



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Director-General: National Treasury
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Attention: Mr. J. Hattingh

MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003)(MFMA): IN-YEAR-MONITORING: SECTION 71 (6) REPORTING AS AT 31 JANUARY 2009.

1. In terms of section 71(6) of the MFMA the Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.
2. Attached please find the Limpopo Provincial Treasury's MFMA section 71(6) consolidated statement and a related narrative report as at 31 January 2009.

HEAD OFFICIAL: PROVINCIAL TREASURY

DATE: 09/03/09.

LIMPOPO PROVINCIAL TREASURY
Municipal Budget Performance
Consolidated Statement as at 31 January 2009

Introduction

This consolidated budget statement and report covers the financial performance of municipalities for the month ending 31 January 2009.

The consolidated statement assesses the in-year financial performance of municipalities' against their budgeted revenue and expenditure. Credibility of this report depends to a large extent on the reasonability of the municipal budget and the consistent submission of compliant statements and reports. The assessment of the capital and operating budgets as well as debtors, creditors and cash flow gives effect to the in-year financial performance of municipalities. The assessments of the reporting tools is not limited to budgets, but also provides an update on related areas of the MFMA that impacts on the sustainability and effectiveness of a municipality e.g. compilation of Annual Financial Statements, internal audits and risk management.

Legislative Framework

In terms of section 71(1) of the Municipal Finance Management Act (Act 56 of 2003)(MFMA) the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to, amongst others, the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget. Section 74 of the MFMA requires accounting officers to submit such information, returns, documents and motivations as may be required.

Furthermore, according to section 71(6) the Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the Municipalities' budget.

MFMA IMPLEMENTATION RELATED MATTERS

Compliance to submission of s71 on due date

The table below indicates the dates and type of s71 reports that the municipalities submitted for the month of January 2009. S71 (4) of the MFMA states that the report to the provincial treasury should be a signed copy and in an electronic format. Twenty one municipalities out of thirty submitted electronic documents and none submitted a hard copy.

Twenty-one submissions show a great improvement in compliance to legislation, although the requirement is that submissions should be in both the hard and electronic copies. It can be noticed from the table below that all the submissions are in electronic format and none submitted in hard copy.

Provincial Treasury would like to state that it appreciates the effort by those twenty-two municipalities for having submitted the electronic copy from which 8 submitted after the due date and the remaining eight did not submit at all. However, the Act states that non submission of a hard copy is deemed as non compliance to legislation, because the hard copy is the only evidence that shows that the municipality management has looked at the document and owns the report and the contents therein by appending a signature. It therefore can be concluded that all the thirty municipalities in the province did not comply with legislation.

Table 1 S71 Submission

Municipality	Jan - 09			
	Old/new version	Date of submission		Documents submitted
		Electronic	Hard copy	
DC 35 - CAPRICON	New	13.02.09	No Submission	AC,AD,CFA,CAA, OSA
NP 351 - BLOUBERG	New	13.02.09	No Submission	AC,AD,CAA,CFA, OSA
NP352 - AGANANG	New	13.02.09	No Submission	CAA,CFA,OSA
NP 353 - MOLEMOLE		No	No	CAA,CFA,OSA,AC

		Submission	Submission	
NP 354 - POLOKWANE	New	13.02.09	No Submission	AC,AD,CFA,CAA
NP 355 - LEPELLE-NKUMPI	New	No Submission	No Submission	
DC - 47 - GREATER SEKHUKHUNE	New	13.02.09	No Submission	AC, AD, CAA, CFA
NP 03a2 - MAKHUDUTHAMAGA		No Submission	No Submission	
NP 03a3 - FETAKGOMO		No Submission	No Submission	
NP 03a4 - MARBLE HALL	New	12.02.09	No Submission	CAA,CFA,AD,AC, OSA
NP 03a5 - ELIAS MOTSOALEDI	New	10.02.09	No Submission	AC,AD,CFA,OSA, CAA
NP 03a6 - GREATER TUBATSE		No Submission	No Submission	
DC 33 - MOPANI	New	13.02.09	No Submission	AC,CAA.CFA,AD, OSA
NP 331 - GREATER GIYANI		No Submission	No Submission	
NP 332 - GREATER LETABA	New	13.02.09	No Submission	OSA,AD,AC,CAA, CFA
NP 333 - GREATER TZANEEN	New	13.02.09	No Submission	OSA,AD,AC,CAA, CFA
NP 334 - BA-PHALABORWA	New	13.02.09	No Submission	AD,AC,CFA
NP 335 - MARULENG	New	No Submission	No Submission	
DC 36 - WATERBERG	New	13.02.09	No Submission	OSA,AC,AD,CFA, CAA
NP 361 - THABAZIMBI	New	18.02.09	No Submission	AD,CFA,OSA

