

Enq: Mulenga S

Date: 22 February 2009

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: FEBRUARY 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 28 February 2009.



HEAD OF DEPARTMENT:
PROVINCIAL TREASURY

DATE: 01/04/09.

LIMPOPO PROVINCIAL TREASURY
Municipal Budget Performance
Consolidated Statement as at 28 February 2009

Introduction

This consolidated budget statement and report covers the financial performance of municipalities for the month ending 28 February 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 February 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 municipalities out of thirty submitted electronic documents and none submitted a hard copy.

Twenty 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		Feb - 09		March - 09	
	Electronic/ signed copies	Date of submis sion	Electronic/si gned copies	Date of submissio n	Electroni c/signed copies	Date of submission
DC 35 - CAPRICON	Electronic	13.02.09	Electronic	Not Submission		
NP 351 – BLOUBERG	Electronic	13.02.09	Electronic	10.03.09		
NP352 – AGANANG	Electronic	13.02.09	Electronic	Not Submission		
NP 353 - MOLEMOLE	Electronic	No Submissio n	Electronic	13.03.09		
NP 354 - POLOKWANE	Electronic	13.02.09	Electronic	10.03.09		
NP 355 - LEPELLE- NKUMPI	Electronic	No Submissio n	Electronic	Not Submission		
DC - 47 - GREATER SEKHUKHUNE	Electronic	13.02.09	Electronic	Not Submission		
NP 03a2 - MAKHUDUTHAMAGA	Electronic	No Submissio n	Electronic	17.03.09		

NP 03a3 - FETAKGOMO	Electronic	No Submission	Electronic	Not Submission		
NP 03a4 - MARBLE HALL	Electronic	12.02.09	Electronic	09.03.09		
NP 03a5 - ELIAS MOTSOLEDI	Electronic	10.02.09	Electronic	09.03.09		
NP 03a6 - GREATER TUBATSE	Electronic	No Submission	Electronic	11.03.09		
DC 33 - MOPANI	Electronic	13.02.09	Electronic	11.03.09		
NP 331 - GREATER GIYANI	Electronic	No Submission	Electronic	Not Submission		
NP 332 - GREATER LETABA	Electronic	13.02.09	Electronic	Not Submission		
NP 333 - GREATER TZANEEN	Electronic	13.02.09	Electronic	13.03.09		
NP 334 - BAPHALABORWA	Electronic	13.02.09	Electronic	10.03.09		
NP 335 - MARULENG	Electronic	No Submission	Electronic	Not Submission		
DC 36 - WATERBERG	Electronic	13.02.09	Electronic	13.03.09		
NP 361 - THABAZIMBI	Electronic	18.02.09	Electronic	Not Submission		
NP 362 - LEPHALALE	Electronic	19.02.09	Electronic	Not submitted		
NP 364 - MOOKGOPONG	Electronic	17.02.09	Electronic	13.03.09		
NP 365 - MODIMOLLE	Electronic	12.02.09	Electronic	13.03.09		
NP 366 - BELA-BELA	Electronic	10.02.09	Electronic	12.03.09		
NP 367 - MOGALAKWENA	Electronic	13.02.09	Electronic	12.03.09		
DC 34 - VHEMBE	Electronic	18.02.09	Electronic	10.03.09		
NP 341 - MUSINA	Electronic	13.02.09	Electronic	12.03.09		
NP 342 - MUTALE	Electronic	13.02.09	Electronic	09.03.09		
NP 343 - THULAMELA	Electronic	17.02.09	Electronic	17.03.09		
NP 344 - MAKHADO	Electronic	18.02.09	Electronic	10.03.09		

Capital and Operating Budgets

Table 2 below shows the performance by the five districts on capital for the month ending February 2009. The column headed actual for the month represents spending

performance for the month of February, while the actual to date indicates spending performance for the eight months period ending 28 February 2009.

