26%        | 1,186        | 26%         |
| Auditor-General               | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| Other                         | -           | -          | -            | -         | -            | -         | -            | -          | -            | -           |
| <b>Total</b>                  | <b>753</b>  | <b>63%</b> | <b>69</b>    | <b>6%</b> | <b>59</b>    | <b>5%</b> | <b>305</b>   | <b>26%</b> | <b>1,186</b> | <b>100%</b> |

Total amount of creditors outstanding amounted to R 1.1 million, of which R 305 thousand or 26 per cent are over 90 days.

### 3.1.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.1(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.1(g) : Cash Flow Position as at 31 March 2012 (R'000)

| Municipality               | Opening Balance  | Receipts       |                 |                     |                | Payments              |                    |                |                |                         |                | Closing Balance  |
|----------------------------|------------------|----------------|-----------------|---------------------|----------------|-----------------------|--------------------|----------------|----------------|-------------------------|----------------|------------------|
|                            |                  | Property Rates | Service Charges | Transfers(Oper&Cap) | Other Receipts | Employee related cost | Grants & Subsidies | Bulk Purchases | Capital Assets | Repayment of Borrowings | Other          |                  |
| Moretele                   | 78,993           | 165            | 52              | 56,379              | 5,436          | 13,539                |                    | 7,241          | 6,671          |                         | 21,383         | 92,191           |
| Madibeng                   | 124,993          | 18,611         | 69,802          | 1,752               | 13,917         | 40,406                | 1,657              | 59,931         | 34,659         |                         | 28,832         | 63,590           |
| Rustenburg                 | 1,090,276        | 35,280         | 294,834         | 113,646             | 68,073         | 92,737                | 33                 | 175,227        | 47,837         | -3,010                  | 79,504         | 1,209,781        |
| Kgetleng Rivier            | 3,879            | 555            | 7,043           | 16,402              | 13,322         | 9,600                 |                    | 4,689          | 4,891          |                         | 20,594         | 1,427            |
| Moses Kotane               | 4,564            | 6,740          | 12,053          | 57,132              | 1,634          | 26,308                |                    | 11,160         | 10,093         | 2,686                   | 29,971         | 1,905            |
| Bojanala Platinum District | 143,932          |                |                 | 58,052              | 7,183          | 28,278                |                    |                | 1,484          |                         | 59,386         | 120,019          |
| <b>Total</b>               | <b>1,446,637</b> | <b>61,351</b>  | <b>383,784</b>  | <b>303,363</b>      | <b>109,565</b> | <b>210,868</b>        | <b>1,690</b>       | <b>258,248</b> | <b>105,635</b> | <b>-324</b>             | <b>239,670</b> | <b>1,488,913</b> |

Source : IYM Summary Reports Received from the Municipalities

According to the cash flow statements submitted, all municipalities in the Bojanala Platinum district opened and closed their books with positive balances. Most of the receipts were received from services charges followed by transfers at R 384 million and 303 million respectively.

### Moretele Local Municipality

Moretele municipality reported to have closed their books with a positive balance of R92 million, whereas Tshwane Water account is on arrears for more than a year, the credibility of figures disclosed on the statement is questionable.

### **Madibeng Local Municipality**

Madibeng municipality reported positive opening and closing balances of R 125 million and R 64 respectively during the quarter under review.

### **Rustenburg Local Municipality**

The municipality closed its books with a positive balance of R 1.2 billion at the end of the quarter under review. This could be an indication that the municipality's financial position is stable.

### **Kgetleng Rivier Local Municipality**

The municipality opened and closed their books with a positive bank balances of R3.8 million and R 1.4 million respectively.

### **Moses Kotane Municipality**

The municipality reported a stable cash flow position as it closes at a positive balance for the quarter under review at 1.9 million.

### **Bojanala Platinum District**

The district municipality opened and closed their books positive balances of R 144 million and R 120 million respectively.

## **3.1.2 ANNUAL FINANCIAL STATEMENTS AND AUDIT OUTCOMES**

### **BOJANALA DISTRICT OVERVIEW**

It is clear from the table below that not all the municipalities within the district are complying with section 122 and 126.

| Municipalities                    | 2008/2009         |              |                                       | 2009/2010         |              |                                       | 2010/2011         |              |                                       |
|-----------------------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|
|                                   | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       |
|                                   |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |
| Bojanala Platinum District        | 8/31/2009         | 1/15/2010    | Financially unqualified with findings | 8/31/2010         | 11/30/2010   | Financially unqualified with findings | 8/31/2011         | 30/11/2011   | Financially unqualified with findings |
| Kgetlengrivier Local Municipality | 3/12/2010         | 6/30/2010    | Disclaimer                            | 3/4/2011          | 11/30/2010   | Disclaimer                            | O/S               | O/S          | O/S                                   |
| Madibeng Local Municipality       | 4/20/2011         | 11/30/2011   | Disclaimer                            | 3/25/2011         | 11/30/2011   | Disclaimer                            | 8/31/2011         | 30/11/2011   | Disclaimer                            |
| Moretele Local                    | 1/14/2010         | 8/4/2010     | Disclaimer                            | 9/2/2011          | O/S          | O/S                                   | O/S               | O/S          | O/S                                   |
| Moses Kotane Local                | 1/12/2010         | 9/29/2010    | Disclaimer                            | 8/31/2010         | 11/30/2010   | Disclaimer                            | 9/16/2011         | 20/4/2012    | Disclaimer                            |
| Rustenburg Local                  | 8/31/2009         | 11/30/2009   | Qualified                             | 8/31/2010         | 11/30/2010   | Qualified                             | 8/31/2011         | O/S          | O/S                                   |
| <b>Municipal Entity</b>           |                   |              |                                       |                   |              |                                       |                   |              |                                       |
| Rustenburg Water Services         | 10/9/2009         | 11/30/2009   | Financially unqualified with findings | 8/31/2010         | 11/30/2010   | Financially unqualified with findings | 8/31/2011         | 30/11/2011   | Qualified                             |

source:AGSA

### Moretele Local Municipality

The municipality has not yet submitted their 2010/11 annual financial statement to Auditor General for audit. The audit report for 2009/10 financial year has not yet been issued. The delay is caused by the outstanding Annual Financial Statements for Moretele Development Agency and the consolidated annual financial statement for both the parent municipality and its entity. The AFS for Moretele Development agency was last submitted and audited in 2008/09 financial year.

### Madibeng Local Municipality

The municipality submitted their 2010/11 annual financial statement on time. The audit process for 2010/11 has also been finalised and the report was issued 30<sup>th</sup> November 2011 with qualification of the previous reporting year which lead to disclaimer.

### **Rustenburg Local Municipality**

The municipality submitted their 2010/11 financial statements on time, the audit process started on time and the Auditor General issued a management report on the 30<sup>th</sup> November 2011. The municipality later agreed with the Auditor General to withdraw the submitted annual financial statements for correction of some fundamental errors raised on the management report.

### **Kgetlengrivier Local Municipality**

The municipality has not yet submitted their 2010/11 annual financial statement to Auditor General for audit. The final audit report for 2009/10 has been issued on the 30<sup>th</sup> November 2011 with a disclaimer audit outcome and the late issue of the audit was due to late submission of the annual financial statements.

### **Moses Kotane Local Municipality**

The municipality submitted their 2010/11 annual financial statement on the 13 January 2012, which was after the due date. The audit process for 2010/11 has been completed and the audit outcome is a disclaimer of opinion.

### **Bojanala Platinum District**

The annual financial statements were submitted on time duly audited on time. The final audit report was issued on time and the municipality received financially unqualified audit outcome with matters of emphasis.

## **3.2 NGAKA MODIRI MOLEMA DISTRICT**

### **3.2.1 BUDGETS**

#### **3.2.1.1 OPERATING REVENUE**

Table 2.2(a) shows actual revenue collected as at 31 March 2012 by the municipalities in the Ngaka Modiri Molema District against the budgeted revenue.



Table 2.2(a) : Operating Revenue as at 31 March 2012 (R'000)

| Municipality             | Original Budget  | Adjustment       | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Collected | Detail         |                 |                |                |
|--------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------|----------------|-----------------|----------------|----------------|
|                          |                  |                  |                   |                   |                   |                  |             | Property Rates | Service Charges | Grants         | Other          |
| Ratlou                   | 60,182           | 73,164           | 41,148            | 21,001            | 16,506            | 78,655           | 108%        | -              | -               | 16,165         | 342            |
| Tswaing                  | 117,268          | 117,268          | 13,288            | 22,657            | 14,480            | 50,425           | 43%         | 1,835          | 6,724           | 4,636          | 1,285          |
| Mafikeng                 | 417,256          | 417,256          | 112,948           | 102,368           | 103,498           | 318,814          | 76%         | 24,360         | 23,390          | 44,957         | 10,791         |
| Ditsobotla               | 289,842          | 289,642          | 92482             | 70,821            | 65,928            | 229,231          | 79%         | 6,555          | 36,144          | 20,774         | 2,455          |
| Ramotshere Moiloa        | 191,143          | 191,143          | 50402             | 30,081            | 21,264            | 101,747          | 53%         | 4,419          | 14,816          | -              | 2,029          |
| Ngaka Modiri Molema Dist | 393,941          | 525,629          | 175280            | 327,527           | 195,210           | 698,017          | 133%        | -              | -               | 100,412        | 94,799         |
| <b>Total</b>             | <b>1,469,632</b> | <b>1,614,102</b> | <b>485,548</b>    | <b>574,455</b>    | <b>416,886</b>    | <b>1,476,889</b> | <b>91%</b>  | <b>37,169</b>  | <b>81,074</b>   | <b>186,944</b> | <b>111,701</b> |

### Ratlou Local Municipality

Ratlou municipality generated revenue amounting to R 78.6 million or 107.5 per cent against the budgeted amount of R 73 million. It should be noted the municipality has passed an adjustment budget during the quarter under review. For the quarter under review the municipality received R 16.5 million or 23 per cent of the budgeted amount. Also to mention this is much less compared to the previous two quarters. Most of the revenue received was from grants at R 16 million or 98 per cent of the total revenue received during the quarter. This reports that the municipality is relying on government grants to carry out the municipal activities as their own revenue comprises of 2 per cent for the quarter under review. The municipality has not reported any revenue on property rates and service charges.

### Tswaing Local Municipality

Total revenue generated to date amounted to R 50 million or 43 per cent against the total budget of R117 million. The generated is way below the expected 75 per cent for quarter under review. This is an indication that the municipality is unable to raise revenue and might have cash flow problems in the near future.

### Mafikeng Local Municipality

Mafikeng municipality generated revenue amounting to R 318.8 million or 76 per cent against the budgeted amount of R 417.2 million. For the quarter under review the municipality received R 103.4 million or 24.8 per cent of the budgeted amount. Most of the revenue received was from grants at R 44.9 million or 43 per cent of the total revenue received during the quarter. Property rates and Service charges comprised of R 24.3 million or 23.5 per cent and R 23.3 million or 22.5 per cent respectively.

## Ditsobotla Local Municipality

Ditsobotla municipality generated revenue amounting to R 229.2 million or 79 per cent against the budgeted amount of R 289.6 million. It is noted that the municipality has passed an adjustment budget during the quarter under review. For the quarter under review the municipality received R 65.9 million or 23 per cent of the budgeted amount. Most of the revenue received was from Service charges at R 36.1 million or 55 per cent of the total revenue received during the quarter. Property rates comprised of R 6.5 million or 10 per cent and grants received for an amount of R 20.7 million or 32 per cent respectively.

## Ramotshere Moiloa Local Municipality

Ramotshere municipality generated revenue amounting to R 101.7 million or 53.2 per cent against the budgeted amount of R 191 million. For the quarter under review the municipality received R 21.2 million of the budgeted amount. Most of the revenue received was from Service charges at R 14.8 million of the total revenue received during the quarter.

## Ngaka Modiri Molema District

Ngaka Modiri Molema municipality generated revenue amounting to R 698 million or 177 per cent against the budgeted amount of R 525.6 million. It is noted that the municipality has passed an adjustment budget for the quarter under review. For the quarter under review the municipality received R 195 million or 50 per cent of the budgeted amount. Most of the revenue received was from Grants at R 100 million or 51 per cent of the total revenue received during the quarter. Other revenue comprised of R 94.7 million or 49 per cent for the quarter under review.

### 3.2.1.2 OPERATING EXPENDITURE

Table 2.2(b) below shows the total expenditure incurred by the municipalities in district as at 31 March 2012.

Table 2.2(b) : Operating Expenditure as at 31 March 2012 (R'000)

| Municipality             | Original Budget  | Adjustment       | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Spent    | Detail                 |                       |                |                |
|--------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------|------------------------|-----------------------|----------------|----------------|
|                          |                  |                  |                   |                   |                   |                  |            | Employee Related Costs | Repairs & maintenance | Bulk Purchases | Other          |
| Ratlou                   | 60,181           | 73,164           | 12,613            | 15,321            | 17,254            | 45,188           | 62%        | 7,892                  | -                     | -              | 9,362          |
| Tswaing                  | 119,265          | 119,265          | 34,614            | 29,659            | 15,505            | 79,778           | 67%        | 9,633                  | 138                   | 1,503          | 4,231          |
| Matikeng                 | 389,238          | 389,238          | 64,813            | 62,047            | 86,145            | 213,005          | 55%        | 42,745                 | 5,814                 | 17,434         | 20,152         |
| Ditsobotla               | 289,842          | 289,642          | 52,132            | 46,290            | 45,948            | 144,370          | 50%        | 23,099                 | 2,191                 | 15,105         | 5,553          |
| Ramotshere Moiloa        | 168,554          | 168,554          | 25,990            | 20,654            | 23,428            | 70,072           | 42%        | 16,848                 | -                     | 3              | 6,577          |
| Ngaka Modiri Molema Dist | 355,877          | 355,877          | 205,712           | 283,834           | 150,602           | 640,148          | 180%       | 28,748                 | -                     | 627            | 121,227        |
| <b>Total</b>             | <b>1,382,957</b> | <b>1,395,740</b> | <b>395,874</b>    | <b>457,805</b>    | <b>338,882</b>    | <b>1,192,561</b> | <b>86%</b> | <b>128,965</b>         | <b>8,143</b>          | <b>34,672</b>  | <b>167,102</b> |

The total expenditure incurred by the municipalities in the district amounted to R 1.1 billion or 86 per cent of the total expenditure budget of R 1.3 billion. It should be noted the budgeted expenditure has increased after the adjustment budget was passed. Other expenditure constituted most expenditure for the quarter under review at R 167.1 million or 49 per cent followed by employee related cost at R 128 million or 38 per cent for the quarter under review.

Repairs and maintenance still remains a challenge to other municipalities as it shows that the municipal assets are not taken care of, as the spending stands at R 8.1 million or 2.4 per cent of the total spending.

### **Ratlou Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 9.3 million or 54 per cent, followed by employee related cost at R 7.8 million or 45.7 per cent for the quarter under review. The municipality has not been reporting any spending on repairs and maintenance and bulk purchases.

### **Tswaing Local Municipality**

Municipal spending to date amounted to R 79.7 million or 67 per cent of the total budget of R119 million. Most spending was incurred on employee related cost at R 9.6 million followed by “other” at R 4 million.

### **Mafikeng Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 42.7 million or 50 per cent, followed by other expenses at R 20.1 million or 23.3 per cent for the quarter under review. The municipality has reporting a minimal spending of R 5.8 million or 6.7 per cent on repairs and maintenance and R 17.4 million or 20 per cent on bulk purchases. This low spending has direct effect on the service delivery to the community.

### **Ditsobotla Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 23 million or 50 per cent, followed by bulk services at R 15.1 million or 32.8 per cent for the quarter under review. The municipality has reporting a minimal spending of R 2.1 million or 4.7 per cent on repairs and maintenance and R 5.5 million or 12 per cent on other expenses.

## Ramotshere Moiloa Local Municipality

The municipal spending for the quarter under review amounted to R 70 million or 42 per cent against the total budget of R 168 million. Most of the expenditure was incurred on employee related costs at R 16.8 million, followed by “other” at R 6.5 million.

## Ngaka Modiri Molema District

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on other expenditure at R 121 million or 80 per cent, followed by employee related cost at R 28.7 million or 19 per cent for the quarter under review. The municipality has reporting no spending on repairs and maintenance and R 627 thousand on bulk purchases.

### 3.2.1.3 CAPITAL EXPENDITURE

Table 2.2(c) shows capital spending by municipalities in the district as at 31 March 2012.

Table 2.2(c) : Capital Expenditure as at 31 March 2012 (R'000)

| Municipality        | Original Budget | Adjustment Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent    | Detail       |              |          |                  |               |
|---------------------|-----------------|-------------------|-------------------|-------------------|-------------------|----------------|------------|--------------|--------------|----------|------------------|---------------|
|                     |                 |                   |                   |                   |                   |                |            | Water        | Electricity  | Housing  | Roads & Pavement | Other         |
| Ratlou              | 22,919          | 50,467            | 1,986             | 2,508             | 3,897             | 8,391          | 17%        | 95           | 0            | -        | 193              | 3,609         |
| Tswaing             | 54,831          | 54,831            | 1,463             | 2,754             | 2,284             | 6,501          | 12%        | -            | 1,563        | -        | -                | 721           |
| Mafikeng            | 64,617          | 64,617            | 4,154             | 4,283             | 3,122             | 11,559         | 18%        | -            | -            | -        | 2,462            | 660           |
| Ditsobotla          | 65,669          | 65,669            | 3,966             | 8,687             | 1,967             | 14,620         | 22%        | -            | 917          | -        | 935              | 115           |
| Ramotshere Moiloa   | 44,058          | 44,058            | 2,261             | 2,772             | 1,795             | 6,828          | 15%        | -            | -            | -        | 1,794            | 1             |
| Ngaka Modiri Molema | 221,459         | 677,310           | 21,670            | 75,666            | 76,836            | 174,172        | 26%        | 9,385        | 2,610        | -        | 2,377            | 62,464        |
| <b>Total</b>        | <b>473,553</b>  | <b>956,952</b>    | <b>35,500</b>     | <b>96,670</b>     | <b>89,901</b>     | <b>222,071</b> | <b>23%</b> | <b>9,480</b> | <b>5,090</b> | <b>-</b> | <b>7,761</b>     | <b>67,570</b> |

The municipalities in the district have spent R 222 million or 23 per cent of the total adjusted capital budget amounting to R 956.9 million. The average district spending is very low when compared to the 75 per cent spending that was expected for the quarter under review. The low spending on capital projects result in municipalities having backlog on capital projects and having to surrender unspent grants to the national revenue fund.

Most spending by municipalities in the district was incurred on other expenditure at R 67.5 million or 75 per cent followed by water projects at R 9.4 million or 10.5 per cent respectively. For the quarter under review, similar to the previous quarter it is evident that municipalities have done the least where electricity projects are concerned as expenditure incurred amounted to a meager R 5 million or 5.6 per cent of the total expenditure of R 89.9 million incurred for the quarter under review.

### **Ratlou Local Municipality**

Capital spending to date amounted to R 8 million or 17 per cent against the total adjusted budget of R50 million. Most of the spending was incurred on “other” at R 3.6 million, followed by roads and pavements at R 193 thousand. Although the municipality is experiencing low spending in terms of capital projects, the capital budget was adjusted upwards. The capability of the municipality to effectively execute all its capital projects during the current financial year is highly questionable.

### **Tswaing Local Municipality**

The municipality spent R 6.5 million or 12 per cent of the total budget of R 54. 8 million. Spending on capital budget is way below the expected 75 per cent during the quarter under review.