NP 362 - LEPHALALE	New	19.02.09	No Submission	OSA,CAA,CFA,AC,AD
NP 364 - MOOKGOPONG	New	17.02.09	No Submission	AC,AD,CFA,CAA,OSA
NP 365 - MODIMOLLE	New	12.02.09	No Submission	AC,AD,CFA,CAA,OSA
NP 366 - BELA-BELA	New	10.02.09	No Submission	OSA,CAA,AC,AD
NP 367 - MOGALAKWENA	New	13.02.09	No Submission	AC,AD,CAA,OSA
DC 34 - VHEMBE	New	18.02.09	No Submission	CAA, CFA, OSA
NP 341- MUSINA	New	13.02.09	No Submission	OSA,AC,AD,CAA,CFA
NP 342 - MUTALE	New	13.02.09	No Submission	AC, CFA, CAA, CFA
NP 343 - THULAMELA	New	17.02.09	No Submission	AC, AD, CAA, CFA, OSA
NP 344 - MAKHADO	New	18.02.09	No Submission	CFA,AC,AD,CAA,OSA

Capital and Operating Budgets

Table 2 below shows the performance by the five districts on capital for the month ending January 2009. The column headed actual for the month represents spending performance for the month of January, while the actual to date indicates spending performance for the seven months period ending 31 January 2009.

Table 2: Summary of municipal Capital Budget for January 2009

Code	Municipality	Capital Budget			Expenditure		Variance	
		Original budget	Adjustments	Adjusted Capital budget	Actual for the month	Actual to date	Adjusted budget vs Actual to date	% Variance
NP03a2	Makhuduthamaga	39,625,000		39,625,000	-	1,753,278	37,871,722	4%
NP03a3	Fetakgomo	9,273,077		9,273,077	-	1,217,306	8,055,771	13%
NP03a4	Greater marble Hall	23,712,520		23,712,520	-	1,962,290	21,750,230	8%
NP03a5	Greater Tubatse	30,887,000		30,887,000	-	-	30,887,000	0%
NP03a6	Elias Motsoaledi	82,425,000		82,425,000	389,602	7,896,200	74,528,800	10%
DC47	Greater Sekhukhune	513,771,797		513,771,797	4,333,663	4,333,663	509,438,134	1%
	Sekhukhune	699,694,394		699,694,394	4,723,265	17,162,737	682,531,657	2%
NP331	Greater Giyani	33,696,000		33,696,000		5,241,250	28,454,750	16%
NP332	Greater Letaba	41,765,100		41,765,100	13,441,739	31,740,059	10,025,041	76%
NP333	Greater Tzaneen	69,605,000		69,605,000	813,650	15,449,407	54,155,593	22%
NP334	Ba-Phalaborwa	20,123,000		20,123,000	-	5,241,250	14,881,750	26%
NP335	Maruleng	38,362,000		38,362,000	-	5,241,250	33,120,750	14%
DC33	Mopani District	488,299,000		488,299,000	17,692,486	25,059,366	463,239,634	5%
	Mopani District	691,850,100		691,850,100	31,947,875	87,972,582	603,877,518	13%
NP341	Musina	13,870,000		13,870,000	324,195	4,431,323	9,438,677	32%
NP342	Mutale	10,258,707		10,258,707	71,136	5,312,386	4,946,321	52%
NP343	Thulamela	250,124,000		250,124,000	5,573,938	19,971,305	230,152,695	8%
NP344	Makhado	107,539,600		107,539,600	1,413,239	6,694,717	100,844,883	6%
DC34	Vhembe District	885,461,159		885,461,159	9,876,080	132,065,149	753,396,010	15%
	Vhembe	1,267,253,466		1,267,253,466	17,258,588	168,474,880	1,098,778,586	13%
NP351	Blouberg	32,487,000		32,487,000	1,260,271	3,184,616	29,302,384	10%
NP352	Aganang	39,686,737		39,686,737	1,140,150	8,507,030	31,179,707	21%
NP353	Molemole	84,579,684		84,579,684	996,603	1,238,483	83,341,201	1%
NP354	Polokwane	1,244,109,000		1,244,109,000	109,540,213	236,495,788	1,007,613,212	19%
NP355	Lepelle-Nkumpi	92,929,186		92,929,186	577,675	2,964,350	89,964,836	3%
DC35	Capricorn District	537,791,802		537,791,802	26,648	321,824	537,469,978	0%
	Capricorn	2,031,583,409		2,031,583,409	113,541,560	249,527,475	1,782,055,934	12%
NP361	Thabazimbi	56,696,000		56,696,000	-	5,241,250	51,454,750	9%
NP362	Lephalale	25,504,400		25,504,400	-	412,280	25,092,120	2%
NP363	Mookgophong	31,565,000		31,565,000	97,133	2,244,961	29,320,039	7%
NP364	Modimolle	52,768,000		52,768,000	3,378,961	12,693,087	40,074,913	24%
NP365	Bela-Bela	12,478,000		12,478,000	253,032	2,411,504	10,066,496	19%
NP366	Mogalakwena	160,120,000		160,120,000	(5,320,128)	(24,562,147)	184,682,147	-15%
DC36	Waterberg District	24,737,000		24,737,000	13,500	883,115	23,853,885	4%
	Waterberg	363,868,400		363,868,400	(1,577,502)	(6,329,480)	370,197,880	-2%
	Total	5,054,249,769	-	5,054,249,769	165,893,786	516,808,194	4,537,441,575	10%

For the month under review, the performance is R165.9 million spent or 3.3 per cent of the total adjusted capital budget of R5.054 billion. January expenditure shows that there is an improvement in spending. This improved spending trend can be attributed to the improvement in submission of the s71 by municipalities.