Table 2: Summary of municipal Capital Budget for February 2009

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
Makhuduthamaga	39,625,000		39,625,000	2,971,309	4,724,587	34,900,413	12%
Fetakgomo	9,273,077		9,273,077	-	1,217,306	8,055,771	13%
Greater marble Hall	23,712,520		23,712,520	527,379	2,489,669	21,222,851	10%
Greater Tubatse	30,887,000		30,887,000	(2,637,874)	(2,637,874)	33,524,874	-9%
Elias Motsoaledi	82,425,000		82,425,000	2,554,728	10,061,326	72,363,674	12%
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	7,749,205	20,188,677	679,505,717	3%
Greater Giyani	33,696,000		33,696,000	12,861,976	18,103,226	15,592,774	54%
Greater Letaba	41,765,100		41,765,100	14,544,169	32,842,489	8,922,611	79%
Greater Tzaneen	69,605,000		69,605,000	2,185,632	16,821,389	52,783,611	24%
Ba-Phalaborwa	20,123,000		20,123,000	-	5,241,250	14,881,750	26%
Maruleng	38,362,000		38,362,000	-	5,241,250	33,120,750	14%
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	47,284,263	103,308,970	588,541,130	15%
Musina	13,870,000		13,870,000	1,624,330	5,731,458	8,138,542	41%
Mutale	10,258,707		10,258,707	3,889,139	9,130,389	1,128,318	89%
Thulamela	250,124,000		250,124,000	9,848,269	24,245,636	225,878,364	10%
Makhado	107,539,600		107,539,600	6,059,427	11,340,905	96,198,695	11%
Vhembe District	885,461,159		885,461,159	-	122,189,069	763,272,090	14%
Vhembe	1,267,253,466		1,267,253,466	21,421,165	172,637,457	1,094,616,009	14%
Blouberg	32,487,000		32,487,000	2,171,622	4,095,967	28,391,033	13%
Aganang	39,686,737		39,686,737	3,167,970	10,534,850	29,151,887	27%
Molemole	84,579,684		84,579,684	114,356	356,236	84,223,448	0%
Polokwane	1,244,109,000		1,244,109,000	47,457,987	174,413,562	1,069,695,438	14%
Lepelle-Nkumpi	92,929,186		92,929,186	577,675	2,964,350	89,964,836	3%
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	53,516,258	188,590,822	1,842,992,587	9%
Thabazimbi	56,696,000		56,696,000	-	5,241,250	51,454,750	9%
Lephalale	25,504,400		25,504,400	-	412,280	25,092,120	2%
Mookgophong	31,565,000		31,565,000	1,431,217	3,579,045	27,985,955	11%
Modimolle	52,768,000		52,768,000	527,379	9,841,505	42,926,495	19%
Bela-Bela	12,478,000		12,478,000	745,844	2,904,316	9,573,684	23%
Mogalakwena	160,120,000		160,120,000	(5,320,128)	(24,562,147)	184,682,147	-15%
Waterberg District	24,737,000		24,737,000	244,625	1,114,240	23,622,760	5%
Waterberg	363,868,400		363,868,400	(2,371,063)	(7,123,041)	370,991,441	-2%
Total	5,054,249,769	-	5,054,249,769	127,599,829	477,602,885	4,576,646,884	9%

For the month under review, the performance is R127.5 million spent or 2.5 per cent of the total adjusted capital budget of R5.054 billion. February expenditure shows that there is some discrepancies in the information captured by municipalities in that the previous

month spending was recorded at 3.3 per cent. However, there is a tremendous improvement in submission of the s71 by municipalities.