### **Mafikeng Local Municipality**

The municipality has reported spending for an amount of R3.1 million or 4.8 per cent against the budget of R64.6 million. This raises a serious concern on the municipality’s capital spending. The average district spending is very low when compared to the 75 per cent spending that was expected for the quarter under review. Most of the expenditure was incurred on roads at R 2.4 million or 79 per cent of the total expenditure for the quarter.

### **Ditsobotla Local Municipality**

The municipality has reported spending for an amount of R1.9 million or 2.9 per cent against the budget of R 65.7 million. This raises a serious concern on the municipality’s capital spending. The average district spending is very low when compared to the 75 per cent spending that was expected for the quarter under review. Most of the expenditure was incurred on roads at R 935 thousand or 48 per cent of the total expenditure for the quarter.

### **Ramotshere Moiloa Local Municipality**

The municipality has not submitted all the required returns for the quarter under review. It should be noted that the original budgeted figure differs from the previous quarter’s disclosure due to the municipality reporting different figures on budget as compared to the statement of capital acquisition return. The figures correspond to the capital acquisition return.

## Ngaka Modiri Molema District

The municipality has reported spending for an amount of R 76.8 million or 34.6 per cent against the budget of R 221.4 million. This raises a serious concern on the municipality's capital spending. The average spending is in line to the 75 per cent spending that was expected for the quarter under review. Most of the expenditure was incurred on other expenditure at R 62.4 million or 81 per cent of the total expenditure for the quarter.

### 3.2.1.4 CAPITAL FUNDING

Table 2.1(d) below provides details about the sources of capital funding for the second quarter ending 31 March 2012.

**Table 2.2(d) : Capital Funding as at 31 March 2012(R'000)**

| Municipality | Original Budget | Adjustment Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent    | Detail         |                        |               |          |
|--------------|-----------------|-------------------|-------------------|-------------------|-------------------|----------------|------------|----------------|------------------------|---------------|----------|
|              |                 |                   |                   |                   |                   |                |            | External Loans | Internal contributions | Grants        | Other    |
| Ratlou       | 22,918          | 50,467            | 1,986             | 2,497             | 3,897             | 8,380          | 17%        | -              | -                      | 3,897         | -        |
| Tswaing      | 54,831          | 54,831            | -                 | -                 | -                 | -              | -          | -              | -                      | -             | -        |
| Mafikeng     | 64,617          | 64,617            | 3,958             | 4,283             | 3,120             | 11,361         | 18%        | -              | 2                      | 3,120         | -        |
| Ditsobotla   | 65,669          | 65,669            | 20,020            | 8,687             | 1,967             | 30,674         | 47%        | -              | 300                    | 1,667         | -        |
| Ramotshere   | 44,058          | 44,058            | -                 | -                 | -                 | -              | -          | -              | -                      | -             | -        |
| Ngaka Modir  | 221,459         | 677,310           | 53,818            | 96,985            | 58,479            | 209,282        | 31%        | -              | -                      | 58,479        | -        |
| <b>Total</b> | <b>473,552</b>  | <b>956,952</b>    | <b>79,782</b>     | <b>112,452</b>    | <b>67,463</b>     | <b>259,697</b> | <b>52%</b> | <b>-</b>       | <b>302</b>             | <b>67,163</b> | <b>-</b> |

The total capital funding for the district amounts to R 259.6 million or 52 per cent of the total capital budget. For the quarter under review most funding was from grants at R 67.1 million or 99 per cent followed by internal contribution at R 302 thousand or 3 per cent. Tswaing and Ramotshere Moiloa municipalities did not disclose their sources of finance during the quarter under review.

### 2.2.1.5 DEBTORS

Table 2.2(e) below shows outstanding debtors within Bojanala Platinum district at the 31 March 2012 while table 2.1(e) (1) show debtors per customer type.

Table 2.2 (e): Debtor Age Analysis as at 31 March 2012 (R'000)

| Municipality                 | 0 - 30 Days   |          | 31 - 60 Days  |          | 61 - 90 Days  |          | Over 90 Days   |           | Total          |            |
|------------------------------|---------------|----------|---------------|----------|---------------|----------|----------------|-----------|----------------|------------|
|                              | Amount        | %        | Amount        | %        | Amount        | %        | Amount         | %         | Amount         | %          |
| Ratlou                       | 357           | 22       | 0             |          | 0             |          | 1,256          | 78        | 1,613          | 1          |
| Tswaing                      | -             |          | -             |          | -             |          | -              |           | -              |            |
| Mafikeng                     | 17,032        | 3        | 13,372        | 3        | 15,154        | 3        | 456,640        | 91        | 502,198        | 81         |
| Ditsobotla                   | 7,571         | 36       | 1,292         | 6        | 993           | 5        | 11,401         | 54        | 21,257         | 3          |
| Ramotshere Moiloa            | 11,657        |          | 4,306         |          | 8,858         |          | 70,548         |           | 95,369         | 15         |
| Ngaka Modiri Molema Dist     | -             |          | -             |          | -             |          | -              |           | -              |            |
| <b>Total: Ngaka District</b> | <b>36,617</b> | <b>6</b> | <b>18,970</b> | <b>3</b> | <b>25,005</b> | <b>4</b> | <b>539,845</b> | <b>87</b> | <b>620,437</b> | <b>100</b> |

Source : IYM Summary Reports Received from the Municipalities

Total debtors outstanding in the Ngaka Modiri Molema district amounted to R 620 million, of which R 539.8 million or 87 per cent is owed for more than 90 days. There was not much movement in outstanding debtors when compared to the previous quarter. This is an indication that the municipalities are not implementing their credit control and debt collection policies effectively.

Supporting table 2.2(e)2: Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Ngaka Modiri Molema | 0 - 30 Days   |           | 31 - 60 Days  |           | 61 - 90 Days  |           | Over 90 Days   |            | Total          |             |
|---------------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|------------|----------------|-------------|
|                     | Amount        | %         | Amount        | %         | Amount        | %         | Amount         | %          | Amount         | %           |
| Government          | 5,241         | 3%        | 4,364         | 2%        | 7,537         | 4%        | 170,106        | 91%        | 187,248        | 30%         |
| Business            | 16,621        | 15%       | 5,282         | 5%        | 9,442         | 9%        | 78,973         | 72%        | 110,318        | 55%         |
| Households          | 13,260        | 4%        | 8,796         | 3%        | 7,539         | 2%        | 278,121        | 90%        | 307,716        | 152%        |
| Other               | 1,495         | 10%       | 528           | 3%        | 488           | 3%        | 12,644         | 83%        | 15,155         | 7%          |
| <b>Total</b>        | <b>36,617</b> | <b>6%</b> | <b>18,970</b> | <b>3%</b> | <b>25,006</b> | <b>4%</b> | <b>539,844</b> | <b>87%</b> | <b>620,437</b> | <b>100%</b> |
| Water               | 8,778         | 7%        | 4,927         | 4%        | 7,904         | 7%        | 99,886         | 82%        | 121,495        | 20%         |
| Electricity         | 10,684        | 17%       | 2,823         | 4%        | 5,262         | 8%        | 44,449         | 70%        | 63,218         | 10%         |
| Property rates      | 9,019         | 4%        | 5,403         | 3%        | 5,980         | 3%        | 181,996        | 90%        | 202,398        | 33%         |
| Other               | 8,136         | 3%        | 5,817         | 2%        | 5,860         | 3%        | 213,514        | 92%        | 233,327        | 38%         |
| <b>Total</b>        | <b>36,617</b> | <b>6%</b> | <b>18,970</b> | <b>3%</b> | <b>25,006</b> | <b>4%</b> | <b>539,845</b> | <b>87%</b> | <b>620,438</b> | <b>100%</b> |

## Ratlou Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Ratlou         | 0 - 30 Days |            | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days |            | Total        |             |
|----------------|-------------|------------|--------------|----------|--------------|----------|--------------|------------|--------------|-------------|
|                | Amount      | %          | Amount       | %        | Amount       | %        | Amount       | %          | Amount       | %           |
| Government     | -           | -          | -            | -        | -            | -        | 98           | 100%       | 98           | 6%          |
| Business       | 357         | 25%        | -            | -        | -            | -        | 1,093        | 75%        | 1,450        | 90%         |
| Households     | -           | -          | -            | -        | -            | -        | -            | 0%         | -            | 0%          |
| Other          | -           | 0%         | -            | -        | -            | -        | 64           | 100%       | 64           | 4%          |
| <b>Total</b>   | <b>357</b>  | <b>22%</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>1,255</b> | <b>78%</b> | <b>1,612</b> | <b>100%</b> |
| Water          | -           | -          | -            | -        | -            | -        | -            | -          | -            | -           |
| Electricity    | -           | -          | -            | -        | -            | -        | -            | -          | -            | -           |
| Property rates | 357         | 100%       | -            | -        | -            | -        | -            | -          | 357          | 22%         |
| Other          | -           | -          | -            | -        | -            | -        | 1,255        | 100%       | 1,255        | 78%         |
| <b>Total</b>   | <b>357</b>  | <b>22%</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>1,255</b> | <b>78%</b> | <b>1,612</b> | <b>100%</b> |

The total outstanding debtors at Ratlou municipality amounts to R 1.6 million of which R 1.2 million or 78 per cent is owed for more than 90 days. There was a major decrease in outstanding debtors 90 days and above as compared to previous quarter.

## Tswaing Local Municipality

The municipality has not submitted all the required returns for the quarter under review.

## Mafikeng Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Mafikeng       | 0 - 30 Days   |           | 31 - 60 Days  |           | 61 - 90 Days  |           | Over 90 Days   |            | Total          |             |
|----------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|------------|----------------|-------------|
|                | Amount        | %         | Amount        | %         | Amount        | %         | Amount         | %          | Amount         | %           |
| Government     | 4,944         | 3%        | 4,246         | 2%        | 7,437         | 4%        | 164,803        | 91%        | 181,430        | 36%         |
| Business       | 4,055         | 7%        | 2,213         | 4%        | 1,743         | 3%        | 52,955         | 87%        | 60,966         | 12%         |
| Households     | 7,167         | 3%        | 6,659         | 3%        | 5,758         | 2%        | 227,566        | 92%        | 247,150        | 49%         |
| Other          | 866           | 7%        | 254           | 2%        | 217           | 2%        | 11,316         | 89%        | 12,653         | 3%          |
| <b>Total</b>   | <b>17,032</b> | <b>3%</b> | <b>13,372</b> | <b>3%</b> | <b>15,155</b> | <b>3%</b> | <b>456,640</b> | <b>91%</b> | <b>502,199</b> | <b>100%</b> |
| Water          | 5,916         | 6%        | 3,951         | 4%        | 6,226         | 6%        | 86,602         | 84%        | 102,695        | 20%         |
| Electricity    | -             | -         | -             | -         | -             | -         | -              | -          | -              | -           |
| Property rates | 5,012         | 3%        | 4,173         | 2%        | 3,893         | 2%        | 164,936        | 93%        | 178,014        | 35%         |
| Other          | 6,104         | 3%        | 5,248         | 2%        | 5,036         | 2%        | 205,102        | 93%        | 221,490        | 44%         |
| <b>Total</b>   | <b>17,032</b> | <b>3%</b> | <b>13,372</b> | <b>3%</b> | <b>15,155</b> | <b>3%</b> | <b>456,640</b> | <b>91%</b> | <b>502,199</b> | <b>100%</b> |

The total outstanding debtors at Mafikeng municipality amounts to R 502 million of which R 456.6 million or 91 per cent is owed for more than 90 days. There is a major concern on the outstanding debtors as this has been a continuous trend with no improvement from the previous quarter.

## Ditsobotla Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Ditsobotla     | 0 - 30 Days  |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|----------------|--------------|------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                | Amount       | %          | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| Government     | 19           | 14%        | 9            | 7%        | 8            | 6%        | 99            | 73%        | 135.00        | 1%          |
| Business       | 4,448        | 41%        | 544          | 5%        | 439          | 4%        | 5,385         | 50%        | 10,816        | 51%         |
| Households     | 3,104        | 30%        | 739          | 7%        | 546          | 5%        | 5,918         | 57%        | 10,307        | 48%         |
| Other          | -            | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| <b>Total</b>   | <b>7,571</b> | <b>36%</b> | <b>1,292</b> | <b>6%</b> | <b>993</b>   | <b>5%</b> | <b>11,402</b> | <b>54%</b> | <b>21,258</b> | <b>100%</b> |
| Water          | 880          | 34%        | 244          | 9%        | 172          | 7%        | 1,291         | 50%        | 2,587         | 12%         |
| Electricity    | 4,273        | 40%        | 455          | 4%        | 390          | 4%        | 5,647         | 52%        | 10,765        | 51%         |
| Property rates | 1,202        | 30%        | 325          | 8%        | 227          | 6%        | 2,245         | 56%        | 3,999         | 19%         |
| Other          | 1,216        | 31%        | 268          | 7%        | 204          | 5%        | 2,219         | 57%        | 3,907         | 18%         |
| <b>Total</b>   | <b>7,571</b> | <b>36%</b> | <b>1,292</b> | <b>6%</b> | <b>993</b>   | <b>5%</b> | <b>11,402</b> | <b>54%</b> | <b>21,258</b> | <b>100%</b> |

The total outstanding debtors at Ditsobotla municipality amounts to R 21 million of which R 11 million or 54 per cent is owed for more than 90 days. There is a major concern on the outstanding debtors as this has been a continuous trend with no significant improvement from the previous quarter.



## Ramotshere Moiloa Local Municipality

**Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Ramotshere     | 0 - 30 Days   |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|----------------|---------------|------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                | Amount        | %          | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| Government     | 278           | 5%         | 109          | 2%        | 92           | 2%        | 5,106         | 91%        | 5,585         | 6%          |
| Business       | 7,761         | 21%        | 2,525        | 7%        | 7,260        | 20%       | 19,540        | 53%        | 37,086        | 39%         |
| Households     | 2,989         | 6%         | 1,398        | 3%        | 1,235        | 2%        | 44,637        | 89%        | 50,259        | 53%         |
| Other          | 629           | 26%        | 274          | 11%       | 271          | 11%       | 1,264         | 52%        | 2,438         | 3%          |
| <b>Total</b>   | <b>11,657</b> | <b>12%</b> | <b>4,306</b> | <b>5%</b> | <b>8,858</b> | <b>9%</b> | <b>70,547</b> | <b>74%</b> | <b>95,368</b> | <b>100%</b> |
| Water          | 1,982         | 12%        | 732          | 5%        | 1,506        | 9%        | 11,993        | 74%        | 16,213        | 100%        |
| Electricity    | 6,411         | 12%        | 2,368        | 5%        | 4,872        | 9%        | 38,802        | 74%        | 52,453        | 324%        |
| Property rates | 2,448         | 12%        | 905          | 5%        | 1,860        | 9%        | 14,815        | 74%        | 20,028        | 124%        |
| Other          | 816           | 12%        | 301          | 5%        | 620          | 9%        | 4,938         | 74%        | 6,675         | 41%         |
| <b>Total</b>   | <b>11,657</b> | <b>12%</b> | <b>4,306</b> | <b>5%</b> | <b>8,858</b> | <b>9%</b> | <b>70,548</b> | <b>74%</b> | <b>95,369</b> | <b>100%</b> |

The total outstanding debtors at Ramotshere Moiloa municipality amounts to R 95 million of which R 70.5 million or 74 per cent is owed for more than 90 days. There is a major concern on the outstanding debtors as this has been a continuous trend with no significant improvement from the previous quarter.

## Ngaka Modiri Molema District Municipality

The municipality has no outstanding Debtors.

### 3.2.1.6 CREDITORS

Table 2.2(f) below shows outstanding creditors per municipality and table 2.1(f) 1 show outstanding creditors per type.

**Table 2.2 (f) : Creditors Age Analysis as at 31 March 2012(R'000)**

| Municipality        | 0 - 30 Days   |           | 31 - 60 Days |          | 61- 90 Days  |          | Over 90 Days  |           | Total         |            |
|---------------------|---------------|-----------|--------------|----------|--------------|----------|---------------|-----------|---------------|------------|
|                     | Amount        | %         | Amount       | %        | Amount       | %        | Amount        | %         | Amount        | %          |
| Ratlou              | 1,052         | 63        | 161          | 10       | 228          | 14       | 231           | 14        | 1,672         | 3          |
| Tswaing             | 3,440         | 52        | 1,557        | 23       | 56           | 1        | 1,614         | 24        | 6,667         | 14         |
| Mafikeng            | 663           | 47        | 366          | 26       | 23           | 2        | 362           | 26        | 1,414         | 3          |
| Ditsobotla          | 165           | 94        | 3            | 2        | 0            | 0        | 7             | 4         | 175           | 0          |
| Ramotshere          | 1,226         | 7         | 272          | 2        | 187          | 1        | 14,692        | 90        | 16,377        | 33         |
| Ngaka Modiri Molema | 17,086        | 75        | 1,562        | 7        | 603          | 3        | 3,478         | 15        | 22,729        | 46         |
| <b>Total</b>        | <b>23,632</b> | <b>48</b> | <b>3,921</b> | <b>8</b> | <b>1,097</b> | <b>2</b> | <b>20,384</b> | <b>42</b> | <b>49,034</b> | <b>100</b> |

The total outstanding creditors to date for the district amounted to R 49 million, of R 20 million or 42 per cent is outstanding for more than 90 days. This might be an indication that municipalities are not adhering in paying their creditors within the prescribed time frame as outlined in the Municipal Finance Management Act.

Supporting table 2.2(f)2: Outstanding Creditors as at 31 March 2012

| District overview<br>R'000    | 0 - 30 Days   |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|-------------------------------|---------------|------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                               | Amount        | %          | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |               |            |              |           |              |           |               |            |               |             |
| Bulk Electricity              | 1,097         | -          | -            | -         | -            | -         | -             | -          | 2,591         | -           |
| Bulk Water                    | 77            | -          | -            | -         | -            | -         | -             | -          | 77            | -           |
| PAYE Deductions               | 1,965         | 100        | -            | -         | -            | -         | -             | -          | 1,965         | 4           |
| VAT(Output less Input)        | 9,261         | 100        | -            | -         | -            | -         | -             | -          | 9,261         | 19          |
| Pension/Retirement            | 2,052         | 100        | -            | -         | -            | -         | -             | -          | 2,052         | 4           |
| Loans Repayments              | -             | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| Trade Creditors               | 2,907         | 15         | 848          | 4         | 475          | 2         | 15,645        | 79         | 19,875        | 41          |
| Auditor-General               | 37            | -          | -            | -         | -            | -         | -             | -          | 1,334         | 3           |
| Other                         | 6,236         | 52         | 1,562        | 8         | 603          | 3         | 3,478         | 29         | 11,879        | 24          |
| <b>Total</b>                  | <b>23,632</b> | <b>48%</b> | <b>2,410</b> | <b>5%</b> | <b>1,078</b> | <b>2%</b> | <b>19,123</b> | <b>39%</b> | <b>49,034</b> | <b>100%</b> |

## Ratlou Local Municipality

Outstanding Creditors as at 31 March 2012

| Ratlou<br>R'000               | 0 - 30 Days  |            | 31 - 60 Days |            | 61 - 90 Days |            | Over 90 Days |            | Total        |             |
|-------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|-------------|
|                               | Amount       | %          | Amount       | %          | Amount       | %          | Amount       | %          | Amount       | %           |
| <b>Creditors Age Analysis</b> |              |            |              |            |              |            |              |            |              |             |
| Bulk Electricity              | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| Bulk Water                    | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| PAYE Deductions               | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| VAT(Output less Input)        | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| Pension/Retirement            | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| Loans Retirement              | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| Trade Creditors               | 1,052        | 63%        | 161          | 10%        | 228          | 14%        | 231          | 14%        | 1,672        | 100%        |
| Auditor-General               | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| Other                         | -            | -          | -            | -          | -            | -          | -            | -          | -            | -           |
| <b>Total</b>                  | <b>1,052</b> | <b>63%</b> | <b>161</b>   | <b>10%</b> | <b>228</b>   | <b>14%</b> | <b>231</b>   | <b>14%</b> | <b>1,672</b> | <b>100%</b> |

Total creditors outstanding for the quarter under review amounts to R 1.6 million of which R231 thousand or 14 per cent is owed for over 90 days. The municipality owes the entire amount to trade creditors for the quarter under review.