Despite the improved spending depicted in the table above, it still remains a challenge to justify the capital spending of R516.8 million or 10 percent over a period of seven months. Municipalities have collectively contributed to the poor performance on capital expenditure. The challenge of erratic submissions and that reliance cannot be placed on the credibility of the figures in the reports submitted by most municipalities, adds to the complexity of relevant analysis and therefore meaningful conclusions.

Table 3: Summary of municipal Capital Budget for January 2009 cont....

Code	Municipality	Source of financing						Actual for the month	Actual to date
		External loans	Asset financing reserve	Surplus cash	Public contributions/donations	Government Grants and Subsidies	Other		
									1,753,278
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-
NP03a5	Greater Tubalse	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	314,369	-	92,330	-	406,699	7,913,297
DC47	Greater Sekhukhune	-	-	-	-	4,333,663	-	4,333,663	4,333,663
	Sekhukhune	-	-	314,369	-	4,425,993	-	4,740,362	14,000,238
NP331	Greater Giyani	-	-	-	-	-	-	-	6,192,138
NP332	Greater Letaba	-	-	-	-	10,130,604	3,311,135	13,441,739	31,740,059
NP333	Greater Tzaneen	283,190	-	-	-	530,460	-	813,650	4,873,273
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-
	Mopani District	283,190	-	-	-	10,661,064	3,311,135	14,255,389	42,805,470
NP341	Musina	-	-	-	-	324,195	-	324,195	3,950,315
NP342	Mutale	-	-	-	-	71,136	-	71,136	71,136
NP343	Thulamela	-	-	2,215,843	-	3,358,095	-	5,573,938	14,730,055
NP344	Makhado	227,850	-	759,339	-	426,050	-	1,413,239	8,807,827
DC34	Vhembe District	-	-	-	-	-	-	-	87,103,319
	Vhembe	227,850	-	2,975,182	-	4,179,476	-	7,382,508	114,662,652
NP351	Blouberg	-	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	-	-	-
NP353	Molemole	-	-	-	-	-	-	-	106,762
NP354	Polokwane	-	18,364,276	-	-	77,201,779	-	95,566,055	228,537,858
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-
	Capricorn	-	18,364,276	-	-	77,201,779	-	95,566,055	228,644,620
NP361	Thabazimbi	-	-	-	-	-	-	-	-
NP362	Lephalale	-	-	-	-	-	-	-	1,333,668
NP363	Mookgophong	-	97,133	-	-	-	-	97,133	1,799,169
NP364	Modimolle	-	-	-	-	-	-	-	13,243,000
NP365	Bela-Bela	23,278	-	-	-	229,754	-	253,032	2,169,624
NP366	Mogalakwena	-	(435,431)	-	(1,535,700)	(3,348,997)	-	(5,320,128)	(24,562,147)
DC36	Waterberg District	-	-	-	-	13,500	-	13,500	883,115
	Waterberg	23,278	(338,298)	-	(1,535,700)	(3,105,743)	-	(4,956,463)	(5,133,571)
	Total	534,318	18,025,978	3,289,551	(1,535,700)	93,362,569	3,311,135	116,987,851	394,979,409

Capital Revenue: Sources of Finance

The table above depicts the sources of finances acquired to fund capital expenditure. For the month under review, the performance per source item was External Loans R534.3 million, Asset financing reserve R18 million, Surplus cash R3.2 million, Public Contribution negative R1.5 million, Government grants and subsidies R93.3 million and other R3.3 million. Some municipalities are still not reflecting the source of finance for their capital revenue; this makes it difficult to reconcile the actual capital revenue figure with that of actual expenditure figure.

Government Grants and Subsidies are the biggest source of revenue for most of the municipalities as shown from the table above. Generation of own revenue appears to still be a major challenge in the municipalities whilst non collection of debt also affects the going concern.

The source item "other" is a combination of all other finance sources that are not repetitive. Mostly these are once off funding sources that a municipality may source in a particular period.

Surplus cash comes from funds not utilized from the budget of a municipality and it is brought forward from the prior period.

The performance per table above is not representative of all the municipalities since some municipalities did not submit the report or submitted the report late resulting in those reports not being included in the consolidated report.