Table 3: Summary of municipal Capital Budget for February 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		
NP03a2	Makhuduthamaga	-	-	2,971,309	-	-	-	2,971,309	4,724,587
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	7,506,598
DC47	Greater Sekhukhune	-	-	-	-	4,333,663	-	4,333,663	4,333,663
	Sekhukhune	-	-	2,971,309	-	4,333,663	-	7,304,972	16,564,848
NP331	Greater Giyani	-	-	-	-	12,252,388	609,588	12,861,976	19,054,114
NP332	Greater Letaba	-	-	-	-	11,087,369	3,456,800	14,544,169	32,842,489
NP333	Greater Tzaneen	1,186,007	-	-	-	999,625	-	2,185,632	6,245,255
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-
	Mopani District	1,186,007	-	-	-	24,339,382	4,066,388	29,591,777	58,141,858
NP341	Musina	973,529	-	-	-	650,801	-	1,624,330	5,250,450
NP342	Mutale	-	-	-	-	3,889,139	-	3,889,139	3,889,139
NP343	Thulamela	-	-	4,564,610	-	5,283,659	-	9,848,269	19,004,386
NP344	Makhado	-	-	549,209	-	5,510,218	-	6,059,427	13,454,015
DC34	Vhembe District	-	-	-	-	-	-	-	87,103,319
	Vhembe	973,529	-	5,113,819	-	15,333,817	-	21,421,165	128,701,309
NP351	Blouberg	-	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	-	-	-
NP353	Molemole	-	-	-	-	-	-	-	106,762
NP354	Polokwane	-	19,350,190	-	-	28,107,797	-	47,457,987	180,429,790
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-
	Capricorn	-	19,350,190	-	-	28,107,797	-	47,457,987	180,536,552
NP361	Thabazimbi	-	-	-	-	-	-	-	-
NP362	Lephalale	-	-	-	-	-	-	-	1,333,668
NP363	Mookgophong	-	1,076,562	-	-	354,664	-	1,431,226	3,133,262
NP364	Modimolle	-	-	-	-	3,819,298	-	3,819,298	17,062,298
NP365	Bela-Bela	593,018	-	152,826	-	-	-	745,844	2,662,436
NP366	Mogalakwena	-	(435,431)	-	(1,535,700)	(3,348,997)	-	(5,320,128)	(24,562,147)
DC36	Waterberg District	-	-	-	-	254,625	-	254,625	1,124,240
	Waterberg	593,018	641,131	152,826	(1,535,700)	1,079,590	-	930,865	753,757
	Total	2,752,554	19,991,321	8,237,954	(1,535,700)	73,194,249	4,066,388	106,706,766	384,698,324

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 R2.752 million, Asset financing reserve R20 million, Surplus cash R8.2 million, Public Contribution negative R1.5 million, Government grants and subsidies R73.1 million and other R4.0 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.

Summary of operating Budgets

Table 4: Summary of municipal Operating Budget for February 2009

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	(10,725,290)	(21,085,873)	127,850,303	-20%
NP03a5	Greater Tubatse	142,392,110		142,392,110	(8,180,349)	(8,180,349)	150,572,459	-6%
NP03a6	Elias Motsoaledi	109,170,000	2,996,000	112,166,000	(8,501,186)	12,813,027	99,352,973	11%
DC47	Greater Sekhukhune	801,352,682		801,352,682	28,247,740	28,247,740	773,104,942	4%
	Total	1,250,422,077	2,996,000	1,253,418,077	840,915	15,746,871	1,237,671,206	1%
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	50,003,536	50,003,536	77,077,799	39%
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	37,482,514	37,482,514	390,575,844	9%
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	112,089,473	117,604,041	1,026,269,208	10%
NP341	Musina	104,907,000	10,880,000	115,787,000	12,458,981	27,474,166	88,312,834	24%
NP342	Mutale	42,178,794		42,178,794	10,638,324	25,653,509	16,525,285	61%
NP343	Thulamela	222,134,235		222,134,235	(14,431,462)	583,723	221,550,512	0%
NP344	Makhado	339,965,989		339,965,989	21,466,329	59,944,099	280,021,890	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	53,175,524	151,714,034	996,461,706	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	3,550,600	8,310,245	29,862,385	22%
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	20,698,578	25,198,859	136,866,633	16%
	Total	1,840,157,697	-	1,840,157,697	21,667,841	24,900,785	1,815,256,912	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	4,891,890	16,937,565	47,703,435	26%
NP364	Modimolle	148,255,000		148,255,000	12,577,184	29,219,584	119,035,416	20%
NP365	Bela-Bela	122,401,685		122,401,685	8,858,944	20,904,619	101,497,066	17%
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	(976,410)	(31,070,525)	367,884,525	-9%
DC36	Waterberg District	60,822,479		60,822,479	3,592,672	18,951,967	41,870,512	31%
	Total	1,023,754,440	14,338,000	1,038,092,440	43,267,449	88,925,749	949,166,691	9%
	Grand Total	6,378,636,363	45,080,840	6,423,717,203	231,041,202	398,891,480	6,024,825,723	6%