## Tswaing Local Municipality

Outstanding Creditors as at 31 March 2012

| Tswaing<br>R'000              | 0 - 30 Days  |            | 31 - 60 Days |            | 61 - 90 Days |           | Over 90 Days |            | Total        |             |
|-------------------------------|--------------|------------|--------------|------------|--------------|-----------|--------------|------------|--------------|-------------|
|                               | Amount       | %          | Amount       | %          | Amount       | %         | Amount       | %          | Amount       | %           |
| <b>Creditors Age Analysis</b> |              |            |              |            |              |           |              |            |              |             |
| Bulk Electricity              | 1,097        | 42%        | 1,494        | 58%        | -            | -         | -            | -          | 2,591        | 39%         |
| Bulk Water                    | 77           | 100%       | -            | -          | -            | -         | -            | -          | 77           | 1%          |
| PAYE Deductions               | 344          | 100%       | -            | -          | -            | -         | -            | -          | 344          | 5%          |
| VAT(Output less Input)        | 416          | 100%       | -            | -          | -            | -         | -            | -          | 416          | 6%          |
| Pension/Retirement            | 719          | 100%       | -            | -          | -            | -         | -            | -          | 719          | 11%         |
| Loans Repayments              | -            | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Trade Creditors               | 307          | 41%        | 46           | 6%         | 37           | 5%        | 353          | 48%        | 743          | 11%         |
| Auditor-General               | 37           | 3%         | 17           | 1%         | 19           | 1%        | 1,261        | 170%       | 1,334        | 20%         |
| Other                         | 443          | 100%       | -            | -          | -            | -         | -            | -          | 443          | 7%          |
| <b>Total</b>                  | <b>3,440</b> | <b>52%</b> | <b>1,557</b> | <b>23%</b> | <b>56</b>    | <b>1%</b> | <b>1,614</b> | <b>24%</b> | <b>6,667</b> | <b>100%</b> |

Total outstanding creditors amounted to R 6.6 million, of which R 1.6 million is outstanding for more than 90 days.

### Mafikeng Local Municipality

#### Outstanding Creditors as at 31 March 2012

| Mafikeng<br>R'000             | 0 - 30 Days |            | 31 - 60 Days |            | 61 - 90 Days |           | Over 90 Days |            | Total        |             |
|-------------------------------|-------------|------------|--------------|------------|--------------|-----------|--------------|------------|--------------|-------------|
|                               | Amount      | %          | Amount       | %          | Amount       | %         | Amount       | %          | Amount       | %           |
| <b>Creditors Age Analysis</b> |             |            |              |            |              |           |              |            |              |             |
| Bulk Electricity              | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Bulk Water                    | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| PAYE Deductions               | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| VAT(Output less Input)        | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Pension/Retirement            | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Loans Repayments              | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Trade Creditors               | 663         | 47%        | 366          | 26%        | 23           | 2%        | 362          | 26%        | 1,414        | 100%        |
| Auditor-General               | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| Other                         | -           | -          | -            | -          | -            | -         | -            | -          | -            | -           |
| <b>Total</b>                  | <b>663</b>  | <b>47%</b> | <b>366</b>   | <b>26%</b> | <b>23</b>    | <b>2%</b> | <b>362</b>   | <b>26%</b> | <b>1,414</b> | <b>100%</b> |

### Ditsobotla Local Municipality

#### Outstanding Creditors as at 31 March 2012

| Ditsobotla<br>R'000           | 0 - 30 Days |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |           | Total      |             |
|-------------------------------|-------------|------------|--------------|-----------|--------------|-----------|--------------|-----------|------------|-------------|
|                               | Amount      | %          | Amount       | %         | Amount       | %         | Amount       | %         | Amount     | %           |
| <b>Creditors Age Analysis</b> |             |            |              |           |              |           |              |           |            |             |
| Bulk Electricity              | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| Bulk Water                    | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| PAYE Deductions               | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| VAT(Output less Input)        | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| Pension/Retirement            | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| Loans Repayments              | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| Trade Creditors               | 165         | 94%        | 3            | 2%        | 0            | 0%        | 7            | 4%        | 175        | 100%        |
| Auditor-General               | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| Other                         | -           | -          | -            | -         | -            | -         | -            | -         | -          | -           |
| <b>Total</b>                  | <b>165</b>  | <b>94%</b> | <b>3</b>     | <b>2%</b> | <b>0</b>     | <b>0%</b> | <b>7</b>     | <b>4%</b> | <b>175</b> | <b>100%</b> |

Total outstanding creditors amounted to R 175 thousand of which R 165 thousand were current. The municipality has classified all its creditors under trade creditors.

### Ramotshere Moiloa Local Municipality

**Outstanding Creditors as at 31 December 2010**

| Ramotshere<br>R'000           | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|-------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                               | Amount       | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |              |           |              |           |              |           |               |            |               |             |
| Bulk Electricity              | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Bulk Water                    | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| PAYE Deductions               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| VAT(Output less Input)        | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Pension/Retirement            | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Loans Repayments              | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Trade Creditors               | 1,226        | 7%        | 272          | 2%        | 187          | 1%        | 14,692        | 90%        | 16,377        | 100%        |
| Auditor-General               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Other                         | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| <b>Total</b>                  | <b>1,226</b> | <b>7%</b> | <b>272</b>   | <b>2%</b> | <b>187</b>   | <b>1%</b> | <b>14,692</b> | <b>90%</b> | <b>16,377</b> | <b>100%</b> |

Total creditors outstanding for the quarter under review amounts to R 16 million of which R 14 million or 90 per cent is owed for over 90 days. The municipality owes the entire amount to trade creditors for the quarter under review.

**Ngaka Modiri Molema District Municipality**
**Outstanding Creditors as at 31 March 2012**

| Ngaka Modiri Molema<br>R'000  | 0 - 30 Days   |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |            | Total         |             |
|-------------------------------|---------------|------------|--------------|-----------|--------------|-----------|--------------|------------|---------------|-------------|
|                               | Amount        | %          | Amount       | %         | Amount       | %         | Amount       | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |               |            |              |           |              |           |              |            |               |             |
| Bulk Electricity              | -             | -          | -            | -         | -            | -         | -            | -          | -             | -           |
| Bulk Water                    | -             | -          | -            | -         | -            | -         | -            | -          | -             | -           |
| PAYE Deductions               | 1,621         | 100%       | -            | -         | -            | -         | -            | -          | 1,621         | 7%          |
| VAT(Output less Input)        | 8,845         | 100%       | -            | -         | -            | -         | -            | -          | 8,845         | 39%         |
| Pension/Retirement            | 1,333         | 100%       | -            | -         | -            | -         | -            | -          | 1,333         | 6%          |
| Loans Repayments              | -             | -          | -            | -         | -            | -         | -            | -          | -             | -           |
| Trade Creditors               | -506          | 100%       | -            | -         | -            | -         | -            | -          | -506          | -2%         |
| Auditor-General               | -             | -          | -            | -         | -            | -         | -            | -          | -             | -           |
| Other                         | 5,793         | 51%        | 1,562        | 14%       | 603          | 5%        | 3,478        | 30%        | 11,436        | 50%         |
| <b>Total</b>                  | <b>17,086</b> | <b>75%</b> | <b>1,562</b> | <b>7%</b> | <b>603</b>   | <b>3%</b> | <b>3,478</b> | <b>15%</b> | <b>22,729</b> | <b>100%</b> |

Total outstanding creditors for the quarter amounted to R22.7 million.

**3.2.1.7 CASH FLOW**

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.2(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 10 : Cash Flow Position as at 31 March 2012 (R'000)

| Municipality      | Opening Balance | Receipts       |                 |                     |                | Payments              |                    |                |                |                         |                | Closing Balance |
|-------------------|-----------------|----------------|-----------------|---------------------|----------------|-----------------------|--------------------|----------------|----------------|-------------------------|----------------|-----------------|
|                   |                 | Property Rates | Service Charges | Transfers(Oper&Cap) | Other Receipts | Employee related cost | Grants & Subsidies | Bulk Purchases | Capital Assets | Repayment of Borrowings | Other          |                 |
| Ratlou            | 12,102          | -              | -               | 16,451              | 130            | 2,918                 | -                  | -              | 2,802          | -                       | 16,770         | 6,193           |
| Tswaing           | 28,004          | 650            | 4,922           | 20,885              | 296            | 39,955                | -                  | 1,097          | 721            | -                       | 203            | 12,781          |
| Mafikeng          | 475,608         | 8,498          | 5,149           | -                   | 66,159         | 14,484                | -                  | -              | 1,008          | 1,336                   | 12,435         | 526,151         |
| Ditsobotla        | 3,405           | -              | -               | 27,530              | 22,662         | 6,138                 | -                  | -              | 364            | -                       | 42,543         | 4,552           |
| Ramotshere Moiloa | 125,799         | 1,451          | 5,159           | 32,891              | 960            | 5,491                 | -                  | -              | -              | -                       | 1,625          | 159,144         |
| Ngaka Modiri      | 15,139          | -              | -               | 152,929             | 50,834         | 10,837                | 15,479             | 627            | 50,827         | -                       | 128,092        | 13,040          |
| <b>Total</b>      | <b>660,057</b>  | <b>10,599</b>  | <b>15,230</b>   | <b>250,686</b>      | <b>141,041</b> | <b>79,823</b>         | <b>15,479</b>      | <b>1,724</b>   | <b>55,722</b>  | <b>1,336</b>            | <b>201,668</b> | <b>721,861</b>  |

According to the cash flow statements submitted all municipalities in the district opened and closed their books with positive bank balances. This might be an indication that municipalities in the district are not experiencing financial distress. There is no correlation between the cash flow figures and the creditors outstanding.

### **Ratlou Local Municipality**

The municipality reported opening and closing balance of R 12 million and R 6.1 million respectively at the end of the quarter under review.

### **Tswaing Local Municipality**

The municipality reported opening and closing balance of R 28 million and R 12.7 million respectively at the end of the quarter under review.

### **Mafikeng Local Municipality**

The municipality reported opening and closing balance of R 475 million and R 526 million respectively at the end of the quarter under review.

### **Ditsobotla Local Municipality**

The municipality reported opening and closing balance of R 3.4 million and R 4.5 million respectively at the end of the quarter under review.

### **Ramotshere Moiloa Local Municipality**

The municipality reported opening and closing balance of R 125.7 million and R 159 million respectively at the end of the quarter under review.

### **Ngaka Modiri Molema District Municipality**

The municipality reported opening and closing balance of R 15 million and R 13 million respectively at the end of the quarter under review.

### 3.2.2.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OUTCOMES

#### NGAKA MODIRI MOLEMA DISTRICT OVERVIEW

It is clear from the table below that not all the municipalities within the district are complying with section 122 and 126.

| Municipalities                            | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       |
|---|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|
|   |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |
| Ngaka Modiri Molema District Municipality | 2009/10/01        | 2010/03/29   | Disclaimer                            | 2011/01/25        | O/S          | O/S                                   | 2012/01/09        | O/S          | O/S                                   |
| Ditsobotla Local Municipality             | 2009/11/09        | 2010/09/09   | Disclaimer                            | 2011/09/19        | 2012/12/12   | Disclaimer                            | O/S               | O/S          | O/S                                   |
| Mafikeng Local Municipality               | 2009/08/31        | 2010/02/23   | Disclaimer                            | 2011/07/25        | 27/10/2011   | Disclaimer                            | 2012/01/16        | O/S          | O/S                                   |
| Ramotshere Moiloa Local Municipality      | 2009/08/31        | 2010/01/19   | Qualified                             | 2010/08/31        | 2010/11/30   | Qualified                             | O/S               | O/S          | O/S                                   |
| Ratlou Local Municipality                 | 2009/08/31        | 2009/11/30   | Financially unqualified with findings | 2010/08/31        | 2010/11/30   | Financially unqualified with findings | 2011/08/31        | 30/11/2011   | Financially unqualified with findings |
| Tswaing Local Municipality                | 2009/09/21        | 2009/11/30   | Disclaimer                            | 2011/04/19        | 2011/07/19   | Disclaimer                            | 2012/01/16        | O/S          | O/S                                   |

source:AGSA

#### Ratlou Local Municipality

The annual financial statements were submitted to Auditor General on 31 August 2011. The municipality received the audit report on 30 November 2011, and the audit outcome is financially unqualified with matters of emphasis.

#### Tswaing Local Municipality

The municipality submitted the annual financial statement for 2009/10 to Auditor General on 19 April 2011 and the audit outcome is a disclaimer of opinion. The AFS for 2010/11 was submitted on 16 January 2012 to AGSA and the audit report is still outstanding.

### **Mafikeng Local Municipality**

The municipality submitted the annual financial statements for 2009/10 to Auditor General on 27 July 2011. The audit report for 2009/10 was issued on 27 October 2011 and the audit outcome is a disclaimer of opinion. The municipality submitted the AFS for 2010/11 on 16 January 2012 and the audit report is still outstanding.

### **Ditsobotla Local Municipality**

The municipality has not yet submitted the annual financial statements for 2010/11 to Auditor General. The municipality submitted the 2009/10 annual financial statements to Auditor General on 19 September 2011. The audit report was issued on 19 December 2011 and the audit outcome is a disclaimer of opinion.

### **Ramotshere Moiloa Local Municipality**

The annual financial statement for 2010/11 were submitted to Auditor General on 31 August 2011, however the auditors has since returned the financial statements for correction. The municipality has not yet resubmitted the 2010/11 AFS. The municipality was last audited on the 2009/10 AFS and the audit outcome as a qualification.

### **Ngaka Modiri Molema District Municipality**

The municipality was last audited on the 2008/09 AFS and the audit outcome was a disclaimer of opinion. The municipality submitted the annual financial statements for 2009/10 to Auditor General on 25 January 2011. The auditors have not issued a report on the 2009/10 financial statements. The municipality submitted the 2010/11 financial year statements on 9 January 2012.

## **3.3. DR. RUTH MOMPATI DISTRICT**

### **3.3.1 BUDGETS**

#### **3.3.1.1 OPERATING REVENUE**

Table 2.3(a) shows actual revenue collected as at 31 March 2012 by municipalities in the Dr Ruth Mompoti District against the budgeted revenue.

Table 2.3(a) : Operating Revenue at 31 March 2012 (R'000)

| Municipality              | Original Budget  | Adjustment Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Collected | Detail         |                 |               |              |
|---------------------------|------------------|-------------------|-------------------|-------------------|-------------------|----------------|-------------|----------------|-----------------|---------------|--------------|
|                           |                  |                   |                   |                   |                   |                |             | Property Rates | Service Charges | Grants        | Other        |
| Naledi                    | 230,217          | 216,547           | 74,982            | 76,594            | 48,136            | 199,712        | 92          | -101           | 32,097          | 12,281        | 3,859        |
| Mamusa                    | 109,766          | 109,766           | 28,768            | 23,353            | 4,842             | 56,963         | 52          | 346            | 1,820           | -             | 2,676        |
| Greater Taung             | 113,618          | 113,618           | 46,041            | 33,622            | 1,891             | 81,554         | 72          | 830            | 87              | 84            | 890          |
| Lekwa-Teemane             | 191,241          | 191,241           | 20,831            | 22,991            | 13,908            | 57,730         | 30          | 1,546          | 9,290           | 2,031         | 1,041        |
| Molopo/ Kagisano          | 102,523          | 102,523           | 29,372            | 3,918             | 133               | 33,423         | 33          | -              | -               | 133           | -            |
| Dr. Ruth Mompati District | 278,969          | 278,969           | 68,828            | 63,673            | 48,011            | 180,512        | 65          | -              | -               | 47,087        | 924          |
| <b>Total</b>              | <b>1,026,334</b> | <b>1,012,664</b>  | <b>268,822</b>    | <b>224,151</b>    | <b>116,921</b>    | <b>609,894</b> | <b>60</b>   | <b>2,621</b>   | <b>43,294</b>   | <b>61,616</b> | <b>9,390</b> |

### Naledi Local Municipality

Naledi municipality generated revenue amounting to R 199.7 million or 92 per cent against the budgeted amount of R 216.5 million. It is noted that the municipality has passed an adjustment budget. For the quarter under review the municipality received R 48 million or 22 per cent of the budgeted amount. Most of the revenue received was from service charges at R 32 million or 66.6 per cent of the total revenue received. Grants accounted for R 12 million or 25.5 per cent, of the total revenue received for the quarter.

### Mamusa Local Municipality

The municipality has not been able to submit reports for the quarter. The only report submitted is for the month of January 2012.

### Greater Taung Local Municipality

Greater Taung municipality generated revenue amounting to R 82 million or 72 per cent against the budgeted amount of R 113.6 million. For the quarter under review the municipality received R 1.8 million. Most of the revenue received was from other revenue at R 890 thousand or 47 per cent of the total revenue received. Property rates amounted to R 830 thousand or 43.8 per cent of the total revenue received. Revenue from service charges has reduced drastically in the quarter which is a matter of concern.

### Lekwa-Teemane Local Municipality

Lekwa-Teemane municipality generated revenue amounting to R 57.7 million or 30 per cent against the budgeted amount of R 191 million. For the quarter under review the municipality received R 13.9 million. Most of the revenue received was from service charges at R 9.2 million or 66.7 per cent of the total revenue received. Property rates and other expenditure amounted to R 1.5 million or 11 per cent and R 1 million or 7.4 per cent respectively of the total revenue received.



## Molopo/Kagisano Local Municipality

Molopo/Kagisano municipality generated revenue amounting to R 33 million or 33 per cent against the budgeted amount of R 102.5 million. For the quarter under review the municipality received R 133 thousand. All this revenue was received from government grants.

## Dr Ruth Mompoti Local Municipality

Dr Ruth Mompoti District municipality generated revenue amounting to R 180.5 million or 95 per cent of the total budget of R 189.8 million. For the quarter under review the municipality received R 48 million. Government grants comprised of R 47 million and other revenue R 924 thousand.

### 3.3.1.2 OPERATING EXPENDITURE

Table 2.3(b) below shows the total expenditure incurred by the municipalities in district as at 31 March 2012.