Code	Municipality	Operating Expenditure						
		Original Budget	adjustments	Adjusted budget	Actual for the month	Actual expenditure to date	Variance Budget - Expenditure	% Variance
NP03a2	Makhuduthamaga	62,619,706		62,619,706		-	62,619,706	0%
NP03a3	Fetakgomo	28,123,149		28,123,149		3,952,326	24,170,823	14%
NP03a4	Greater marble Hall	106,764,430		106,764,430	(4,301,771)	(14,662,354)	121,426,784	-14%
NP03a5	Greater Tubatse	142,392,110		142,392,110			142,392,110	0%
NP03a6	Elias Motsoaledi	109,170,000	2,996,000	112,166,000	9,759,361	31,073,574	81,092,426	28%
DC47	Greater Sekhukhune	801,352,682		801,352,682			801,352,682	0%
	Total	1,250,422,077	2,996,000	1,253,418,077	5,457,590	20,363,546	1,233,054,531	2%
NP331	Greater Giyani	108,670,000		108,670,000		5,514,568	103,155,432	5%
NP332	Greater Letaba	124,555,755	2,525,580	127,081,335	44,894,343	44,894,343	82,186,992	35%
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	34,136,701	34,136,701	393,921,657	8%
NP334	Ba-Phalaborwa	201,820,180		201,820,180			201,820,180	0%
NP335	Maruleng	43,796,300		43,796,300			43,796,300	0%
DC33	Mopani District	234,447,076		234,447,076	24,603,423	24,603,423	209,843,653	10%
	Total	1,127,006,409	16,866,840	1,143,873,249	103,634,467	109,149,035	1,034,724,214	10%
NP341	Musina	104,907,000	10,880,000	115,787,000	11,230,967	26,246,152	89,540,848	23%
NP342	Mutale	42,178,794		42,178,794	3,587,657	18,602,842	23,575,952	44%
NP343	Thulamela	222,134,235		222,134,235	(13,649,523)	1,365,662	220,768,573	1%
NP344	Makhado	339,965,989		339,965,989	24,403,863	62,881,633	277,084,356	18%
DC34	Vhembe District	428,109,722		428,109,722	23,043,352	38,058,537	390,051,185	9%
	Total	1,137,295,740	10,880,000	1,148,175,740	48,616,316	147,154,826	1,001,020,914	13%
NP351	Blouberg	58,253,500		58,253,500	(5,441,732)	(13,420,310)	71,673,810	-23%
NP352	Aganang	38,172,630		38,172,630	2,992,632	7,752,277	30,420,353	20%
NP353	Molemole	52,912,694		52,912,694	(3,150,190)	(8,995,007)	61,907,701	-17%
NP354	Polokwane	1,448,744,600		1,448,744,600			1,448,744,600	0%
NP355	Lepelle-Nkumpi	80,008,781		80,008,781	6,010,585	13,806,998	66,201,783	17%
DC35	Capricorn District	162,065,492		162,065,492	21,045,857	25,546,138	136,519,354	16%
	Total	1,840,157,697	-	1,840,157,697	21,457,152	24,690,096	1,815,467,601	1%
NP361	Thabazimbi	142,229,236		142,229,236	3,538,153	3,538,153	138,691,083	2%
NP362	Lephalale	162,929,040		162,929,040	10,785,016	30,444,386	132,484,654	19%
NP363	Mookgophong	64,641,000		64,641,000	6,428,785	18,474,460	46,166,540	29%
NP364	Modimolle	148,255,000		148,255,000	7,690,603	24,333,003	123,921,997	16%
NP365	Bela-Bela	122,401,685		122,401,685	3,783,652	15,829,327	106,572,358	13%
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	(21,318,585)	(51,412,700)	388,226,700	-15%
DC36	Waterberg District	60,822,479		60,822,479	23,367,070	38,726,365	22,096,114	64%
	Total	1,023,754,440	14,338,000	1,038,092,440	34,274,694	79,932,994	958,159,446	8%
	Grand Total	6,378,636,363	45,080,840	6,423,717,203	213,440,219	381,290,497	6,042,426,706	6%

The total operating expenditure budget for the thirty municipalities in Limpopo amounts to R6.423 billion. The operating budget is composed of R1 250 million for Greater

Sekhukhune District, R1 127 million for Mopani District, R1 137 million for Vhembe District, R1 840 for Capricorn District and R1 024 for Waterberg District.

The total operating budget was adjusted upwards by R45.080 million to R6.424 from R6.378 billion. The total actual operating expenditure for the municipalities that submitted their OSA's amounts to R381.2 million for the month under review, while the actual expenditure to date amounts to R213.4 million (6%). The total provincial expenditure to date appears to be low due to non submission and some extent incorrect completion of returns.