The total operating expenditure budget for the thirty municipalities in Limpopo amounts to R398.8 million. 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.

Table 5: Summary of municipal Operating Budget for February 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	19,003,219	19,003,219	87,777,441	18%
NP03a5	Greater Tubatse	142,392,117		142,392,117	35,868,980	35,868,980	106,523,137	25%
NP03a6	Elias Motsoaledi	191,691,000	3,558,000	195,249,000	33,710,805	33,710,805	161,538,195	17%
DC47	Greater Sekhukhune	803,043,642		803,043,642	201,102,946	201,102,946	601,940,696	25%
	Total	1,334,908,829	3,558,000	1,338,466,829	289,685,950	289,685,950	1,048,780,879	22%
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	93,171,008	151,321,045	(23,056,138)	118%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	74,783,454	150,190,439	308,901,807	33%
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	176,754,099	329,138,446	1,145,990,067	22%
NP341	Musina	109,907,000	5,880,000	115,787,000	13,504,570	28,040,852	87,746,148	24%
NP342	Mutale	68,866,971		68,866,971	12,981,846	12,981,846	55,885,125	19%
NP343	Thulamela	472,258,560		472,258,560	61,830,626	61,830,626	410,427,934	13%
NP344	Makhado	339,997,819		339,997,819	68,726,928	168,457,925	171,539,894	50%
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	173,844,692	288,111,971	1,136,908,101	20%
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	17,572,858	20,257,338	17,915,292	53%
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	193,946,054	193,946,054	(31,880,562)	120%
	Total	1,886,526,237	-	1,886,526,237	225,857,296	299,511,712	1,587,014,525	16%
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	4,892,098	4,892,098	59,748,902	8%
NP364	Modimolle	148,328,000		148,328,000	33,057,347	39,427,805	108,900,195	27%
NP365	Bela-Bela	122,583,297		122,583,297	9,814,743	9,814,743	112,768,554	8%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	252,116	55,556,672	397,541,328	12%
DC36	Waterberg District	75,280,800		75,280,800	32,870,833	59,028,901	16,251,899	78%
	Total	1,150,710,177	13,819,000	1,164,529,177	97,739,998	211,995,562	952,533,615	18%
	Grand Total	7,249,546,988	40,123,840	7,289,670,828	963,882,035	1,418,443,641	5,871,227,187	19%

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 R963.9 million, the actual collection to date is R1.42 billion

The amount collected by the twenty two municipalities that submitted the OSA return form is 19% of the adjusted revenue budget. The collection rate on a linear basis was expected to be around 66%.