Table 2.3(b) : Operating Expenditure as at 31 March 2012 (R'000)

| Municipality              | Original Budget | Adjusted Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail                 |                       |                |               |
|---------------------------|-----------------|-----------------|-------------------|-------------------|-------------------|----------------|-----------|------------------------|-----------------------|----------------|---------------|
|                           |                 |                 |                   |                   |                   |                |           | Employee Related Costs | Repairs & maintenance | Bulk Purchases | Other         |
| Naledi                    | 209,430         | 207,709         | 27,450            | 31,740            | 34,274            | 93,464         | 45        | 19,266                 | -                     | 8,020          | 6,988         |
| Mamusa                    | 91,407          | 91,407          | 13,151            | 17,548            | 19,412            | 50,111         | 55        | 1,916                  | -                     | -              | 17,496        |
| Greater Taung             | 104,046         | 111,965         | 31,095            | 32,644            | 18,134            | 81,873         | 73        | 4,388                  | 191                   | 167            | 6,006         |
| Molopo/Kagisano           | 91,623          | 91,623          | 9,548             | 9,508             | 3,385             | 22,441         | 24        | 1,548                  | -                     | -              | 1,837         |
| Lekwa-Teemane             | 191,089         | 191,089         | 25,505            | 35,266            | 40,963            | 101,734        | 53        | 11,216                 | 1,449                 | 16,406         | 11,892        |
| Dr. Ruth Mompoti District | 214,716         | 214,716         | 45,479            | 50,073            | 31,626            | 127,178        | 59        | 17,541                 | 257                   | 62             | 13,766        |
| <b>Total</b>              | <b>902,311</b>  | <b>908,509</b>  | <b>152,228</b>    | <b>176,779</b>    | <b>140,412</b>    | <b>469,419</b> | <b>52</b> | <b>55,875</b>          | <b>1,897</b>          | <b>24,655</b>  | <b>57,985</b> |

The total expenditure incurred by the municipalities in the district amounted to R 469 million or 52 per cent of the total adjusted expenditure budget of R 908.5 million. It should be noted the budgeted expenditure has increased after the adjustment budget was passed at Naledi and Greater Taung municipality. Other expenditure constituted most expenditure for the quarter under review at R 57.9 million or 41.2 per cent followed by Employee related cost at R 55.8 million or 39.7 per cent. This may be an indication that municipalities are carrying out their mandate to the people on providing basic services in terms of water and electricity. Although the target achieved should have been at 75 per cent spending at the end of this quarter.

Repairs and maintenance still remains a challenge to other municipalities as it shows that the municipal assets are not taken care of, as the spending stands at R 1.8 million or 1.3 per cent of the total spending for the quarter under review.

### **Naledi Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 19.2 million or 56 per cent, followed by bulk purchases at R 8 million or 23 per cent. The municipality has reported no spending on repairs and maintenance for the quarter under review, whereas spending on other expenditure amounted to R 6.9 million or 20.3 per cent of total spending for the quarter under review.

### **Mamusa Local Municipality**

The municipality did not submit the required return during the quarter under review.

### **Greater Taung Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 6 million or 33 per cent, followed by employee related cost at R 4.3 million or 24 per cent. The municipality has reported minimum spending on repairs and maintenance for the quarter under review, whereas spending on Bulk purchase amounted to R 167 thousand of total spending for the quarter under review. It is noted that the municipality has not reported for the month of March.

### **Lekwa-Teemane Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on Bulk purchases at R 16.4 million or 40 per cent, followed by other expenditure and employee related cost at R 11.8 million or 29 per cent and R 11.2 or 27 per cent respectively for the quarter under review. The municipality has reported minimum spending on repairs and maintenance at R 1.4 million or 3.5 per cent of the total expenditure for the quarter under review.

### **Molopo/Kagisano Local Municipality**

The municipality has not reported for the month of December and January.

### **Dr Ruth Mompoti District Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 17.5 million or 55 per cent, followed by other expenditure at R 13.7 million or 43.5 per cent for the quarter under review. The municipality has reported minimum spending on repairs and maintenance at R 257 thousand of the total expenditure for the quarter under review.

### 3.3.1.3 CAPITAL EXPENDITURE

Table 2.3(c) below shows capital spending by municipalities in the district.

Table 2.3(c) : Capital Expenditure as at 31March 2012 (R'000)

| Municipality              | Original Budget | Adjusted Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail   |             |          |                  |                |
|---------------------------|-----------------|-----------------|-------------------|-------------------|-------------------|----------------|-----------|----------|-------------|----------|------------------|----------------|
|                           |                 |                 |                   |                   |                   |                |           | Water    | Electricity | Housing  | Roads & Pavement | Other          |
| Naledi                    | 47,272          | 24,750          | 3,300             | 8,476             | 4,363             | 16,139         | 65        | -        | 342         | -        | 3,280            | 741            |
| Mamusa                    | 14,005          | 14,005          | 88                | 4                 | -                 | 92             | 1         | -        | -           | -        | -                | -              |
| Greater Taung             | 73,621          | 65,701          | 3,725             | 2,648             | 38                | 6,411          | 10        | -        | -           | -        | -                | 38             |
| Lekwa-Teemane             | 35,136          | 35,136          | 16                | 3,905             | 1,908             | 5,829          | 17        | -        | -           | -        | -                | 1,908          |
| Molopo/Kagisano           | 42,959          | 42,959          | 6,943             | 6,036             | 10,486            | 23,465         | 55        | -        | -           | -        | 4,766            | 5,720          |
| Dr. Ruth Mompoti District | 261,431         | 261,431         | 1,104             | 876               | 253,915           | 255,895        | 98        | -        | -           | -        | 126,326          | 127,589        |
| <b>Total</b>              | <b>474,424</b>  | <b>443,982</b>  | <b>15,176</b>     | <b>21,945</b>     | <b>270,710</b>    | <b>307,831</b> | <b>69</b> | <b>0</b> | <b>342</b>  | <b>-</b> | <b>134,372</b>   | <b>135,996</b> |

The municipalities in the district have spent R 307.8 million or 69 per cent of the total capital budget amounting to R 443.9 million. It should be noted that Greater Taung municipality has adjusted its budget to R 65.7 million. The average district spending is low when compared to the 75 per cent spending that was expected for the quarter under review. Mamusa local municipality has not been able to submit its report for the quarter.

Most spending by municipalities in the district was incurred on other expenditure at R 135.9 million or 50 per cent followed by roads projects at R 134.3 million or 49.6 per cent respectively. For the quarter under review, similar to the previous quarter it is evident that municipalities have done the least where electricity projects are concerned as expenditure incurred amounted to a meager R 342 thousand of the total expenditure incurred for the quarter under review.

#### Naledi Local Municipality

The municipality has reported spending for an amount of R 4.3 million or 9.2 per cent against the budget which is a decline as compared to the last quarter spending. Most of the expenditure was incurred on roads project at R 3.2 million or 75 per cent. The expenditure on other expenses and electricity was for an amount of R 741 thousand or 17 per cent and R 342 thousand or 9 per cent respectively.

#### Mamusa Local Municipality

The municipality has not managed to report for the quarter under review.

#### Greater Taung Local Municipality

The municipality has not reported for the month of March. The expenditure for the quarter does not look realistic as compared to the previous quarter.

## Lekwa-Teemane local municipality

The municipality has reported spending for an amount of R 1.9 million or 5.4 per cent against the budget which is a decline as compared to the last quarter spending. All the expenditure reported for the quarter was on other expenditure.

## Molopo/Kagisano Local Municipality

The municipality has reported spending for an amount of R 10.4 million or 24 per cent against the budget for the quarter under review. Most of the expenditure reported for the quarter was on other expenditure at R 5.7 million or 54 per cent, whereas roads projects amount to R 4.7 million or 45 per cent of the total expenditure for the quarter.

## Dr Ruth Mompoti Municipality

The municipality has reported a spending of R 253.9 million or 97 per cent of the total budget of R261 million. The spending of this quarter is the highest as compared to the previous two quarters. Most of the expenditure reported for the quarter was on other expenditure at R 127.5 million or 50 per cent and for road projects at R 126.3 million or 49.7 per cent of the total expenditure for the quarter under review.

### 3.3.1.4 CAPITAL FUNDING

Table 2.3(d) below provides details about the sources of capital funding for the second quarter ending 31 March 2012.

Table 2.3(d) : Capital Funding as at 31 March 2012 (R'000)

| Municipality              | Original Budget | Adjusted Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail         |                        |                |               |
|---------------------------|-----------------|-----------------|-------------------|-------------------|-------------------|----------------|-----------|----------------|------------------------|----------------|---------------|
|                           |                 |                 |                   |                   |                   |                |           | External Loans | Internal contributions | Grants         | Other         |
| Naledi                    | 92,024          | 92,024          | 9,347             | 19,314            | 15,747            | 44,408         | 48        | -              | 2,011                  | 13,736         | -             |
| Mamusu                    | 14,005          | 14,005          | -                 | -                 | -                 | -              | -         | -              | -                      | -              | -             |
| Greater Taung             | 73,621          | 65,701          | 3,725             | 2,428             | 38,480            | 44,633         | 68        | -              | -                      | -              | 38,480        |
| Lekwa-Teemane             | 35,136          | 35,136          | 14                | 3,905             | 1,908             | 5,827          | 17        | -              | -                      | 1,894          | 14            |
| Molopo/Kagisano           | 42,959          | 42,959          | 11,255            | 2,299             | 10,487            | 24,041         | 56        | -              | -                      | 10,088         | 399           |
| Dr. Ruth Mompoti District | 261,431         | 261,431         | 315               | 876               | 127,716           | 128,907        | 49        | -              | -                      | 127,716        | -             |
| <b>Total</b>              | <b>519,176</b>  | <b>511,256</b>  | <b>24,656</b>     | <b>28,822</b>     | <b>194,338</b>    | <b>247,816</b> | <b>48</b> | <b>-</b>       | <b>2,011</b>           | <b>153,434</b> | <b>38,893</b> |

At the end of the quarter the total capital funding for the district amounts to R 247.8 million or 48 per cent of the total capital budget. For the quarter most funding was from grants at R 153.4 million or 79 per cent followed by other revenue at R 38 million or 20 per cent.

### 3.3.1.5 DEBTORS

Table 2.3(e) below shows total amount of debtors in the Dr. Ruth Mompoti District and table 2.3(e) 3 shows outstanding debtors by customer group.

Table 2.3(e) : Debtor Age Analysis as at 31 March 2012 (R'000)

| Municipality              | 0 - 30 Days   |          | 31 - 60 Days  |          | 61- 90 Days   |          | Over 90 Days   |           | Total          |            |
|---------------------------|---------------|----------|---------------|----------|---------------|----------|----------------|-----------|----------------|------------|
|                           | Amount        | %        | Amount        | %        | Amount        | %        | Amount         | %         | Amount         | %          |
| Naledi                    | 7,103         | 4%       | 9,052         | 5        | 7,035         | 4        | 147,664        | 86        | 170,854        | 57         |
| Mamusa                    | -             | -        | -             | -        | -             | -        | -              | -         | -              | -          |
| Greater Taung             | 590           | 3%       | 487           | 2        | 534           | 2        | 21,926         | 93        | 23,537         | 8          |
| Lekwa-Teemane             | 5,575         | 5%       | 3,181         | 3        | 2,849         | 3        | 90,020         | 89        | 101,625        | 34         |
| Kagisano/ Molopo          | 26            | 1%       | 26            | 1        | 26            | 1        | 2,056          | 96        | 2,134          | 1          |
| Dr. Ruth Mompoti District | 1             | 8%       | -             | -        | -             | -        | 11             | 92        | 12             | 92         |
| <b>Total: Dr Ruth</b>     | <b>13,295</b> | <b>4</b> | <b>12,746</b> | <b>4</b> | <b>10,444</b> | <b>4</b> | <b>261,677</b> | <b>88</b> | <b>298,162</b> | <b>100</b> |

Source : IYM Summary Reports Received from the Municipalities

Supporting table 2.3(e) details outstanding debtors for the district per income source and by customer group. Most municipalities are still unable to classify their debtors by customer group and a result most of outstanding debtors are lying under “other”.

Supporting table 2.3 (e)3:Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Dr Ruth District | 0 - 30 Days   |          | 31 - 60 Days  |          | 61 - 90 Days  |          | Over 90 Days   |           | Total          |            |
|------------------|---------------|----------|---------------|----------|---------------|----------|----------------|-----------|----------------|------------|
|                  | Amount        | %        | Amount        | %        | Amount        | %        | Amount         | %         | Amount         | %          |
| Government       | -             | -        | 645           | 2        | 572           | 1        | 39,434         | 98        | 40,425         | 10         |
| Business         | 3,243         | 7        | 2,931         | 6        | 2,241         | 5        | 38,172         | 82        | 46,587         | 12         |
| Households       | 3,526         | 1        | 5,265         | 2        | 4,078         | 1        | 282,003        | 96        | 294,872        | 74         |
| Other            | 4,530         | 29       | 724           | 5        | 705           | 5        | 9,552          | 62        | 15,511         | 4          |
| <b>Total</b>     | <b>11,299</b> | <b>3</b> | <b>9,565</b>  | <b>2</b> | <b>7,596</b>  | <b>2</b> | <b>369,161</b> | <b>93</b> | <b>397,395</b> | <b>100</b> |
| Water            | 4,328         | 5        | 3,982         | 4        | 3,377         | 4        | 81,502         | 87        | 93,189         | 23         |
| Electricity      | 8,805         | 17       | 5,049         | 10       | 3,360         | 7        | 34,394         | 67        | 51,608         | 13         |
| Property rates   | 2,516         | 5        | 3,226         | 6        | 2,569         | 5        | 46,832         | 85        | 55,143         | 14         |
| Other            | 2,481         | 1        | 6,742         | 3        | 4,881         | 2        | 182,315        | 93        | 196,419        | 49         |
| <b>Total</b>     | <b>18,130</b> | <b>5</b> | <b>18,999</b> | <b>5</b> | <b>14,187</b> | <b>4</b> | <b>345,043</b> | <b>87</b> | <b>396,359</b> | <b>100</b> |

### Naledi Local municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Naledi         | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days   |            | Total          |             |
|----------------|--------------|-----------|--------------|-----------|--------------|-----------|----------------|------------|----------------|-------------|
|                | Amount       | %         | Amount       | %         | Amount       | %         | Amount         | %          | Amount         | %           |
| Government     | -333         | -4%       | 563          | 6%        | 454          | 5%        | 8,684          | 93%        | 9,368          | 5%          |
| Business       | 3,146        | 9%        | 2,867        | 8%        | 2,172        | 6%        | 27,714         | 77%        | 35,899         | 21%         |
| Households     | 3,141        | 3%        | 4,925        | 4%        | 3,733        | 3%        | 106,313        | 90%        | 118,112        | 69%         |
| Other          | 1,149        | 15%       | 697          | 9%        | 676          | 9%        | 4,954          | 66%        | 7,476          | 4%          |
| <b>Total</b>   | <b>7,103</b> | <b>4%</b> | <b>9,052</b> | <b>5%</b> | <b>7,035</b> | <b>4%</b> | <b>147,665</b> | <b>86%</b> | <b>170,855</b> | <b>100%</b> |
| Water          | 2,050        | 5%        | 2,119        | 5%        | 1,851        | 4%        | 35,186         | 85%        | 41,206         | 24%         |
| Electricity    | 6,463        | 18%       | 3,860        | 11%       | 2,587        | 7%        | 23,512         | 65%        | 36,422         | 21%         |
| Property rates | 1,808        | 7%        | 1,391        | 5%        | 1,141        | 4%        | 22,547         | 84%        | 26,887         | 16%         |
| Other          | -3,218       | -5%       | 1,681        | 3%        | 1,456        | 2%        | 66,419         | 100%       | 66,338         | 39%         |
| <b>Total</b>   | <b>7,103</b> | <b>4%</b> | <b>9,051</b> | <b>5%</b> | <b>7,035</b> | <b>4%</b> | <b>147,664</b> | <b>86%</b> | <b>170,853</b> | <b>100%</b> |

Total outstanding debtors amounted to R 170.8 million of which R 147.6 million or 86 per cent is owed for more than 90 days. There was an increase in debtors when compared to the previous quarter.

### Mamusa Local Municipality

The municipality has not reported for the quarter under review.

### Molopo Kagisano Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31March 2012 (R'000)**

| Kagisano/Molopo | 0 - 30 Days |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |            | Total        |             |
|-----------------|-------------|-----------|--------------|-----------|--------------|-----------|--------------|------------|--------------|-------------|
|                 | Amount      | %         | Amount       | %         | Amount       | %         | Amount       | %          | Amount       | %           |
| Government      | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| Business        | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| Households      | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| Other           | 26          | -         | 26           | 1%        | 26           | 1%        | 2,056        | 96%        | 2,134        | 100%        |
| <b>Total</b>    | <b>26</b>   | <b>1%</b> | <b>26</b>    | <b>1%</b> | <b>26</b>    | <b>1%</b> | <b>2,056</b> | <b>96%</b> | <b>2,134</b> | <b>100%</b> |
| Water           | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| Electricity     | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| Property rates  | 26          | 1%        | 26           | 1%        | 26           | 1%        | 2,056        | 96%        | 2,134        | 100%        |
| Other           | -           | -         | -            | -         | -            | -         | -            | -          | -            | -           |
| <b>Total</b>    | <b>26</b>   | <b>1%</b> | <b>26</b>    | <b>1%</b> | <b>26</b>    | <b>1%</b> | <b>2,056</b> | <b>96%</b> | <b>2,134</b> | <b>100%</b> |

The municipality has not reported outstanding debtors for the month of February. The total outstanding debtors for the municipality is for an amount of R 2.1 million of which R 2 million or 96 per cent is for more than 90 days outstanding.

### Greater Taung Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012(R'000)**

| Greater Taung  | 0 - 30 Days |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|----------------|-------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                | Amount      | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| Government     | 107         | 3%        | 82           | 2%        | 118          | 3%        | 3,938         | 93%        | 4,245         | 18%         |
| Business       | 97          | 5%        | 64           | 3%        | 69           | 4%        | 1,724         | 88%        | 1,954         | 8%          |
| Households     | 385         | 2%        | 340          | 2%        | 345          | 2%        | 16,156        | 94%        | 17,226        | 73%         |
| Other          | 1           | 1%        | 1            | 1%        | 3            | 3%        | 108           | 96%        | 113           | 0%          |
| <b>Total</b>   | <b>590</b>  | <b>3%</b> | <b>487</b>   | <b>2%</b> | <b>535</b>   | <b>2%</b> | <b>21,926</b> | <b>93%</b> | <b>23,538</b> | <b>100%</b> |
| Water          | 27          | 3%        | 20           | 2%        | 26           | 3%        | 879           | 92%        | 952           | 4%          |
| Electricity    | 55          | 5%        | 37           | 4%        | 49           | 5%        | 905           | 87%        | 1,046         | 4%          |
| Property rates | 204         | 2%        | 184          | 2%        | 185          | 2%        | 8,943         | 94%        | 9,516         | 40%         |
| Other          | 304         | 3%        | 245          | 2%        | 275          | 2%        | 11,200        | 93%        | 12,024        | 51%         |
| <b>Total</b>   | <b>590</b>  | <b>3%</b> | <b>486</b>   | <b>2%</b> | <b>535</b>   | <b>2%</b> | <b>21,927</b> | <b>93%</b> | <b>23,538</b> | <b>100%</b> |

Total amount of outstanding debtors amounted to R 23.5 million, of which R 21.9 million or 93 per cent is owed for more than 90 days. There is no decrease in outstanding debtors when compared to previous quarter.

## Lekwa-Teemane Local municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012(R'000)

| Lekwa Teemane  | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days   |             | Total          |             |
|----------------|--------------|-----------|--------------|-----------|--------------|-----------|----------------|-------------|----------------|-------------|
|                | Amount       | %         | Amount       | %         | Amount       | %         | Amount         | %           | Amount         | %           |
| Government     | -            | -         | -            | -         | -            | -         | 3,156          | 100%        | 3,156          | 2%          |
| Business       | -            | -         | -            | -         | -            | -         | 8,734          | 100%        | 8,734          | 5%          |
| Households     | -            | -         | -            | -         | -            | -         | 159,534        | 100%        | 159,534        | 93%         |
| Other          | -            | -         | -            | -         | -            | -         | 532            | 100%        | 532            | -           |
| <b>Total</b>   | <b>0</b>     | <b>0%</b> | <b>0</b>     | <b>0%</b> | <b>0</b>     | <b>0%</b> | <b>171,956</b> | <b>100%</b> | <b>171,956</b> | <b>100%</b> |
| Water          | 1,782        | 4%        | 1,843        | 4%        | 1,500        | 3%        | 45,437         | 90%         | 50,562         | 29%         |
| Electricity    | 2,001        | 14%       | 1,152        | 8%        | 724          | 5%        | 9,977          | 72%         | 13,854         | 8%          |
| Property rates | 478          | 3%        | 1,625        | 10%       | 1,217        | 7%        | 13,286         | 80%         | 16,606         | 10%         |
| Other          | 3,463        | 4%        | 3,280        | 4%        | 3,150        | 3%        | 81,040         | 89%         | 90,933         | 53%         |
| <b>Total</b>   | <b>7,724</b> | <b>4%</b> | <b>7,900</b> | <b>5%</b> | <b>6,591</b> | <b>4%</b> | <b>149,740</b> | <b>87%</b>  | <b>171,955</b> | <b>100%</b> |

As reported in the previous quarter the municipality is still the most owed municipality in the district when compared to other municipalities in the district with total outstanding debtors amounting to R 101.6 million of which R 90 million or 89 per cent is owed for more than 90 days. There was a slight reduction in the amount of outstanding debtors as compared to previous quarter.