Table 5: Summary of municipal Operating Budget for January 2009

Code	Municipality	Operating revenue						
		Original Budget	Adjustments	Adjusted revenue budget	Actual for the month	Actual to date	Variance Budget - Actual	% variance
NP03a2	Makhuduthamaga	62,616,706		62,616,706	-	-	62,616,706	0%
NP03a3	Fetakgomo	28,384,704		28,384,704	-	-	28,384,704	0%
NP03a4	Greater marble Hall	106,780,660		106,780,660	3,241,022	3,241,022	103,539,638	3%
NP03a5	Greater Tubatse	142,392,117		142,392,117	-	-	142,392,117	0%
NP03a6	Elias Motsoaledi	191,691,000	3,558,000	195,249,000	2,476,928	2,476,928	192,772,072	1%
DC47	Greater Sekhukhune	803,043,642		803,043,642	-	-	803,043,642	0%
	Total	1,334,908,829	3,558,000	1,338,466,829	5,717,950	5,717,950	1,332,748,879	0%
NP331	Greater Giyani	108,670,000		108,670,000		18,827,325	89,842,675	17%
NP332	Greater Letaba	125,739,327	2,525,580	128,264,907	60,720,153	118,870,190	9,394,717	93%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	45,293,046	120,700,031	338,392,215	26%
NP334	Ba-Phalaborwa	208,065,060		208,065,060	-	-	208,065,060	0%
NP335	Maruleng	59,847,300		59,847,300	-	-	59,847,300	0%
DC33	Mopani District	511,189,000		511,189,000	8,799,637	8,799,637	502,389,363	2%
	Total	1,458,261,673	16,866,840	1,475,128,513	114,812,836	267,197,183	1,207,931,330	18%
NP341	Musina	109,907,000	5,880,000	115,787,000	6,462,637	20,998,919	94,788,081	18%
NP342	Mutale	68,866,971		68,866,971	5,193,543	5,193,543	63,673,428	8%
NP343	Thulamela	472,258,560		472,258,560	17,694,028	17,694,028	454,564,532	4%
NP344	Makhado	339,997,819		339,997,819	16,328,202	116,059,199	223,938,620	34%
DC34	Vhembe District	428,109,722		428,109,722	16,800,722	16,800,722	411,309,000	4%
	Total	1,419,140,072	5,880,000	1,425,020,072	62,479,132	176,746,411	1,248,273,661	12%
NP351	Blouberg	90,740,500		90,740,500	2,725,165	39,264,693	51,475,807	43%
NP352	Aganang	38,172,630		38,172,630	3,450,415	6,134,895	32,037,735	16%
NP353	Molemole	6,500,000		6,500,000	711,658	2,267,698	4,232,302	35%
NP354	Polokwane	1,448,744,600		1,448,744,600	-	-	1,448,744,600	0%
NP355	Lepelle-Nkumpi	140,303,015		140,303,015	10,901,561	43,775,929	96,527,086	31%
DC35	Capricorn District	162,065,492		162,065,492	96,617,103	96,617,103	65,448,389	60%
	Total	1,886,526,237	-	1,886,526,237	114,405,902	188,060,318	1,698,465,919	10%
NP361	Thabazimbi	137,655,619		137,655,619	8,490,203	8,490,203	129,165,416	6%
NP362	Lephalale	162,942,461		162,942,461	8,362,658	34,785,140	128,157,321	21%
NP363	Mookgophong	64,641,000		64,641,000	5,400,865	5,400,865	59,240,135	8%
NP364	Modimolle	148,328,000		148,328,000	8,442,494	14,812,952	133,515,048	10%
NP365	Bela-Bela	122,583,297		122,583,297	8,244,102	8,244,102	114,339,195	7%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	34,500,726	89,805,283	363,292,717	20%
DC36	Waterberg District	75,280,800		75,280,800	2,731,721	28,889,789	46,391,011	38%
	Total	1,150,710,177	13,819,000	1,164,529,177	76,172,769	190,428,334	974,100,843	16%
	Grand Total	7,249,546,988	40,123,840	7,289,670,828	373,588,589	828,150,196	6,461,520,632	11%

Limpopo municipalities originally budgeted to collect R7. 250 billion for the financial year 2008/09; the adjusted budget amounted to R7 .290 billion. The total collection for the month under review is R373.5 million, the actual collection to date is R828.1 million. The amount collected by the twenty two municipalities that submitted the OSA return form is 11% of the adjusted revenue budget. The collection rate was expected to be around 58% under normal circumstances.

Summary of municipal Debtor's book

Table 6: Summary of municipal Debtor's book January 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	1,695,503	567,865	866,836	566,175	-	-	-	-	3,696,379
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsaedi	4,162,129	1,368,730	589,214	376,710	4,395,357	-	-	-	10,892,140
DC47	Greater Sekhukhune	-	-	-	-	30,969,548	-	-	-	30,969,548
	Sub-Total	5,857,632	1,936,595	1,456,050	942,885	35,364,905	-	-	-	45,558,067
NP331	Greater Givani	1,541,200	2,173,056	2,449,715	1,968,943	1,517,352	3,194,562	7,337,472	40,727,800	60,910,100
NP332	Greater Letaba	4,685,185	859,355	649,716	1,133,178	835,717	30,282,326	-	-	38,445,477
NP333	Greater Tzaneen	34,467	27,563,254	7,066,010	4,709,615	4,186,309	3,067,307	-	-	46,626,962
NP334	Ba-Phalaborwa	7,639,538	6,502,812	5,264,693	4,415,391	159,881,362	-	-	-	183,703,796
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	Sub-Total	13,900,390	37,098,477	15,430,134	12,227,127	166,420,740	36,544,195	7,337,472	43,934,232	332,892,767
NP341	Musina	1,129,293	885,593	752,385	687,128	19,923,648	-	-	-	23,378,047
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	6,371,471	7,796,873	6,723,512	4,749,036	6,059,052	6,509,982	30,746,647	191,447,927	260,404,500
NP344	Makhado	1,798,330	9,401,662	6,163,333	5,393,920	1,729,791	66,591,547	-	-	91,078,583
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	Sub-Total	9,299,094	18,084,128	13,639,230	10,830,084	27,712,491	73,101,529	30,746,647	191,447,927	374,861,130
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	557,196	547,839	1,095,678	547,839	547,839	-	-	-	3,296,391
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	27,662,879	20,624,047	9,754,190	14,207,805	129,625,538	-	-	-	201,874,459
NP355	Lepelle-Nkumpi	4,577,239	3,979,182	4,395,415	4,368,858	60,860,540	-	-	-	78,181,234
DC35	Capricorn District	-	-	-	-	-	-	-	24,308,305	24,308,305
	Sub-total	32,797,314	25,151,068	15,245,283	19,124,502	191,033,917	-	-	24,308,305	307,660,389
NP361	Thabazimbi	2,208,577	1,665,883	2,011,695	2,117,860	40,035,508	-	8	-	48,039,531
NP362	Lephalale	8,505,311	2,877,912	1,598,204	1,376,099	20,333,258	-	-	-	34,690,784
NP363	Mookgophong	4,260,577	3,780,827	1,826,689	13,127,615	-	-	-	-	22,995,708
NP364	Modimolle	(3,361,096)	1,658,564	3,964,459	1,087,764	21,957,544	-	-	-	25,307,235
NP365	Bela-Bela	6,767,009	4,037,668	2,646,319	39,986,531	-	-	-	-	53,437,527
NP366	Mogalakwena	17,039,859	9,439,625	4,986,117	4,095,558	133,916,478	-	-	-	169,477,637
DC36	Waterberg District	35,815	35,199	57,173	43,730	154,297	-	-	479,627	805,841
	Sub-total	35,456,052	23,495,678	17,090,656	61,835,157	216,397,085	-	8	479,627	354,754,263
	Total	97,310,482	105,765,946	62,861,353	104,959,755	636,929,138	109,645,724	38,084,127	260,170,091	1,415,726,616

The table above reveals the difficulties faced by municipalities in the province in as far as debt collection is concerned. Out of the thirty municipalities, only Waterberg is showing a slightly lower figure of debt owed that is below R1.0 million. The rest of the municipalities are showing figures above R1.0 million putting serious doubt on the credibility of the

information. It is interesting to note that most municipalities in the province are relatively poor and they need every cent available at their disposal, yet the neediest of them are the ones that are not prioritizing collection. They leave huge sums of money owing to them without an effective strategy to collect. This data by municipalities calls into question the credibility of the debtors' book in most of the municipalities.

Table 7: Summary of municipal Debtor's book per District January 2009

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Sekhukhune District	5,857,632	1,936,595	1,456,050	942,885	35,364,905	-	-	-	45,558,067
Mopani District	13,900,390	37,098,477	15,430,134	12,227,127	166,420,740	36,544,195	7,337,472	43,934,232	332,892,767
Vhembe District	9,299,094	18,084,128	13,639,230	10,830,084	27,712,491	73,101,529	30,746,647	191,447,927	374,861,130
Capricorn District	32,797,314	25,151,068	15,245,283	19,124,502	191,033,917	-	-	24,308,305	307,660,389
Waterberg District	35,456,052	23,495,678	17,090,656	61,835,157	216,397,085	-	8	479,627	354,754,263
Total	97,310,482	105,765,946	62,861,353	104,959,755	636,929,138	109,645,724	38,084,127	260,170,091	1,415,726,616

The total debt owed to municipalities as at 31 January 2009 amount to R 1.415 billion. Out of this debt R97.3 million is current while R260 million is aged over one year. The table above further suggests that debt collection still remain a great challenge for most of the provincial municipalities since the ability to collect current debts seems to be ineffective. The debt indicated in table 7 above appears to be exaggerated, however, if these figures truly exist, most of them will be written off because it does not seem likely that they can ever be collected.

Summary of municipal Creditors' book

Table 8: Summary of municipal Creditors' Book for January 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	Sub-Total	-	-	-	-	-	-	-	-	-
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	6,310,726	-	-	-	-	-	-	-	6,310,726
NP333	Greater Tzaneen	17,051,175	-	-	-	-	-	-	-	17,051,175
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	Sub-Total	23,361,901	-	-	-	-	-	-	-	23,361,901
NP341	Musina	4,907	4,185	-	118	-	2,115	-	-	11,325
NP342	Mutale	1,220,285	759,498	583,532	452,674	176,809	166,733	171,986	-	3,531,517
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,167,039	8,470	-	239	11,074	-	-	-	1,186,822
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	Sub-Total	2,392,231	772,153	583,532	453,031	187,883	168,848	171,986	-	4,729,664
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	878,949	-	-	-	-	-	-	-	878,949
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	27,091,716	16,254	273,699	29,655	-	-	-	-	27,411,324
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-	-
	Sub-total	27,970,665	16,254	273,699	29,655	-	-	-	-	28,290,273
NP361	Thabazimbi	10,009,025	-	-	-	-	-	-	-	10,009,025
NP362	Lephalale	2,105,146	341,165	178,364	-	-	-	-	-	2,624,675
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	14,316,828	-	-	-	-	-	-	-	14,316,828
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	169,211	-	-	-	-	-	-	-	169,211
	Sub-total	26,600,210	341,165	178,364	-	-	-	-	-	27,119,739
Total		80,325,007	1,129,572	1,035,595	482,686	187,883	168,848	171,986	-	83,501,577