## Dr Ruth District Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012(R'000)

| Dr Ruth Dist Mun | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |          | Over 90 Days  |            | Total         |             |
|------------------|--------------|-----------|--------------|-----------|--------------|----------|---------------|------------|---------------|-------------|
|                  | Amount       | %         | Amount       | %         | Amount       | %        | Amount        | %          | Amount        | %           |
| Government       | -            | -         | -            | -         | -            | -        | 23,656        | 100%       | 23,656        | 89%         |
| Business         | -            | -         | -            | -         | -            | -        | -             | -          | -             | -           |
| Households       | -            | -         | -            | -         | -            | -        | -             | -          | -             | -           |
| Other            | 1,033        | 35%       | -            | -         | -            | -        | 1,902         | 65%        | 2,935         | 11%         |
| <b>Total</b>     | <b>1,033</b> | <b>4%</b> | <b>-</b>     | <b>-</b>  | <b>-</b>     | <b>-</b> | <b>25,558</b> | <b>96%</b> | <b>26,591</b> | <b>100%</b> |
| Water            | -            | -         | -            | -         | -            | -        | -             | -          | -             | -           |
| Electricity      | -            | -         | -            | -         | -            | -        | -             | -          | -             | -           |
| Property rates   | -            | -         | -            | -         | -            | -        | -             | -          | -             | -           |
| Other            | 366          | 1%        | 1,536        | 6%        | -            | -        | 23,656        | 93%        | 25,558        | 100%        |
| <b>Total</b>     | <b>366</b>   | <b>1%</b> | <b>1,536</b> | <b>6%</b> | <b>-</b>     | <b>-</b> | <b>23,656</b> | <b>93%</b> | <b>25,558</b> | <b>100%</b> |

Total debt owed to the district municipality amounts to R 12 thousand, of which R 11 thousand or 92 per cent is owed for more than 90 days.

### 3.3.1.6 CREDITORS

Table 2.3 (f) below shows outstanding creditors in the district area and table 2.3(f) 3 shows outstanding creditors by type.

Table 2.3(f) : Creditors Age Analysis as at 31 December 2011 (R'000)

| Municipality     | 0 - 30 Days    |           | 31 - 60 Days  |          | 61 - 90 Days  |          | Over 90 Days   |           | Total          |            |
|------------------|----------------|-----------|---------------|----------|---------------|----------|----------------|-----------|----------------|------------|
|                  | Amount         | %         | Amount        | %        | Amount        | %        | Amount         | %         | Amount         | %          |
| Kagisano         | 450,928        | 100       | -             | -        | -             | -        | -              | -         | 450,928        | 67         |
| Naledi           | 6,702          | 6         | 6,954         | 7        | 6,560         | 6        | 83,086         | 80        | 103,302        | 15         |
| Mamusa           | -              | -         | -             | -        | -             | -        | -              | -         | -              | -          |
| Greater Taung    | 70             | 25        | 98            | 35       | 30            | -        | 84             | 30        | 282            | -          |
| Lekwa-Teemane    | 4,446          | 4         | 3,346         | 3        | 10,828        | 9        | 95,840         | 84        | 114,460        | 17         |
| Dr. Ruth Mompati | 662            | -         | -             | -        | -             | -        | -              | -         | -              | -          |
| <b>Total</b>     | <b>462,808</b> | <b>69</b> | <b>10,398</b> | <b>2</b> | <b>17,418</b> | <b>3</b> | <b>179,010</b> | <b>27</b> | <b>669,634</b> | <b>100</b> |

Total outstanding creditors for the whole district amounted to R 669.6 million, of which R 179 million or 27 per cent is outstanding for more than 90 days. This is an indication that some municipalities are under financial distress and as a result fail to honour or make payments as and when they are due.

Supporting table 2.3(f)3: Outstanding Creditors as at 31-Mar-12

| District overview<br>R'000    | 0 - 30 Days    |           | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days   |           | Total          |            |
|-------------------------------|----------------|-----------|--------------|----------|--------------|----------|----------------|-----------|----------------|------------|
|                               | Amount         | %         | Amount       | %        | Amount       | %        | Amount         | %         | Amount         | %          |
| <b>Creditors Age Analysis</b> |                |           |              |          |              |          |                |           |                |            |
| Bulk Electricity              | 6,078          | 100       | -            | -        | -            | -        | -              | -         | 6,078          | 1          |
| Bulk Water                    | 1,460          | 1         | 868          | 1        | 2,087        | 2        | 107,915        | 96%       | 112,330        | 17         |
| PAYE Deductions               | 948            | 6         | 545          | 3        | 919          | 6        | 13,703         | 85%       | 16,115         | 2          |
| VAT(Output less Input)        | 1,032          | -         | 1,500        | -        | -            | -        | -              | -         | 2,532          | -          |
| Pension/Retirement            | 1,293          | 52        | 444          | -        | 444          | 18       | 328            | 13%       | 2,509          | 0          |
| Loans Repayments              | -              | -         | -            | -        | -            | -        | 40,872         | 100%      | 40,872         | 6          |
| Trade Creditors               | 9,721          | 33        | 689          | 2        | 454          | 2        | 18,481         | 63%       | 29,345         | 4          |
| Auditor-General               | 849            | -         | 684          | -        | 1,278        | -        | 10,195         | -         | 13,006         | -          |
| Other                         | 446,341        | 100       | 577          | -        | 211          | -        | 329            | 0%        | 447,458        | 67         |
| <b>Total</b>                  | <b>467,722</b> | <b>70</b> | <b>5,307</b> | <b>1</b> | <b>5,393</b> | <b>1</b> | <b>191,823</b> | <b>29</b> | <b>670,245</b> | <b>100</b> |

## Kagisano/Molopo

Outstanding Creditors as at 31March 2012

| Kagisano/Molopo<br>R'000      | 0 - 30 Days    |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |           | Total          |             |
|-------------------------------|----------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|----------------|-------------|
|                               | Amount         | %         | Amount       | %         | Amount       | %         | Amount       | %         | Amount         | %           |
| <b>Creditors Age Analysis</b> |                |           |              |           |              |           |              |           |                |             |
| Bulk Electricity              | -              | -         | -            | -         | -            | -         | -            | -         | 0              | 0%          |
| Bulk Water                    | -              | -         | -            | -         | -            | -         | -            | -         | 0              | 0%          |
| PAYE Deductions               | 203            | -         | -            | -         | -            | -         | -            | -         | 203            | 0%          |
| VAT(Output less Input)        | -              | -         | -            | -         | -            | -         | -            | -         | 0              | 0%          |
| Pension/Retirement            | 261            | 100%      | -            | -         | -            | -         | -            | -         | 261            | 0%          |
| Loans Repayments              | -              | -         | -            | -         | -            | -         | -            | -         | 0              | 0%          |
| Trade Creditors               | 4,065          | 100%      | -            | -         | -            | -         | -            | -         | 4,065          | 0%          |
| Auditor-General               | 385            | -         | -            | -         | -            | -         | -            | -         | 385            | 0%          |
| Other                         | 445,568        | 100%      | -            | -         | -            | -         | -            | -         | 445,568        | 8%          |
|                               | 446            | -         | -            | -         | -            | -         | -            | -         | 446            | 0           |
| <b>Total</b>                  | <b>450,928</b> | <b>8%</b> | <b>-</b>     | <b>0%</b> | <b>-</b>     | <b>0%</b> | <b>-</b>     | <b>0%</b> | <b>450,928</b> | <b>100%</b> |

Total amount of creditors outstanding amounted to R5 million which are current creditors.



## Naledi Local Municipality

### Outstanding Creditors as at 31March 2012

| Naledi<br>R'000               | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total          |             |
|-------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|----------------|-------------|
|                               | Amount       | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount         | %           |
| <b>Creditors Age Analysis</b> |              |           |              |           |              |           |               |            |                |             |
| Bulk Electricity              | 3,361        | 23%       | 3,240        | 22%       | 3,224        | 22%       | 4,660         | -          | 14,485         | 14%         |
| Bulk Water                    | 630          | 2%        | 638          | 2%        | 1,045        | 3%        | 33,989        | -          | 36,302         | 35%         |
| PAYE Deductions               | 250          | 2%        | 253          | 2%        | 627          | 4%        | 13,411        | -          | 14,541         | 14%         |
| VAT(Output less Input)        | 1,032        | 41%       | 1,500        | 59%       | -            | -         | -             | -          | 2,532          | 2%          |
| Pension/Retirement            | 327          | 100%      | -            | 0%        | -            | -         | -             | -          | 327            | -           |
| Loans Repayments              | -            | -         | -            | 0%        | -            | -         | 23,278        | -          | 23,278         | 23%         |
| Trade Creditors               | 915          | 32%       | 591          | 21%       | 424          | 15%       | 924           | -          | 2,854          | 3%          |
| Auditor-General               | 79           | 1%        | 684          | 8%        | 1,192        | 14%       | 6,747         | -          | 8,702          | 8%          |
| Other                         | 108          | 38%       | 48           | 17%       | 48           | 17%       | 77            | -          | 281            | -           |
| <b>Total</b>                  | <b>6,702</b> | <b>6%</b> | <b>6,954</b> | <b>7%</b> | <b>6,560</b> | <b>6%</b> | <b>83,086</b> | <b>80%</b> | <b>103,302</b> | <b>100%</b> |

Total amount of creditors outstanding amounted R103 million, with bulk water at (R36 million or 35 per cent) as the top creditor followed by loan repayments (R23 million or 23 per cent) and PAYE (R14 million or 14 per cent). Currently the municipality has entered into a repayment agreement with ESKOM to repay outstanding debt for electricity with assistance from the department.

## Mamusa Local Municipality

The municipality has not been reporting for the outstanding creditors for the quarter.

### Outstanding Creditors as at 31 March 2012

| Mamusa<br>R'000               | 0 - 30 Days |          | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days |          | Total    |          |
|-------------------------------|-------------|----------|--------------|----------|--------------|----------|--------------|----------|----------|----------|
|                               | Amount      | %        | Amount       | %        | Amount       | %        | Amount       | %        | Amount   | %        |
| <b>Creditors Age Analysis</b> |             |          |              |          |              |          |              |          |          |          |
| Bulk Electricity              | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Bulk Water                    | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| PAYE Deductions               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| VAT(Output less Input)        | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Pension/Retirement            | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Loans Repayments              | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Trade Creditors               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Auditor-General               | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| Other                         | -           | -        | -            | -        | -            | -        | -            | -        | -        | -        |
| <b>Total</b>                  | <b>-</b>    | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b> |

## Greater Taung Local Municipality

### Outstanding Creditors as at 31March 2012

| Greater Taung<br>R'000        | 0 - 30 Days |            | 31 - 60 Days |            | 61 - 90 Days |            | Over 90 Days |            | Total      |             |
|-------------------------------|-------------|------------|--------------|------------|--------------|------------|--------------|------------|------------|-------------|
|                               | Amount      | %          | Amount       | %          | Amount       | %          | Amount       | %          | Amount     | %           |
| <b>Creditors Age Analysis</b> |             |            |              |            |              |            |              |            |            |             |
| Bulk Electricity              | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| Bulk Water                    | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| PAYE Deductions               | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| VAT(Output less Input)        | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| Pension/Retirement            | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| Loans Repayments              | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| Trade Creditors               | 70          | 25%        | 98           | 35%        | 30           | 10%        | 84           | 30%        | 282        | 100%        |
| Auditor-General               | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| Other                         | -           | -          | -            | -          | -            | -          | -            | -          | -          | -           |
| <b>Total</b>                  | <b>70</b>   | <b>25%</b> | <b>98</b>    | <b>35%</b> | <b>30.00</b> | <b>10%</b> | <b>84</b>    | <b>30%</b> | <b>282</b> | <b>100%</b> |

Total amount of creditors outstanding amounted to R 282 thousand of which R 84 thousand or 30 per cent is owed for more than 90 days.

### Lekwa-Teemane Local Municipality

| Outstanding Creditors as at 31 March 2012 |              |           |              |           |               |           |               |            |                |             |
|---|--------------|-----------|--------------|-----------|---------------|-----------|---------------|------------|----------------|-------------|
| Lekwa Teemane                             | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days  |           | Over 90 Days  |            | Total          |             |
| R'000                                     | Amount       | %         | Amount       | %         | Amount        | %         | Amount        | %          | Amount         | %           |
| <b>Creditors Age Analysis</b>             |              |           |              |           |               |           |               |            |                |             |
| Bulk Electricity                          | 2,717        | 20        | 2,217        | 16%       | 8,887         | 64%       | 0             | 0%         | 13,821         | 12%         |
| Bulk Water                                | 830          | 20        | 230          | 0%        | 1,042         | 1%        | 73,926        | 97%        | 76,028         | 66%         |
| PAYE Deductions                           | 292          | 25        | 292          | 25%       | 292           | 25%       | 292.00        | 25%        | 1,168.00       | 0.01        |
| VAT(Output less Input)                    | -            | -         | -            | -         | -             | -         | -             | -          | -              | -           |
| Pension/Retirement                        | 444          | 26        | 444          | 27%       | 444           | 27%       | 328.00        | 20%        | 1,660          | 1%          |
| Loans Repayments                          | -            | -         | -            | -         | -             | -         | 17,594        | 100%       | 17,594         | 15%         |
| Trade Creditors                           | -            | -         | -            | -         | -             | -         | -             | -          | -              | -           |
| Auditor-General                           | -            | -         | -            | -         | -             | -         | 3,448         | 100%       | 3,448          | 3%          |
| Other                                     | 163          | 22        | 163          | 22%       | 163           | 22%       | 252.00        | 34%        | 741            | 1%          |
| <b>Total</b>                              | <b>4,446</b> | <b>4%</b> | <b>3,346</b> | <b>3%</b> | <b>10,828</b> | <b>9%</b> | <b>95,840</b> | <b>84%</b> | <b>114,460</b> | <b>100%</b> |

Total amount of creditors outstanding amounted to R114 million, of which R95.8 million or 84 per cent is owed for more than 90 days. The municipality is currently under financial distress due to lack of implementation of credit control and debt collection policy. As a result it is falling behind making payment on loans, PAYE deductions, VAT as well as the Auditor General. Bulk water accounted for most creditors outstanding at R76 million or 66 per cent, followed by loan repayment at R17 million or 15 per cent.

### Dr. Ruth Mompoti District Municipality

| Outstanding Creditors as at 31 March 2012 |             |             |              |           |              |           |               |            |               |             |
|---|-------------|-------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
| Dr Ruth DM                                | 0 - 30 Days |             | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
| R'000                                     | Amount      | %           | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b>             |             |             |              |           |              |           |               |            |               |             |
| Bulk Electricity                          | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| Bulk Water                                | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| PAYE Deductions                           | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| VAT(Output less Input)                    | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| Pension/Retirement                        | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| Loans Repayments                          | -           | -           | -            | -         | -            | -         | -             | -          | -             | -           |
| Trade Creditors                           | 606         | 3%          | -            | -         | -            | -         | 17,473        | 97%        | 18,079        | 100%        |
| Auditor-General                           | -           | -           | -            | -         | 86           | 100%      | -             | -          | 86            | 100%        |
| Other                                     | 56          | 13%         | 366          | 87%       | -            | -         | -             | -          | 422           | 100%        |
| <b>Total</b>                              | <b>662</b>  | <b>3.6%</b> | <b>366</b>   | <b>2%</b> | <b>86</b>    | <b>0%</b> | <b>17,473</b> | <b>94%</b> | <b>18,587</b> | <b>100%</b> |

Total amount of outstanding creditors amounted to R 18 million of which 17 million or 94 per cent is over 90 days.

### 3.3.1.7 CASH FLOW

Table 2.3(f) below shows cash flow position of municipalities in the Dr. Ruth Mompoti District.

Table 2.3(g) : Cash Flow Position as at 31 March 2012 (R'000)

| Municipality              | Opening Balance | Receipts        |                |                |                | Payments              |                    |                |               |          |               | Closing Balance |
|---------------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------------|--------------------|----------------|---------------|----------|---------------|-----------------|
|                           |                 | Property        |                |                | Other Receipts | Employee related cost | Grants & Subsidies | Bulk Purchases | Repayment of  |          |               |                 |
| Transfers(Oper & Cap)     | Rates           | Service Charges | Other Receipts | Capital Assets |                |                       |                    |                | Borrowings    | Other    |               |                 |
| Naledi                    | 4,237           | 7,280           | 1,925          | 10,937         | 7,008          | 6,120                 | 164                | 4,063          | 3,338         | -        | 2,347         | 15,355          |
| Mamusa                    | -               | -               | -              | -              | -              | -                     | -                  | -              | -             | -        | -             | -               |
| Greater Taung             | 9,721           | -               | -              | -              | -              | -                     | -                  | -              | -             | -        | -             | 9,721           |
| Kagisano/Molopo           | 8,485           | 28,775          | 168            | -              | 132            | 2,087                 | -                  | -              | 828           | -        | 1,994         | 32,651          |
| Lekwa-Teemane             | -31,645         | -5,136          | 798            | 2,500          | 365            | 3,157                 | -                  | 11,001         | -             | -        | 16,621        | -63,897         |
| Dr. Ruth Mompati District | 31,876          | 47,087          | -              | -              | 21,391         | 823                   | -                  | -              | 42,241        | -        | 2,782         | 54,508          |
| <b>Total</b>              | <b>22,674</b>   | <b>78,006</b>   | <b>2,891</b>   | <b>13,437</b>  | <b>28,896</b>  | <b>12,187</b>         | <b>164</b>         | <b>15,064</b>  | <b>46,407</b> | <b>-</b> | <b>23,744</b> | <b>48,338</b>   |

Source : IYM Summary Reports Received from the Municipalities

### Naledi Local Municipality

The municipality opened and closed their books with positive balances of R 4 million and R 15 million respectively. Service charges received amount to R 10 million and other receipts at R 7 million. The highest payments made are for employee related cost at R 6 million.

### Mamusa Local Municipality

The municipality did not report on their cash flow statement for the quarter under review.

### Lekwa- Teemane Local Municipality

The municipality opened and closed with negative balances of R 31.6 million and R 63.8 million respectively.

### Kagisano/Molopo

The municipality seems to be in a stable financial position since it opened with a surplus of R 8 million and closed for the quarter with a surplus of R 32 million.

### Dr Ruth District Municipality

The opening balance for the municipality is a positive R 31 million and a closing balance is positive R 54 million. The district municipality received grants and subsidies amounting to R 47 million. Payments made constitute of capital payments at R 42 million.

### 3.3.2.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OUTCOMES

It is clear from the table below that not all the municipalities within the district are complying with section 122 and 126 of MFMA.

## AFS report - Audit opinions - Past three years

Audit Year: 2010/2011

| Municipalities                                   | 2008/2009         |              |                                       | 2009/2010         |              |               | 2010/2011         |              |               |
|--|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------|-------------------|--------------|---------------|
|  | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |               | AFS Received Date | Audit Report |               |
|  |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion |                   | Issued Date  | Audit Opinion |
| Dr. Ruth Segomotsi Mompoti District Municipality | 2010/11/23        | 2010/12/02   | Financially unqualified with findings | O/S               | O/S          | O/S           | O/S               | O/S          | O/S           |
| Greater Taung Local Municipality                 | 2010/02/12        | 2010/06/02   | Disclaimer                            | 2010/08/31        | 2010/11/30   | Qualified     | 2011/08/31        | 30/11/2011   | Qualified     |
| Kagisano Local Municipality                      | 2010/07/16        | 2010/10/29   | Qualified                             | O/S               | O/S          | O/S           | O/S               | O/S          | O/S           |
| Lekwa-Teemane Local Municipality                 | 2009/09/22        | 2010/01/28   | Disclaimer                            | 2010/08/31        | 2010/11/30   | Disclaimer    | 2012/01/25        | O/S          | O/S           |
| Mamusa Local Municipality                        | O/S               | O/S          | O/S                                   | O/S               | O/S          | O/S           | O/S               | O/S          | O/S           |
| Molopo Local Municipality                        | 2010/11/23        | 2010/12/03   | Financially unqualified with findings | O/S               | O/S          | O/S           | O/S               | O/S          | O/S           |
| Naledi Local Municipality                        | 2009/09/07        | 2010/01/22   | Adverse                               | 2011/05/17        | 2011/06/14   | Disclaimer    | 2011/09/26        | 2011/12/13   | Disclaimer    |

source:AGSA

### Kagisano Local Municipality

The municipality has not yet submitted the annual financial statements for 2009/10 and 2010/11 to Audit General. The municipality was qualified in the 2008/2009 financial year on fixed assets. The municipality merged with Molopo local municipality at the end of June 2011 and from the 01 July 2011 it is called Kagisano-Molopo. The municipality relies on the financial system for Dr Ruth Segomotsi Mompoti district which had its short comings that contributes to the delays in producing financial reports.

### Naledi Local Municipality

The municipality submitted the annual financial statements for 2010/2011 financial year to Auditor General after the MFMA prescribed period of two month after the end of financial year and this was on the 26<sup>th</sup> September 2011. The Auditors issued the report on the 13 December 2011, and the audit outcome is a disclaimer of audit opinion.

### Mamusa Local Municipality

The municipality has outstanding financial statements for the following years: 2008/09, 2009/10, 2010/11. The municipality appointed Chief Financial Officer in February 2012. The

municipality relies on financial system for Dr Ruth Segomotsi Mompati district municipality and it has short comings that contribute to the delays in producing financial reports.

### **Greater Taung Local Municipality**

The municipality submitted the annual financial statements to Auditor General on the 31 August 2011. The auditors issued the report on the 30 November 2011, and the audit outcome is a qualified audit opinion.

### **Molopo Local Municipality**

The municipality has not yet submitted the annual financial statements for 2009/10 and 2010/11 to Audit General. The municipality was last audited for the 2008/09 financial year, and the audit outcome was financially unqualified with matters of emphasis. The municipality merged with Kagisano local municipality at the end of June 2011 and it is now called Kagisano-Molopo

### **Lekwa - Teemane Local Municipality**

The audit outcome for 2009/10 AFS is a disclaimer of opinion. The municipality submitted the 2010/11 financial statements on 25 January 2012 and the audit report is still outstanding.

### **Dr Ruth Mompati District Municipality**

The municipality has not yet submitted the annual financial statements for 2009/10 and 2010/11 to Audit General. The municipality was last audited for the 2008/09 financial year and the audit outcome was unqualified audit opinion with matters of emphasis.

## **3.4. DR. KENNETH KAUNDA DISTRICT**

### **3.4.1 BUDGETS**

#### **3.4.1.1 OPERATING REVENUE**

Table 2.4(a) shows actual revenue collected as at 31 March 2012 by municipalities in the Dr Kenneth Kaunda District against the budgeted revenue.

Table 2.4(a) : Operating Revenue as at 31 March 2012 (R'000)

| Municipality       | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Collected | Detail         |                 |               |               |
|--------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------|----------------|-----------------|---------------|---------------|
|                    |                  |                  |                   |                   |                   |                  |             | Property Rates | Service Charges | Grants        | Other         |
| Ventersdorp        | 115,329          | 127,883          | 31,923            | 74,244            | 12,508            | 118,675          | 93          | 802            | 5,926           | -             | 5,780         |
| Tlokwe             | 798,969          | 798,969          | 247,782           | 173,014           | 211,277           | 632,073          | 79          | 22,706         | 132,075         | 27,491        | 29,005        |
| Matlosana          | 1,831,571        | 1,707,823        | 441,774           | 385,437           | 296,474           | 1,123,685        | 66          | 45,485         | 208,463         | 400           | 42,126        |
| Maquassi Hills     | 210,561          | 210,561          | 61,129            | 58,634            | 51,673            | 171,436          | 81          | 4,544          | 22,291          | 18,075        | 6,764         |
| Dr. Kenneth Kaunda | 254,225          | 172,657          | 67,076            | 54,272            | 42,420            | 163,768          | 95          | -              | -               | 38,999        | 3,421         |
| <b>Total</b>       | <b>3,210,655</b> | <b>3,017,893</b> | <b>849,684</b>    | <b>745,601</b>    | <b>614,352</b>    | <b>2,209,637</b> | <b>73</b>   | <b>73,537</b>  | <b>368,755</b>  | <b>84,965</b> | <b>87,095</b> |

For the quarter under review municipalities in the district received R 2. 2 million or 733 per cent of revenue against the adjusted budget of R 3 billion for the quarter under review. Most of the revenue received was on Services charges amounting to R 368.7 million or 60 per cent of the total revenue received, also the government grants constitutes R 84 million or 13.8 per cent of the revenue received in the district. Property Rates accounted for R 73.5 million or 12 per cent of the total revenue received.

### Ventersdorp Local Municipality

Ventersdorp municipality generated revenue amounting to R 118.6 million or 93 per cent against the budgeted amount of R 127.8 million. It is noted that the municipality has passed an adjustment budget. For the quarter under review the municipality received R 12.5 million or 9.8 per cent of the budgeted amount. Also to mention this is less as compared to the previous two quarters. Most of the revenue received was from services charges at R 5.9 million or 47 per cent of the total revenue received. Property rates accounted for R 802 thousand or 6.4 per cent of the total revenue received.

### Tlokwe Local Municipality

Tlokwe municipality generated revenue amounting to R 632 million or 79 per cent against the budgeted amount of R 798.9 million. For the quarter under review the municipality received R 211 million or 26.4 per cent of the budgeted amount. Most of the revenue received was from services charges at R 132 million or 62.5 per cent of the total revenue received. Property rates and grants accounted for R 22.7 million or 10.7 per cent and R 27.4 million or 13 per cent respectively of the total revenue received.

### Matlosana Local Municipality

Matlosana municipality generated revenue amounting to R 1.1 billion or 66 per cent against the budgeted amount of R 1.7 billion. It is noted that the municipality has passed an adjustment budget. For the quarter under review the municipality received R 296.4 million or 17.3 per cent of the budgeted amount. Most of the revenue received was from services charges at R 208.4

million or 70 per cent of the total revenue received. Property rates accounted for R 45 million or 15.3 per cent of the total revenue received.

### Maquassi Hills Municipality

Maquassi hills municipality generated revenue amounting to R 171.4 million or 81 per cent against the budgeted amount of R 210.5 million. For the quarter under review the municipality received R 51.6 million or 24.5 per cent of the budgeted amount. Most of the revenue received was from services charges at R 22.2 million or 43 per cent of the total revenue received. Property rates and grants accounted for R 4.5 million or 8.7 per cent and R 18 million or 34.9 per cent respectively of the total revenue received.

### Dr Kenneth Kaunda

The district municipality generated revenue amounting to R 163.7 million or 95 per cent against the budgeted amount of R 172.6 million. It is noted the municipality has passed an adjustment budget. For the quarter under review the municipality received R 42.4 million or 24.5 per cent of the budgeted amount. Most of the revenue received was from grants at R 38.9 million or 92 per cent of the total revenue received.

### 3.4.1.2 OPERATING EXPENDITURE

Table 2.4(b) below shows the total expenditure incurred by the municipalities in district as at 31 March 2012.

Table 2.4(b) : Operating Expenditure as at 31 March 2012 (R'000)

| Municipality       | Original Budget  | Adjusted Budget  | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date     | % Spent   | Detail                 |                       |                |                |
|--------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-----------|------------------------|-----------------------|----------------|----------------|
|                    |                  |                  |                   |                   |                   |                  |           | Employee Related Costs | Repairs & maintenance | Bulk Purchases | Other          |
| Ventersdorp        | 114,264          | 105,500          | 18,094            | 42,469            | 11,680            | 72,243           | 68        | 4,917                  | -                     | 1,930          | 4,833          |
| Tlokwe             | 788,796          | 788,796          | 197,410           | 165,430           | 177,332           | 540,172          | 68        | 56,403                 | 8,014                 | 51,184         | 61,730         |
| Matlosana          | 1,831,544        | 1,707,795        | 260,687           | 384,574           | 362,953           | 1,008,214        | 59        | 99,682                 | -                     | 138,883        | 124,388        |
| Maquassi Hills     | 247,752          | 247,752          | 18,566            | 43,547            | 39,738            | 101,851          | 41        | 12,982                 | -                     | 8,308          | 18,447         |
| Dr. Kenneth Kaunda | 248,920          | 266,004          | 23,898            | 28,994            | 30,388            | 83,280           | 31        | 13,015                 | -                     | -              | 17,373         |
| <b>Total</b>       | <b>3,231,276</b> | <b>3,115,847</b> | <b>518,655</b>    | <b>665,014</b>    | <b>622,090</b>    | <b>1,805,759</b> | <b>58</b> | <b>187,000</b>         | <b>8,014</b>          | <b>200,305</b> | <b>226,771</b> |

As at the end of this quarter the total expenditure incurred by the municipalities in the district amounted to R 1.8 billion or 58 per cent of the total expenditure budget of R 3.1 billion. It should be noted the budgeted expenditure has reduced after the adjustment budget was passed. Bulk Purchases constituted most expenditure for the quarter under review at R 200 million or 32 per cent followed by "other" expenses at R 226.7 million or 36.4 per cent. Repairs and maintenance still remains a challenge to other municipalities as it shows that the municipal assets are not taken care of, as the spending stands at R 8 million or 1.2 per cent of the total spending.

### **Ventersdorp Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on employee related cost at R 4.9 million or 42 per cent, followed by other expenditure at R 4.8 million or 41 per cent. Spending on repairs and maintenance has not been reported by the municipality, whereas spending on Bulk purchase amounted to R 1.9 million or 16.5 per cent of total spending for the quarter under review.

### **Tlokwe Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 61.7 million or 34.8 per cent, followed by employee related cost at R 56.4 million or 31.8 per cent. Spending on repairs and maintenance amounted to R 8 million or 4.5 per cent, whereas spending on Bulk purchase amounted to R 51.1 million or 28.8 per cent of total spending for the quarter under review.

### **Matlosana Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on Bulk purchases at R 138.8 million or 38.2 per cent, followed by other expenditure at R 124.3 million or 34.2 per cent. Spending on employee related cost amounted to R 99.6 million or 27.4 per cent of total spending for the quarter under review.

### **Maquassi Hills Local Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 18.4 million or 46.4 per cent, followed by employee related cost at R 12.9 million or 32.6 per cent. Spending on Bulk purchase amounted to R 8.3 million or 20.9 per cent of total spending for the quarter under review.

### **Dr Kenneth Kaunda District Municipality**

The total expenditure incurred by the municipality to date against the budgeted expenditure, was mostly on “other” expenditure at R 17.3 million or 57 per cent, followed by employee related cost at R 13 million or 42.8 per cent. No spending reported for Bulk purchase and repairs and maintenance for the quarter under review.

### **3.4.1.3 CAPITAL EXPENDITURE**

Table 2.4(c) shows capital spending by municipalities in the district as at 31 March 2012.



Table 2.4(c) : Capital Expenditure as at 31 March 2012 (R'000)

| Municipality       | Original Budget | Adjusted Budget | Total 1st Quarter | Total 2nd Quarter | Total 3rd Quarter | Year to Date   | % Spent   | Detail     |              |          |                  |               |
|--------------------|-----------------|-----------------|-------------------|-------------------|-------------------|----------------|-----------|------------|--------------|----------|------------------|---------------|
|                    |                 |                 |                   |                   |                   |                |           | Water      | Electricity  | Housing  | Roads & Pavement | Other         |
| Ventersdorp        | 23,154          | 34,978          | 3,709             | 2,364             | 948               | 7,021          | 20        | -          | 212          | -        | -                | 736           |
| Tlokwe             | 118,956         | 118,956         | 21,931            | 39,221            | 14,487            | 75,639         | 64        | -          | -            | -        | 1,871            | 12,616        |
| Matlosana          | 206,159         | 133,605         | 41,289            | 21,752            | 11,243            | 74,284         | 56        | 944        | 2,983        | -        | 2,172            | 5,143         |
| Maquassi Hills     | 50,275          | 50,275          | 5,104             | 10,345            | 11,989            | 27,438         | 55        | 6          | -            | -        | 7,417            | 4,566         |
| Dr. Kenneth Kaunda | 5,304           | 6,629           | 71                | 70                | 226               | 367            | 6         | -          | -            | -        | -                | 226           |
| <b>Total</b>       | <b>403,848</b>  | <b>344,443</b>  | <b>72,104</b>     | <b>73,752</b>     | <b>38,894</b>     | <b>184,750</b> | <b>54</b> | <b>950</b> | <b>3,195</b> | <b>0</b> | <b>11,460</b>    | <b>23,288</b> |

The municipalities in the district have spent R 184.7 million or 54 per cent of the total adjusted capital budget of R 344 million. It should be noted that Ventersdorp, Matlosana and Dr Kenneth Kaunda municipality has passed an adjustment budget. The average district spending is low when compared to the 75 per cent spending that was expected for the quarter under review. The low spending on capital projects result in municipalities having backlog on capital projects and having to surrender unspent grants to the national revenue fund.

Most spending by municipalities in the district was incurred on other expenditure at R 23 million or 60 per cent followed by roads projects at R 11.4 million or 29.4 per cent respectively. For the quarter under review, similar to the previous quarter it is evident that municipalities have done the least where electricity projects are concerned as expenditure incurred amounted to a meager R 3.1 million or 8.2 per cent of the total expenditure for the quarter under review.

### Ventersdorp Local Municipality

The municipality has reported spending for an amount of R 948 thousand or 2.7 per cent against the budget which is very low as compared to the last quarter spending. Most of the expenditure was incurred on other expenditure at R 736 thousand or 78 per cent. The expenditure on electricity was for an amount of R 212 thousand or 22.3 per cent for the quarter under review.

### Tlokwe Local Municipality

The municipality has reported spending for an amount of R 14.4 million or 12 per cent against the budget for the quarter under review. Most of the expenditure was incurred on other expenditure at R 12.6 million or 87 per cent. The expenditure on roads was for an amount of R 1.8 million or 13 per cent for the quarter under revenue.

### Matlosana Local Municipality

The municipality has reported spending for an amount of R 11.2 million or 8.4 per cent against the budget which has decreased as compared to the previous quarters. Most of the expenditure was incurred on other expenditure at R 5.1 million or 46 per cent of the quarterly expenditure. The expenditure on electricity was for an amount of R 2.9 million or 26.5 per cent of the quarterly expenditure.

## Maquassi Hills Local Municipality

The municipality has reported spending for an amount of R 11.9 million or 23.8 per cent against the budget which is an improvement as compared to the previous quarter spending. Most of the expenditure was incurred on roads at R 7.4 million or 62 per cent of the total quarterly expenditure. The expenditure on other expenses was for an amount of R 4.5 million or 38 per cent of the total expenditure for the quarter.

## Dr Kenneth Kaunda District Municipality

The municipality has reported spending for an amount of R 226 thousand or 3.4 per cent against the budget which is very low. All the expenditure reported was incurred on other expenditure for the quarter under review.

### 3.4.1.4 CAPITAL FUNDING

Table 2.4(d) below provides details about the sources of capital funding for the second quarter ending 31 March 2012.

Table 2.4(d) : Capital Funding as at 31 March 2012 (R'000)

| Municipality      | Original Budget | Adjusted Budget | Total 1st Quarter | Total 2nd Quarter | Total 2nd Quarter | Year to Date   | % Spent   | Detail         |                        |               |          |
|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|----------------|-----------|----------------|------------------------|---------------|----------|
|                   |                 |                 |                   |                   |                   |                |           | External Loans | Internal contributions | Grants        | Other    |
| Ventersdorp       | 23,154          | 23,154          | 3,709             | 2,364             | 1,182             | 7,255          | 31        | 670            | -                      | 513           | -        |
| Tlokwe            | 118,956         | 118,956         | 21,931            | 39,221            | 14,487            | 75,639         | 64        | 1,016          | 12,380                 | 1,091         | -        |
| Matlosana         | 206,159         | 206,159         | 41,289            | 21,751            | 11,243            | 74,283         | 36        | -              | 2,337                  | 8,906         | -        |
| Maquassi Hills    | 50,275          | 50,275          | 4,708             | 10,345            | 11,989            | 27,042         | 54        | -              | 183                    | 11,805        | -        |
| Dr. Kennet Kaunda | 5,304           | 5,304           | 71                | 69                | 226               | 366            | 7         | -              | 226                    | -             | -        |
| <b>Total</b>      | <b>403,848</b>  | <b>403,848</b>  | <b>71,708</b>     | <b>73,750</b>     | <b>39,128</b>     | <b>184,586</b> | <b>46</b> | <b>1,686</b>   | <b>15,127</b>          | <b>22,315</b> | <b>0</b> |

The total capital funding for the district amounts to R 184.5 million or 46 per cent of the total capital budget. Most funding was from grants at R 22.3 million or 57 per cent followed by internal contribution at R 15.1 million or 38.6 per cent. Moses Kotane and Ventersdorp municipality in the district have utilized external loans to fund capital projects for an amount of R 1.6 million.

### 3.4.1.5 DEBTORS

Table 2.4(e) below shows outstanding debtors within Dr Kenneth Kaunda district at the 31 March 2012 while table 2.4(e) (4) show debtors per customer type.

Table 2.4(e) : Debtor Age Analysis as at 31 March 2012 (R'000)

| Municipality                             | 0 - 30 Days    |           | 31 - 60 Days  |          | 61 - 90 Days  |          | Over 90 Days   |           | Total            |            |
|--|----------------|-----------|---------------|----------|---------------|----------|----------------|-----------|------------------|------------|
|  | Amount         | %         | Amount        | %        | Amount        | %        | Amount         | %         | Amount           | %          |
| Ventersdorp                              | -              | -         | -             | -        | -             | -        | -              | -         | -                | -          |
| Tlokwe                                   | 60,716         | 37        | 10,134        | 6        | 4,014         | 2        | 88,015         | 54        | 162,879          | 13         |
| Matlosana                                | 75,365         | 9         | 37,423        | 5        | 22,057        | 3        | 671,323        | 83        | 806,168          | 67         |
| Maquassi Hills                           | 11,352         | 5         | 8,438         | 3        | 6,556         | 3        | 215,993        | 89        | 242,339          | 20         |
| Dr. Kenneth Kaunda                       | 291            | 43        | -             | -        | -             | -        | 391            | 57        | 682              | -          |
| <b>Total: Dr Kenneth Kaunda District</b> | <b>147,724</b> | <b>12</b> | <b>55,995</b> | <b>5</b> | <b>32,627</b> | <b>3</b> | <b>975,722</b> | <b>81</b> | <b>1,212,068</b> | <b>100</b> |

Outstanding debtors amount to R1.2 billion for the whole district. Matlosana is the most owed municipality in the whole district followed by Maquassi Hills and then Tlokwe. Debt outstanding for over 90 days constitutes 81 per cent of the overall amount. All municipalities seem to be at risk of not recovering their debts because over 60 per cent of the debtors are over 90 days old.