The table above reveals the amount of R83.5 million which is expected to be paid to the creditors by those municipalities that submitted the creditor's book. The other eight municipalities are excluded from the current publication due to non compliance to Municipal Finance Management Act, section 71. Municipalities which contributed a lot in the above amount are Modimolle, Polokwane, Thabazimbi and Tzaneen. The amount falls within the brackets of 0-30 and 121-150 days. Municipalities owing more than 31- 60 days are encouraged to pay their creditors and are as well encouraged to report on total accounts payable instead of top ten creditors.

Summary of municipal Cash flow statement

Table 9: Summary of municipal Cash flow statement for January 2009

Descriptions	Month 2 Aug Actual	Month 3 Sep	Q1 Jul - Sep	Month 4 Oct	Month 5 Nov	Month 6 Dec	Q2 Oct - Dec
0100 Opening Cash Balance	1,768,579,682	1,820,257,293	4,853,598,852	1,284,258,679	1,434,903,086	1,481,204,062	1,284,258,679
0200 <i>Add : Receipts</i>							
0300 - Revenue receipts (incl consumer debtors)	216,491,887	215,726,304	670,725,414	172,786,101	177,955,427	162,031,122	512,772,650
0400 - External loans received	0	1,218,193	1,218,193	567,444	163,125	0	730,569
0500 - Grants and subsidies	306,497,786	93,030,368	1,001,020,993	312,801,044	526,078,616	253,548,172	1,092,427,832
0600 - Public donations	210,000	0	408,355	0	0	0	0
0700 - Investments redeemed	6,000,000	11,494,982	522,494,982	456,711,254	65,193,118	43,927,408	565,831,780
0800 - Consumer deposits	2,817,861	1,547,395	7,396,312	1,716,929	808,850	573,054	
0900 - Receipts from long-term debtors	146,016	621,758	918,379	708,605	172,564	188,870	1,070,039
1000 - Insurance claims	303	0	303	0	20,000	20,000	40,000
1100 - Statutory Receipts (incl VAT)	2,322,115	2,184,691	12,278,865	2,954,510	3,289,421	2,783,044	9,026,975
1200 - Other	50,535,395	54,223,025	157,939,923	66,460,463	47,975,378	28,811,022	143,246,863
1300 Sub-Total (Receipts)	585,021,363	380,046,716	2,374,401,719	1,014,706,350	821,656,499	491,882,692	2,325,146,708
1400 <i>Less : Payments</i>							
1500 - Salaries, wages and allowances	122,863,604.00	119,930,481.00	361,279,691	122,036,725	119,877,947	107,120,590	349,035,262
1600 - Cash and creditor payments	183,439,781.00	158,162,765.00	532,043,544	156,548,872	146,282,606	110,119,640	412,951,118
1700 - Capital payments	148,242,089.00	246,038,920.00	587,141,013	274,456,218	360,231,503	409,364,985	1,044,052,706
1800 - Investments made	-	320,610,000.00	635,610,000	225,000,000	16,000,000	50,000,000	291,000,000
1900 - External loans repaid	4,722,321.00	5,290,519.00	14,755,747	2,705,312	1,461,596	8,474,762	12,641,670
2000 - Statutory Payments (incl VAT)	10,970,120.00	8,521,427.00	29,083,942	9,333,577	9,258,984	7,429,179	26,021,740
2100 - Consumer deposits repaid	971,914.00	2,522,082.00	24,374,221	1,461,750	18,422,984	1,766,881	21,651,615
2200 - Other payments	62,133,923.00	54,969,136.00	170,616,759	72,519,489	103,819,903	57,524,092	233,863,484
2300 Sub-Total (Payments)	533,343,752	916,045,330	2,354,904,917	864,061,943	775,355,523	751,800,129	2,391,217,595
2400 Closing Balance	1,820,257,293	1,284,258,679	4,873,095,654	1,434,903,086	1,481,204,062	1,221,286,625	1,218,187,792

The cash flow statement for the municipalities shows positive cash balance of R1.2 billion as at 31 January 2009. It is worth noting that the opening balances for each month in the two quarters reported are interestingly above a billion. It seems most municipalities are not spending at all and they keep on accumulating and carrying forward these amounts. This trend of cash management explains why some municipalities are maintaining huge investment reserves.