Supporting table 2.4(e)4: Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Dr Kenneth Kaunda | 0 - 30 Days    |           | 31 - 60 Days  |          | 61 - 90 Days  |          | Over 90 Days     |           | Total            |            |
|-------------------|----------------|-----------|---------------|----------|---------------|----------|------------------|-----------|------------------|------------|
|                   | Amount         | %         | Amount        | %        | Amount        | %        | Amount           | %         | Amount           | %          |
| Government        | 11,528         | 23        | 2,154         | 4        | 1,539         | 3        | 35,871           | 70        | 51,092           | 4          |
| Business          | 31,392         | 29        | 8,382         | 8        | 5,354         | 5        | 61,333           | 58        | 106,461          | 9          |
| Households        | 105,786        | 10        | 44,701        | 4        | 24,980        | 2        | 837,527          | 83        | 1,012,994        | 81         |
| Other             | 3,925          | 5         | 2,215         | 3        | 1,956         | 3        | 65,951           | 89        | 74,047           | 6          |
| <b>Total</b>      | <b>152,631</b> | <b>12</b> | <b>57,451</b> | <b>5</b> | <b>33,828</b> | <b>3</b> | <b>1,000,683</b> | <b>80</b> | <b>1,244,593</b> | <b>100</b> |
| Water             | 24,712         | 18        | 5,293         | 4        | 2,706         | 2        | 103,890          | 76        | 136,601          | 11         |
| Electricity       | 63,149         | 46        | 7,980         | 6        | 5,908         | 4        | 60,562           | 44        | 137,598          | 11         |
| Property rates    | 21,593         | 3         | 33,878        | 5        | 18,356        | 3        | 603,022          | 89        | 676,849          | 54         |
| Other             | 43,177         | 15        | 10,300        | 4        | 6,859         | 2        | 233,209          | 79        | 293,546          | 24         |
| <b>Total</b>      | <b>152,631</b> | <b>12</b> | <b>57,451</b> | <b>5</b> | <b>33,828</b> | <b>3</b> | <b>1,000,683</b> | <b>80</b> | <b>1,244,593</b> | <b>100</b> |

Debtors classified by type are households amounting to R 1 billion or 81 per cent. The other types such as government, business and other are 4, 9 and 6 per cent respectively. Outstanding municipal debt by source are water, electricity, property rates and other services amounting to R 136 million, R 137 million, R 676 million and R 293 million respectively.

### Ventersdorp Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 March 2012 (R'000)

| Ventersdorp    | 0 - 30 Days  |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|----------------|--------------|------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                | Amount       | %          | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| Government     | 217          | 12%        | 66           | 4%        | 57           | 3%        | 1,436         | 81%        | 1,776         | 5%          |
| Business       | 2,014        | 28%        | 557          | 8%        | 343          | 5%        | 4,378         | 60%        | 7,293         | 22%         |
| Households     | 1,198        | 9%         | 353          | 3%        | 357          | 3%        | 10,821        | 85%        | 12,729        | 39%         |
| Other          | 1,478        | 14%        | 481          | 4%        | 444          | 4%        | 8,325         | 78%        | 10,728        | 33%         |
| <b>Total</b>   | <b>4,908</b> | <b>15%</b> | <b>1,456</b> | <b>4%</b> | <b>1,201</b> | <b>4%</b> | <b>24,961</b> | <b>77%</b> | <b>32,526</b> | <b>100%</b> |
| Water          | 415          | 11%        | 154          | 4%        | 131          | 3%        | 3,115         | 82%        | 3,815         | 12%         |
| Electricity    | 3,094        | 31%        | 806          | 8%        | 554          | 6%        | 5,470         | 55%        | 9,924         | 31%         |
| Property rates | 602          | 16%        | 212          | 6%        | 204          | 6%        | 2,697         | 73%        | 3,714         | 11%         |
| Other          | 797          | 5%         | 285          | 2%        | 312          | 2%        | 13,679        | 91%        | 15,072        | 46%         |
| <b>Total</b>   | <b>4,908</b> | <b>15%</b> | <b>1,456</b> | <b>4%</b> | <b>1,201</b> | <b>4%</b> | <b>24,961</b> | <b>77%</b> | <b>32,526</b> | <b>100%</b> |

Total outstanding debtors for the quarter under review amounted to R 32.5 million, of which R 24.9 million or 77 per cent is owed for more 90 days. There was a decrease in the outstanding debtors of 90 days and above as compared to the previous quarter

### Tlokwe Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Tlokwe         | 0 - 30 Days   |            | 31 - 60 Days  |           | 61 - 90 Days |           | Over 90 Days  |            | Total          |             |
|----------------|---------------|------------|---------------|-----------|--------------|-----------|---------------|------------|----------------|-------------|
|                | Amount        | %          | Amount        | %         | Amount       | %         | Amount        | %          | Amount         | %           |
| Government     | 6,660         | 54%        | 553           | 4%        | 455          | 4%        | 4,646         | 38%        | 12,314         | 8%          |
| Business       | 15,930        | 66%        | 2,188         | 9%        | 573          | 2%        | 5,575         | 23%        | 24,266         | 15%         |
| Households     | 38,125        | 30%        | 7,393         | 6%        | 2,986        | 2%        | 77,794        | 62%        | 126,299        | 78%         |
| Other          | -             | -          | -             | -         | -            | -         | -             | -          | -              | -           |
| <b>Total</b>   | <b>60,716</b> | <b>37%</b> | <b>10,134</b> | <b>6%</b> | <b>4,014</b> | <b>2%</b> | <b>88,015</b> | <b>54%</b> | <b>162,880</b> | <b>100%</b> |
| Water          | 6,829         | 40%        | 940           | 6%        | 422          | 2%        | 8,856         | 52%        | 17,047         | 10%         |
| Electricity    | 29,002        | 82%        | 1,345         | 4%        | 729          | 2%        | 4,426         | 12%        | 35,502         | 22%         |
| Property rates | 7,562         | 28%        | 2,716         | 10%       | 1,000        | 4%        | 15,842        | 58%        | 27,120         | 17%         |
| Other          | 17,323        | 21%        | 5,132         | 6%        | 1,864        | 2%        | 58,891        | 71%        | 83,210         | 51%         |
| <b>Total</b>   | <b>60,716</b> | <b>37%</b> | <b>10,134</b> | <b>6%</b> | <b>4,014</b> | <b>2%</b> | <b>88,015</b> | <b>54%</b> | <b>162,880</b> | <b>100%</b> |

Total outstanding debtors for the quarter under review amounted to R 162.8 million, of which R 88 million or 54 per cent is owed for more 90 days. There was a decrease in the outstanding debtors of 90 days and above as compared to the previous quarter. This indicates that the municipality's debt recovery plan has been implemented.

### Matlosana Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012(R'000)**

| City of Motlosana | 0 - 30 Days   |           | 31 - 60 Days  |           | 61 - 90 Days  |           | Over 90 Days   |            | Total          |             |
|-------------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|------------|----------------|-------------|
|                   | Amount        | %         | Amount        | %         | Amount        | %         | Amount         | %          | Amount         | %           |
| Government        | 4,012         | 12%       | 1,316         | 4%        | 850           | 2%        | 28,171         | 82%        | 34,350         | 4%          |
| Business          | 11,743        | 17%       | 5,201         | 7%        | 4,116         | 6%        | 48,508         | 70%        | 69,568         | 9%          |
| Households        | 58,934        | 9%        | 30,309        | 5%        | 16,570        | 2%        | 567,148        | 84%        | 672,962        | 83%         |
| Other             | 676           | 2%        | 597           | 2%        | 520           | 2%        | 27,496         | 94%        | 29,288         | 4%          |
| <b>Total</b>      | <b>75,365</b> | <b>9%</b> | <b>37,423</b> | <b>5%</b> | <b>22,057</b> | <b>3%</b> | <b>671,323</b> | <b>83%</b> | <b>806,168</b> | <b>100%</b> |
| Water             | 15,146        | 33%       | 1,316         | 3%        | 850           | 2%        | 28,171         | 62%        | 45,483         | 6%          |
| Electricity       | 28,275        | 33%       | 5,201         | 6%        | 4,116         | 5%        | 48,508         | 56%        | 86,100         | 11%         |
| Property rates    | 12,204        | 2%        | 30,309        | 5%        | 16,570        | 3%        | 567,148        | 91%        | 626,232        | 78%         |
| Other             | 19,740        | 41%       | 597           | 1%        | 520           | 1%        | 27,496         | 57%        | 48,352         | 6%          |
| <b>Total</b>      | <b>75,365</b> | <b>9%</b> | <b>37,423</b> | <b>5%</b> | <b>22,057</b> | <b>3%</b> | <b>671,323</b> | <b>83%</b> | <b>806,168</b> | <b>100%</b> |

Total outstanding debts for the quarter under review amounted to R 806 million, of which R 671 million or 83 per cent is owed for more than 90 days. There is an increase in the outstanding debtors of 90 days as compared to the previous quarter. This indicates that the municipality does not have proper recovery plans in place.

## Maquassi Hills Local Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Maquassi Hills | 0 - 30 Days   |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days   |            | Total          |             |
|----------------|---------------|-----------|--------------|-----------|--------------|-----------|----------------|------------|----------------|-------------|
|                | Amount        | %         | Amount       | %         | Amount       | %         | Amount         | %          | Amount         | %           |
| Government     | 638           | 24%       | 219          | 8%        | 177          | 7%        | 1,618          | 61%        | 2,651          | 1%          |
| Business       | 1,705         | 32%       | 436          | 8%        | 321          | 6%        | 2,872          | 54%        | 5,334          | 2%          |
| Households     | 7,528         | 4%        | 6,645        | 3%        | 5,067        | 3%        | 181,763        | 90%        | 201,003        | 83%         |
| Other          | 1,480         | 4%        | 1,137        | 3%        | 992          | 3%        | 29,740         | 89%        | 33,349         | 14%         |
| <b>Total</b>   | <b>11,352</b> | <b>5%</b> | <b>8,438</b> | <b>3%</b> | <b>6,556</b> | <b>3%</b> | <b>215,993</b> | <b>89%</b> | <b>242,338</b> | <b>100%</b> |
| Water          | 2,322         | 3%        | 2,883        | 4%        | 1,303        | 2%        | 63,748         | 91%        | 70,255         | 29%         |
| Electricity    | 2,777         | 46%       | 628          | 10%       | 509          | 8%        | 2,158          | 36%        | 6,072          | 3%          |
| Property rates | 1,225         | 6%        | 640          | 3%        | 581          | 3%        | 17,335         | 88%        | 19,782         | 8%          |
| Other          | 5,027         | 3%        | 4,286        | 3%        | 4,163        | 3%        | 132,753        | 91%        | 146,229        | 60%         |
| <b>Total</b>   | <b>11,352</b> | <b>5%</b> | <b>8,438</b> | <b>3%</b> | <b>6,556</b> | <b>3%</b> | <b>215,993</b> | <b>89%</b> | <b>242,338</b> | <b>100%</b> |

Total outstanding debtors for the quarter under review amounted to R 242 million, of which R 215.9 million or 89 per cent is outstanding for more than 90 days. There is not much change in the outstanding debtors as compared to the previous quarter. This shows that the municipality is not doing enough to recover its debts.

## Dr Kenneth Kaunda District Municipality

**Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 March 2012 (R'000)**

| Dr Kenneth DM  | 0 - 30 Days |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days |            | Total      |             |
|----------------|-------------|------------|--------------|-----------|--------------|-----------|--------------|------------|------------|-------------|
|                | Amount      | %          | Amount       | %         | Amount       | %         | Amount       | %          | Amount     | %           |
| Government     | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Business       | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Households     | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Other          | 291         | 43%        | 0            | 0%        | 0            | 0%        | 391          | 57%        | 682        | 100%        |
| <b>Total</b>   | <b>291</b>  | <b>43%</b> | <b>0</b>     | <b>0%</b> | <b>0</b>     | <b>0%</b> | <b>391</b>   | <b>57%</b> | <b>682</b> | <b>100%</b> |
| Water          | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Electricity    | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Property rates | -           | -          | -            | -         | -            | -         | -            | -          | -          | -           |
| Other          | 291         | 43%        | 0            | 0%        | 0            | 0%        | 391          | 57%        | 682        | 100%        |
| <b>Total</b>   | <b>291</b>  | <b>43%</b> | <b>0</b>     | <b>0%</b> | <b>0</b>     | <b>0%</b> | <b>391</b>   | <b>57%</b> | <b>682</b> | <b>100%</b> |

Total outstanding debtors outstanding for the quarter amounted R 682 thousand, of which R 391 thousand or 57 per cent is outstanding for more than 90 days. There is a very big improvement on outstanding debtors as compared to the previous quarter where the outstanding debtor amounted to R 5.9 million.

### 3.4.1.6 CREDITORS

Table 2.4(f) shows outstanding creditors in the District and table 2.4(f) 4 shows outstanding creditors by type.

**Table 2.4(f) : Creditors Age Analysis as at 31 March 2012 (R'000)**

| Municipality       | 0 - 30 Days    |           | 31 - 60 Days  |           | 61- 90 Days   |          | Over 90 Days  |           | Total          |            |
|--------------------|----------------|-----------|---------------|-----------|---------------|----------|---------------|-----------|----------------|------------|
|                    | Amount         | %         | Amount        | %         | Amount        | %        | Amount        | %         | Amount         | %          |
| Ventersdorp        | 5,523          | 20        | 2,351         | 8         | 357           | 1        | 19,964        | 71        | 28,196         | 12         |
| Tlokwe             | 61,449         | 100       | -             | -         | -             | -        | -             | -         | 61,449         | 26         |
| City of Matlosana  | 58,277         | 51        | 44,359        | 39        | 9,362         | 8        | 2,414         | 2         | 114,411        | 48         |
| Maquassi Hills     | 2,370          | 7         | 258           | 1         | 2,814         | 8        | 27,911        | 84        | 33,354         | 14         |
| Dr. Kenneth Kaunda | 2,053          | 81        | 333.51        | 13.12     | -             | -        | 155           | 6         | 2,542          | 1          |
| <b>Total</b>       | <b>129,671</b> | <b>54</b> | <b>47,302</b> | <b>20</b> | <b>12,533</b> | <b>5</b> | <b>50,445</b> | <b>21</b> | <b>239,952</b> | <b>100</b> |

Total creditors owed by municipalities in the district amounts to R 239.9 million. Matlosana has the highest amount of creditors that represent 48 per cent of the total creditors. This is followed by Tlokwe at 26 per cent, Maquassi Hills at 14 per cent and Ventersdorp at 12 per cent respectively.

**Supporting table 2.4(f)4: Outstanding Creditors as at 31 March 2012**

| District overview<br>R'000    | 0 - 30 Days    |           | 31 - 60 Days  |           | 61 - 90 Days  |          | Over 90 Days  |           | Total          |            |
|-------------------------------|----------------|-----------|---------------|-----------|---------------|----------|---------------|-----------|----------------|------------|
|                               | Amount         | %         | Amount        | %         | Amount        | %        | Amount        | %         | Amount         | %          |
| <b>Creditors Age Analysis</b> |                |           |               |           |               |          |               |           |                |            |
| Bulk Electricity              | 60,628         | 58        | 23,297        | 22        | 8,461.89      | 8.08     | 12,307        | 12        | 104,694        | 49         |
| Bulk Water                    | 14,892         | 31        | 14,935        | 31        | 2,724         | 6        | 15,602        | 32        | 48,154         | 23         |
| PAYE Deductions               | 2,435          | 100       | -             | -         | -             | -        | -             | -         | 2,435          | 1          |
| VAT(Output less Input)        | 341            | 100       | -             | -         | -             | -        | -             | -         | 341            | -          |
| Pension/Retirement            | 3,514          | 100       | -             | -         | -             | -        | -             | -         | 3,514          | 2          |
| Loans Repayments              | 2,245          | 100       | -             | -         | -             | -        | -             | -         | 2,245          | -          |
| Trade Creditors               | 39,140         | 79        | 6,713         | 14        | 990           | -        | 2,572         | 5         | 49,415         | 23         |
| Auditor-General               | 834            | 100       | -             | -         | -             | -        | -             | -         | 834            | -          |
| Other                         | 119            | 95        | 6             | 4.46      | -             | -        | -             | -         | 125            | -          |
| <b>Total</b>                  | <b>124,148</b> | <b>59</b> | <b>44,951</b> | <b>21</b> | <b>12,176</b> | <b>6</b> | <b>30,481</b> | <b>14</b> | <b>211,756</b> | <b>100</b> |

### Ventersdorp Local Municipality

**Outstanding Creditors as at 31 March 2012**

| Ventersdorp<br>R'000          | 0 - 30 Days  |            | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|-------------------------------|--------------|------------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                               | Amount       | %          | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |              |            |              |           |              |           |               |            |               |             |
| Bulk Electricity              | 4,342        | 43%        | 2,253        | 23%       | -            | -         | 3,413         | 34%        | 10,009        | 35%         |
| Bulk Water                    | 187          | 4%         | -            | 0%        | 238          | 5%        | 4,742         | 92%        | 5,168         | 18%         |
| PAYE Deductions               | -            | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| VAT(Output less Input)        | -            | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| Pension/Retirement            | -            | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| Loans Repayments              | -            | -          | -            | -         | -            | -         | 818           | 100%       | 818           | 3%          |
| Trade Creditors               | 943          | 17%        | 43           | 1%        | 119          | 2%        | 4,570         | 81%        | 5,676         | 20%         |
| Auditor-General               | 50           | 1%         | 55           | 1%        | -            | -         | 6,420         | 98%        | 6,525         | 23%         |
| Other                         | -            | -          | -            | -         | -            | -         | -             | -          | -             | -           |
| <b>Total</b>                  | <b>5,523</b> | <b>20%</b> | <b>2,351</b> | <b>8%</b> | <b>357</b>   | <b>1%</b> | <b>19,964</b> | <b>71%</b> | <b>28,196</b> | <b>100%</b> |

Total outstanding creditor's for the municipality amount to R 28 million, of which R 19.9 million or 71 per cent are creditors for over 90 days.

### Tlokwe Local Municipality

#### Outstanding Creditors as at 31 March 2012

| Tlokwe<br>R'000               | 0 - 30 Days   |             | 31 - 60 Days |          | 61 - 90 Days |          | Over 90 Days |          | Total         |             |
|-------------------------------|---------------|-------------|--------------|----------|--------------|----------|--------------|----------|---------------|-------------|
|                               | Amount        | %           | Amount       | %        | Amount       | %        | Amount       | %        | Amount        | %           |
| <b>Creditors Age Analysis</b> |               |             |              |          |              |          |              |          |               |             |
| Bulk Electricity              | 16,859        | 100%        | -            | -        | -            | -        | -            | -        | 16,859        | 27%         |
| Bulk Water                    | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| PAYE Deductions               | 1,788         | 100%        | -            | -        | -            | -        | -            | -        | 1,788         | 3%          |
| VAT(Output less Input)        | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| Pension/Retirement            | 3,107         | 100%        | -            | -        | -            | -        | -            | -        | 3,107         | 5%          |
| Loans Repayments              | 2,245         | 100%        | -            | -        | -            | -        | -            | -        | 2,245         | 4%          |
| Trade Creditors               | 37,290        | 100%        | -            | -        | -            | -        | -            | -        | 37,290        | 61%         |
| Auditor-General               | 161           | 100%        | -            | -        | -            | -        | -            | -        | 161           | -           |
| Other                         | -             | -           | -            | -        | -            | -        | -            | -        | -             | -           |
| <b>Total</b>                  | <b>61,449</b> | <b>100%</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>61,449</b> | <b>100%</b> |

Total outstanding creditors amounted to R 61 million and are all current i.e. owed for 0-30 days.