Table 10: Summary of municipal actual Cash flow and projection statement for January 2009

Descriptions	Month 7 Jan	Month 8 Feb	Month 9 Mar	Q3 Jan - Mar	Month 10 Apr	Month 11 May	Month 12 Jun	Q4 Apr - Jun
0100 Opening Cash Balance	531,429,320	510,899,694	427,664,461	531,429,320	529,110,152	350,887,928	254,655,856	529,110,152
0200 <i>Add : Receipts</i>								
0300 - Revenue receipts (incl consumer debtors)	154,759,442	95,026,740	88,572,618	338,358,800	89,451,848	88,516,332	93,097,166	271,065,346
0400 - External loans received	0	0	0	0	0	0	0	0
0500 - Grants and subsidies	168,776,202	157,861,464	80,805,181	407,442,847	27,024,569	22,541,780	27,024,568	76,590,917
0600 - Public donations	0	0	0	0	0	448,000	0	448,000
0700 - Investments redeemed	349,935,755	0	142,500,000	492,435,755	73,020	53,023,587	0	53,096,607
0800 - Consumer deposits	437,529	269,500	250,000		259,871	775,085	825,000	
0900 - Receipts from long-term debtors	150,421	315,000	315,000	780,421	315,000	315,000	315,000	945,000
1000 - Insurance claims	0	20,000	20,000	40,000	20,000	20,000	20,000	60,000
1100 - Statutory Receipts (incl VAT)	4,732,726	2,000,000	2,000,000	8,732,726	2,000,000	2,000,000	2,000,000	6,000,000
1200 - Other	54,230,819	6,556,112	5,385,996	66,172,927	6,357,925	5,674,632	13,665,058	25,697,615
1300 Sub-Total (Receipts)	733,022,894	262,048,816	319,848,795	1,313,963,476	125,502,233	173,314,416	136,946,792	433,903,485
1400 <i>Less : Payments</i>								
1500 - Salaries, wages and allowances	135,255,426	55,094,527	54,826,306	245,176,259	54,364,335	54,328,035	54,524,330	163,216,700
1600 - Cash and creditor payments	133,410,316	50,149,299	55,241,124	238,800,739	48,242,673	65,635,101	72,157,996	186,035,770
1700 - Capital payments	132,331,917	80,261,496	77,888,843	290,482,256	90,977,192	119,505,849	154,286,839	364,769,880
1800 - Investments made	280,199,070	130,000,000	0	410,199,070	80,000,000	0	0	80,000,000
1900 - External loans repaid	1,603,720	17,000	557,640	2,178,360	17,000	17,000	2,423,126	2,457,126
2000 - Statutory Payments (incl VAT)	8,922,300	4,800,000	4,800,000	18,522,300	4,800,000	4,800,000	4,800,000	14,400,000
2100 - Consumer deposits repaid	130,031	271,508	250,000	651,539	251,623	262,782	250,000	764,405
2200 - Other payments	61,699,740	24,690,219	24,839,191	111,229,150	25,071,634	24,997,721	24,694,808	74,764,163
2300 Sub-Total (Payments)	753,552,520	345,284,049	218,403,104	1,317,239,673	303,724,457	269,546,488	313,137,099	886,408,044
2400 Closing Balance	510,899,694	427,664,461	529,110,152	528,153,123	350,887,928	254,655,856	78,465,549	76,605,593

The data in table 10 above shows an overall positive position of municipalities, the projected closing balance for the financial year is R76.6 million. The actual cash balance as at 31 January 2009 stands at R510.9 million which is too high considering that municipalities are at the core of service delivery. The tables above show two contrasting pictures, were in the second quarter municipalities were showing opening balances of over a billion. In January and the subsequent months the picture changes suddenly. Some months are depicting cash flows of below half a billion and even below R100 million.

Municipalities it appears are having challenges in making realistic projections for the remaining months. However the credibility of this information remains a challenge since municipalities are not completing the statement correctly.

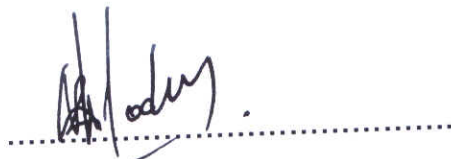
Conclusion

From this report, it is evident that there are serious challenges in as far as timeous submissions of reports, and the credibility of the data in these reports is concerned. Correct reporting by municipalities is the only remedy for any chance of getting assistance in the form of financial resources.

Municipalities are at the core face of service delivery and therefore if credibility of reporting is compromised, it is to the detriment of the municipality. Funding from National fiscus in the form grants can only come through if municipalities needing this assistance respond appropriately to the challenge of credible reporting.

The ability of the municipalities to rise against this challenge of improper reporting will ultimately be determined by the quality of their governance and administrative practices. Experience has shown that senior management in most municipalities is unaware of the importance of financial management in their institutions. This is evidenced by the sub standard nature of reports from municipalities which clearly shows that there is no reviewing taking place. The table on compliance to s71 indicates that none of the thirty municipalities submitted a signed hard copy. This is the only peace of document that can prove that at least management is aware of what is being submitted to the public and can own the information.

It is also evident that some of the municipalities are highly dependent on grant funding. Increased funding to any institution can provide the much needed relief, but municipalities should be prepared to display stronger, more participatory governance practices. Councils should provide stable and attractive work environments, because ultimately, councils must ensure that they have the right people in the right places to lead their municipal administrations and provide the technical expertise required to deliver services.



Head of Department
Provincial Treasury