### Matlosana Local Municipality

#### Outstanding Creditors as at 31 March 2012

| City of Matlosana<br>R'000    | 0 - 30 Days   |            | 31 - 60 Days  |            | 61 - 90 Days |           | Over 90 Days |           | Total          |               |
|-------------------------------|---------------|------------|---------------|------------|--------------|-----------|--------------|-----------|----------------|---------------|
|                               | Amount        | %          | Amount        | %          | Amount       | %         | Amount       | %         | Amount         | %             |
| <b>Creditors Age Analysis</b> |               |            |               |            |              |           |              |           |                |               |
| Bulk Electricity              | 41,687        | 57%        | 23,191        | 32%        | 8,370        | 11%       | -            | -         | 73,248         | 260%          |
| Bulk Water                    | 14,730        | 50%        | 14,789        | 50%        | 1            | -         | -2           | -         | 29,518         | 105%          |
| PAYE Deductions               | -             | -          | -             | -          | -            | -         | -            | -         | -              | -             |
| VAT(Output less Input)        | -             | -          | -             | -          | -            | -         | -            | -         | -              | -             |
| Pension/Retirement            | -             | -          | -             | -          | -            | -         | -            | -         | -              | -             |
| Loans Repayments              | -             | -          | -             | -          | -            | -         | -            | -         | -              | -             |
| Trade Creditors               | 1,193         | 11%        | 6,379         | 58%        | 990          | 9%        | 2,416        | 22%       | 10,978         | 39%           |
| Auditor-General               | 667           | 100%       | -             | -          | -            | -         | -            | -         | 667            | 2%            |
| Other                         | -             | -          | -             | -          | -            | -         | -            | -         | -              | -             |
| <b>Total</b>                  | <b>58,277</b> | <b>51%</b> | <b>44,359</b> | <b>39%</b> | <b>9,362</b> | <b>8%</b> | <b>2,414</b> | <b>2%</b> | <b>114,411</b> | <b>100.0%</b> |

Total outstanding creditors amounted to R 114 million of which R 2.4 million is owed for more than 90 days. Bulk electricity and bulk water accounted for most outstanding creditors at R 73 million and R 29 million respectively.

Matlosana is also experiencing one of the municipalities experiencing some cash flow problems. The municipality is currently negotiating a payment agreement with bulk electricity service providers.

## Maquassi Hills Local Municipality

### Outstanding Creditors as at 31 March 2012

| Maquassi Hills<br>R'000       | 0 - 30 Days  |           | 31 - 60 Days |           | 61 - 90 Days |           | Over 90 Days  |            | Total         |             |
|-------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|------------|---------------|-------------|
|                               | Amount       | %         | Amount       | %         | Amount       | %         | Amount        | %          | Amount        | %           |
| <b>Creditors Age Analysis</b> |              |           |              |           |              |           |               |            |               |             |
| Bulk Electricity              | 2,083        | 14%       | 106          | 1%        | 91           | 1%        | 12,307        | 84%        | 14,587        | 44%         |
| Bulk Water                    | 162          | 1%        | 147          | 1%        | 2,723        | 15%       | 15,604        | 84%        | 18,636        | 56%         |
| PAYE Deductions               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| VAT(Output less Input)        | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Pension/Retirement            | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Loans Repayments              | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Trade Creditors               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Auditor-General               | -            | -         | -            | -         | -            | -         | -             | -          | -             | -           |
| Other                         | 119          | 95%       | 6            | 4%        | 0            | -         | 0             | -          | 125           | -           |
| <b>Total</b>                  | <b>2,364</b> | <b>7%</b> | <b>258</b>   | <b>1%</b> | <b>2,814</b> | <b>8%</b> | <b>27,911</b> | <b>84%</b> | <b>33,348</b> | <b>100%</b> |

Maquassi Hills is currently experiencing serious cash flow problems and as a result is unable to pay for the bulk purchases of both electricity and water. Through the intervention of the Department of Finance, the municipality and Sedibeng Water are currently in a process of brokering a payment agreement. A similar intervention process is envisaged for the payment of the outstanding amount for bulk purchase of electricity since the municipality is also struggling to pay for the supply thereof.

## Dr Kenneth Kaunda District Municipality

### Outstanding Creditors as at 31 March 2012

| Dr Kenneth Kaunda DM<br>R'000 | 0 - 30 Days  |            | 31 - 60 Days |            | 61 - 90 Days |          | Over 90 Days |           | Total        |             |
|-------------------------------|--------------|------------|--------------|------------|--------------|----------|--------------|-----------|--------------|-------------|
|                               | Amount       | %          | Amount       | %          | Amount       | %        | Amount       | %         | Amount       | %           |
| <b>Creditors Age Analysis</b> |              |            |              |            |              |          |              |           |              |             |
| Bulk Electricity              | -            | -          | -            | -          | -            | -        | -            | -         | -            | -           |
| Bulk Water                    | -            | -          | -            | -          | -            | -        | -            | -         | -            | -           |
| PAYE Deductions               | 648          | 100%       | -            | -          | -            | -        | -            | -         | 648          | 25%         |
| VAT(Output less Input)        | 341          | 100%       | -            | -          | -            | -        | -            | -         | 341          | 13%         |
| Pension/Retirement            | 407          | 100%       | -            | -          | -            | -        | -            | -         | 407          | 16%         |
| Loans Repayments              | -            | -          | -            | -          | -            | -        | -            | -         | -            | -           |
| Trade Creditors               | 658          | 57%        | 334          | 29%        | -            | -        | 155          | 14%       | 1,147        | 45%         |
| Auditor-General               | -            | -          | -            | -          | -            | -        | -            | -         | -            | -           |
| Other                         | -            | -          | -            | -          | -            | -        | -            | -         | -            | -           |
| <b>Total</b>                  | <b>2,053</b> | <b>81%</b> | <b>334</b>   | <b>13%</b> | <b>-</b>     | <b>-</b> | <b>155</b>   | <b>6%</b> | <b>2,542</b> | <b>100%</b> |

Total outstanding creditors amounted R 2.5 million of which R 155 thousand or 6 per cent is outstanding for more than 90 days.

### 3.4.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.4(g) below reflects the sources and application of cash by municipalities in the district over the period under review.



Table 2.4(g) : Cash Flow Position as at 31 March 2012 (R'000)

| Municipality       | Opening Balance | Receipts       |                 |                      |                | Payments               |                    |                |                |                         |                | Closing Balance |
|--------------------|-----------------|----------------|-----------------|----------------------|----------------|------------------------|--------------------|----------------|----------------|-------------------------|----------------|-----------------|
|                    |                 | Property Rates | Service Charges | Transfers (Oper&Cap) | Other Receipts | Employee related costs | Grants & Subsidies | Bulk Purchases | Capital Assets | Repayment of Borrowings | Other          |                 |
| Ventersdorp        | 30,569          | 243            | 2,483           | -                    | 989            | 2,313                  | -                  | 5,929          | 2,321          | -                       | 2,404          | 21,317          |
| Tlokwe             | 155,960         | 7,566          | 44,220          | -                    | 40,578         | 18,208                 | -                  | 16,859         | 7,696          | 458                     | 26,382         | 178,721         |
| Matlosana          | 37,412          | 11,089         | 45,015          | -                    | 41,876         | 32,023                 | -                  | 69,252         | 7,597          | 8,046                   | 55,725         | -37,251         |
| Maquassi Hills     | 430             | 737            | 3,597           | -                    | 34,317         | 4,264                  | -                  | 9,472          | 3,931          | 4,108                   | 13,745         | 3,561           |
| Dr. Kenneth Kaunda | 67,197          | -              | -               | 38,406               | 955            | 5,193                  | 2,787              | -              | 67             | -                       | 2,541          | 95,970          |
| <b>Total</b>       | <b>291,568</b>  | <b>19,635</b>  | <b>95,315</b>   | <b>38,406</b>        | <b>118,715</b> | <b>62,001</b>          | <b>2,787</b>       | <b>101,512</b> | <b>21,612</b>  | <b>12,612</b>           | <b>100,797</b> | <b>262,318</b>  |

According to the cash flow statements submitted, all municipalities in the Dr Kenneth Kaunda district closed their books with positive balances with an exception of Matlosana Municipality for the quarter ending 31 March 2012.

### **Ventersdorp Local Municipality**

The municipality opened and closed their books with a positive bank balances of R30 million and R 21 million respectively.

### **Tlokwe Local Municipality**

Tlokwe municipality opened and closed with positive balances of R 155 million and R 178 million respectively.

### **Matlosana Local Municipality**

Matlosana municipality opened with a positive cash balance of R 37 million but closed with a negative balance of R 37 million.

### **Maquassi Hills Local Municipality**

Maquassi Hills municipality opened and closed with positive balances of R 430 thousand and R 3.5 million respectively.

### **Dr Kenneth Kaunda District Municipality**

Dr Kenneth Kaunda District municipality opened and closed with positive balances of R 67 million and R 95 million respectively.

### 3.4.2.1 ANNUAL FINANCIAL STATEMENT AND AUDIT OUTCOMES

It is clear from the table below that not all the municipalities within the district are complying with section 122 and 126 of MFMA.

#### Audit Year: 2010/2011

| Municipalities                           | 2008/2009         |              |                                       | 2009/2010         |              |                                       | 2010/2011         |              |                                       |
|--|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|---------------------------------------|
|  | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       | AFS Received Date | Audit Report |                                       |
|  |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |                   | Issued Date  | Audit Opinion                         |
| Dr. Kenneth Kaunda District Municipality | 2009/08/31        | 2009/11/30   | Qualified                             | 2010/08/31        | 2010/11/30   | Qualified                             | 2011/12/12        | 2012/01/30   | Qualified                             |
| City of Matlosana                        | 2009/08/31        | 2010/04/30   | Disclaimer                            | 2010/08/31        | 2010/11/30   | Disclaimer                            | 2011/09/12        | 2011/12/12   | Disclaimer                            |
| Maquassi Hills Local Municipality        | 2010/10/04        | 2010/10/05   | Disclaimer                            | 2011/07/01        | 2011/09/30   | Disclaimer                            | 2011/08/31        | 2011/11/30   | Disclaimer                            |
| Tlokwe City Council                      | 2009/09/11        | 2009/12/11   | Disclaimer                            | 2010/08/31        | 2010/11/30   | Qualified                             | 2012/02/10        | O/S          | O/S                                   |
| Ventersdorp Local Municipality           | 2010/09/09        | 2011/01/13   | Disclaimer                            | 2011/06/30        | 2011/10/17   | Disclaimer                            | 2011/09/12        | 2011/12/12   | Disclaimer                            |
| Dr KKDM Economic Agency (Pty) Ltd        | 2010/08/20        | 2010/10/05   | Financially unqualified with findings | 2010/08/31        | 2010/11/30   | Financially unqualified with findings | 2011/12/12        | 2012/01/12   | Financially unqualified with findings |

source:AGSA

#### Ventersdorp

The municipality submitted the annual financial statements to Auditor General for the 2010/11 financial year on the 12 September 2011. The audit report was issued on the 12 December 2011 and the audit outcome is a disclaimer of audit opinion.

#### Tlokwe

The municipality submitted the annual financial statements for 2010/11 on the 31 August 2011. The municipality reported during the midterm visits that Audit General advised the municipality to prepare a consolidated AFS which includes the AFS of Mooi River Mall Investment. The reason for the consolidated AFS is as a result of the contribution of the municipality toward the establishment of the investment.

### **Maquassi Hills Local Municipality**

The municipality submitted the annual financial statements for 2010/11 on the 31 August 2011. The auditors issued the report on the 30 November 2011, and the audit outcome is a disclaimer of opinion.

### **City of Matlosana Local Municipality**

The municipality submitted their 2010/11 annual financial statements to Auditor General on the 12<sup>th</sup> September 2011, and they were already due by 31 August 2011. The auditors issued the report on 12 December 2011, and the audit outcome is a disclaimer of opinion.

### **Dr Kenneth Kaunda District Municipality**

The municipality submitted the consolidated annual financial statement to Auditor General within the prescribed time frame of two months after the end of financial year. The AG advised the municipality to correct some material error on the AFS. The municipality resubmitted the corrected AFS on 12 December 2012. The audit report was issued on 30 January 2012 and the opinion is a qualification for the district and the district agency received a financially unqualified opinion with findings.

## **4. INTERVENTION MEASURES**

### **4.1. CAPACITY BUILDING PROGRAMME**

Municipal capacity building is one of the mandates of the Provincial Treasury. In terms of sec.34 (1) of the MFMA, the Provincial Treasury must assist municipalities in building their capacity for efficient, effective and transparent financial management.

#### **4.1.1 INTERNSHIP PROGRAMME**

In the last quarter we reported that the department has embarked upon a number of initiatives which include appointment of interns and the intention to appoint former learner ship students to various municipalities

The department has appointed 17 (seventeen) Financial Interns with effect from 1<sup>st</sup> February 2012 over a period of twelve months and placed them at the following municipalities:-

Ventersdorp (2); Mamusa (2); Ramotshere Moiloa (2); Naledi (2); Lekwa Teemane (2) and Tswaing (4); three (3) are placed at Head Office.

#### **4.1.2 THUTHUKA UPLIFTMENT PROJECT**

Thuthuka Upliftment is a training project initiated by the North West Provincial Government in partnership with North West University and SAICA (South African Institute of Chartered Accountants). The North West University is the facilitator of the programme.

The objective of the programme is:-

- To create training opportunities to young people to gain practical experience in public finance;
- To provide technical support to municipalities;
- To address skills shortage;

The benefits derived from this programme will result in the:

- Improvement of the operational financial management of municipalities; which will contribute, amongst others to better audit outcomes.
- Beneficiaries (learners) having gained hands on experience and therefore contributing towards government priority of job creation;

Two (2) B. Com accounting graduates from this program have been appointed and placed at Ngaka Modiri Molema District Municipality on a twelve months internship program. Besides the two placed by the department, the other eight have been appointed by other institutions, out of the original 10 (ten).

#### **4.1.3 FORMER LEARNERSHIP AND INTERNS**

In the last quarter we reported that the department intends contracting former internal audit learnership students and former municipal finance interns to municipalities. 22 (twenty two) were appointed with effect from 1<sup>st</sup> March 2012. They are placed at the following municipalities on a twelve months contract:-

Ventersdorp (1); Tswaing (2); Ditsobotla (2); Ramotshere Moiloa (1); Naledi (2); Kagisano/Molopo (2); Maquassi Hills (2); Mamusa (1); Lekwa Teemane (2); Madibeng (3); Moretele (1); Kgetlengrivier (2) Local Municipalities; and one (1) at Ngaka Modiri Molema District Municipality. Their focus area is to assist municipalities with issues relating to preparation of annual financial statements and the audit file. Their work plans have been developed and an official from the programme has been assigned to visit all municipalities where these contracted officials are placed, to explain the work plan to the Municipal Manager, Chief Financial Officers and how these officials fit in the municipal work environment. The

municipal managers, CFO's, Provincial Treasury and the contracted officials co-signed the work plan to enforce accountability and monitoring.

#### **4.1.4 FINANCIAL MANAGEMENT SUPPORT PROGRAMME**

In the previous review, it was reported that the Provincial Treasury has embarked upon a Municipal Financial Management Support Programme, the objective of which is to reform financial management in municipalities. The Provincial Treasury has thus developed a Generic Municipal Support Plan as part of the programme to provide support to municipalities to improve financial management.

During the quarter under review, the department completed the tendering process. 16 (sixteen) service providers have been appointed on an 'as and when required' basis. The duration of the contract is two years.

The following six municipalities have been identified for initial support.

- Mamusa Local Municipality;
- Kgetleng Rivier Local Municipality;
- Kagisano/ Molopo Local Municipality;
- Ramotshere Moiloa Local Municipality;
- Greater Taung Local Municipality;
- Ventersdorp Local Municipality

The focus areas are annual financial statements and GRAP implementation. Their selection is based on the National Treasury criterion which requires that, for the success and sustainability of the plan, municipalities must ensure that the following institutional arrangements are in place:-

- That the positions of Municipal Manager and the Chief Financial Officers are filled;
- That positions in the Budget and Treasury Office are filled and fully functional;
- That the internal audit unit and the system of delegation are in place to facilitate effective administration;
- That municipalities selected are not already supported by the National Treasury. Municipalities to be supported by the Provincial Department of Finance will be required to sign for the support plan as a proof of commitment.

The following issues were also taken into consideration:

- Submission of annual financial statements and a need to improve audit outcomes;
- Municipalities not mentioned above will in the meantime be assisted to meet the conditions of the support plan.

## 5. MUNICIPALITIES DEBT TO UTILITIES

The Department continues to assist municipalities with the facilitation of payment of Utilities accounts, (Eskom and Water Boards) although some municipalities are not honouring their commitments. The municipalities reflected on the table below had existing arrangements with the service providers to pay both the current and the arrear accounts. In terms of the agreement, municipalities must report progress in terms of payment to the Provincial Treasury.

According to our records, during the quarter under review the following municipalities were in arrears with Eskom and Sedibeng Water account as follows:-

| <b>Municipalities indebted to Eskom</b>          | <b>Opening balance at the beginning of the quarter (1<sup>st</sup> Jan 2012)</b> | <b>Payment during the quarter</b> | <b>Balance at the end of the quarter ( 31<sup>st</sup> March 2012)</b> |
|--|--|-----------------------------------|--|
| Ventersdorp                                      | R 8 468 906.77   | R 4 990 283.86l                   | R 5 828 116.99   |
| Tswaing  |  |                                   |  |
| Naledi   | R 10 826 087.78  | R 2 405 797.26                    | R 8 420 290.52   |
| Matlosana  | R 77 274 934.98  | R 52 660 867.01                   | R 98 613 688.48  |
|  |  |                                   |  |
| <b>Municipalities indebted to Sedibeng Water</b> | <b>Opening balance at the beginning of the quarter (1<sup>st</sup> Jan 2012)</b> | <b>Payment during the quarter</b> | <b>Balance at the end of the quarter ( 31<sup>st</sup> March 2012)</b> |
| Maquassi Hills                                   | R 12 525 258.81  | Nil                               | R 12 525 258.81  |
|  |  |                                   |  |

The following are the following are the explanations regarding the status of the accounts reflected above:

- **Ventersdorp Local Municipality**

The initial payment agreement ended at the end of February 2012. In a meeting dated 02 April 2012, the municipality was urged to enter into a new payment agreement due to irregular payments during the initial agreement.

- **Tswaing Local Municipality**

The municipality has successfully settled the capital debt reflected in the payment agreement that ended in December 2011.

- **Naledi Local Municipality**

The municipality is servicing the arrear account satisfactorily and the payment agreement is ending in August 2012.

- **Matlosana Local Municipality**

In the meeting dated 02 April 2012, it became apparent that the municipality was experiencing some cash flow problems and was therefore encouraged to renegotiate the payment agreement with Eskom. The municipality queried Eskom August 2011, it had doubled the average normal charges, a special meeting was arranged immediately thereafter to allow Eskom the reason for the high amount.

- **Maquassi Hills Local Municipality**

The municipality is in breach of the existing contract with Sedibeng Water to the extent that no single payment was done during the quarter under review. No further engagement was made with the municipality since it failed to attend the meeting scheduled for 02 April 2012.