Summary of municipal Debtor's book

Table 6: Summary of municipal Debtor's book February 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	2,608,637	567,865	866,836	566,175	-	-	-	-	4,609,513
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	3,426,096	1,314,227	640,297	385,828	4,478,023	-	-	-	10,244,471
DC47	Greater Sekhukhune	-	-	-	-	22,009,206	-	-	-	22,009,206
	Sub-Total	6,034,733	1,882,092	1,507,133	952,003	26,487,229	-	-	-	36,863,190
NP331	Greater Giyani	1,459,300	2,229,468	2,513,309	2,020,056	1,556,742	3,277,492	7,527,952	41,785,081	62,369,400
NP332	Greater Letaba	63,268	4,952,261	748,359	578,648	1,109,447	31,040,641	-	-	38,492,624
NP333	Greater Tzaneen	-	19,541,256	11,937,640	4,461,115	4,288,129	3,965,234	100,477,638	-	144,671,012
NP334	Ba-Phalaborwa	10,124,530	21,797,918	5,168,080	4,723,859	154,362,677	-	-	-	196,177,064
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	Sub-Total	11,647,098	48,520,903	20,367,388	11,783,678	161,316,995	38,283,367	108,005,590	44,991,513	444,916,532
NP341	Musina	1,407,431	918,351	772,162	686,498	20,813,401	-	-	-	24,597,843
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	0700	Rent Of	-	-	01010700	-	-	-
NP344	Makhado	2,351,922	13,907,239	5,853,939	5,294,083	4,879,072	69,465,297	-	-	101,751,552
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	Sub-Total	3,759,353	14,825,590	6,626,101	5,980,581	25,692,473	69,465,297	-	-	126,349,395
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	557,745	547,839	1,095,678	547,839	1,095,678	-	-	-	3,844,779
NP353	Molemole	2,351,922	13,907,239	5,853,939	5,294,083	4,879,072	69,465,297	-	-	101,751,552
NP354	Polokwane	22,822,053	19,641,885	17,537,249	8,472,470	140,006,325	-	-	-	208,479,982
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	30,308,959	38,076,145	28,882,281	18,683,250	206,841,615	69,465,297	-	24,308,305	416,565,852
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	7,023,402	3,854,166	1,920,926	11,508,527	-	-	-	-	24,307,021
NP364	Modimolle	(5,350,754)	2,320,091	1,427,115	3,842,850	22,501,006	-	-	-	24,740,308
NP365	Bela-Bela	6,157,472	3,000,967	2,835,798	40,028,532	-	-	-	-	52,022,769
NP366	Mogalakwena	17,039,859	9,439,625	4,986,117	4,095,558	133,916,478	-	-	-	169,477,637
DC36	Waterberg District	24,946	20,563	34,595	57,173	198,026	-	-	479,627	814,930
	Sub-total	35,608,813	23,179,207	14,814,450	63,026,599	216,984,276	-	8	479,627	354,092,980
	Total	87,358,956	126,483,937	72,197,353	100,426,111	637,322,588	177,213,961	108,005,598	69,779,445	1,378,787,949

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. Some municipalities have not submitted the returns and therefore it is difficult to tell the status of the debt book.

Table 7: Summary of municipal Debtor's book per District February 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	6,034,733	1,882,092	1,507,133	952,003	26,487,229	-	-	-	36,863,190
Mopani District	11,647,098	48,520,903	20,367,388	11,783,678	161,316,995	38,283,367	108,005,590	44,991,513	444,916,532
Vhembe District	3,759,353	14,825,590	6,626,101	5,980,581	25,692,473	69,465,297	-	-	126,349,395
Capricorn District	30,308,959	38,076,145	28,882,281	18,683,250	206,841,615	69,465,297	-	24,308,305	416,565,852
Waterberg District	35,608,813	23,179,207	14,814,450	63,026,599	216,984,276	-	8	479,627	354,092,980
Total	87,358,956	126,483,937	72,197,353	100,426,111	637,322,588	177,213,961	108,005,598	69,779,445	1,378,787,949

The total debt owed to municipalities as at 28 February 2009 amount to R 1.378 billion. Out of this debt R87.3 million is current while R69.7 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 values of debt above need to be verified by way of reconciling documentation, otherwise municipalities will not be able to collect as it presumed they exaggerate the amounts.

Summary of municipal Creditors' book

Table 8: Summary of municipal Creditors' Book for February 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	649,389	82,698	37,348	308,656	-	-	-	-	1,078,091
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	Sub-Total	649,389	82,698	37,348	308,656	-	-	-	-	1,078,091
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	7,655,078	-	-	-	-	-	-	-	7,655,078
NP333	Greater Tzaneen	-	-	-	-	-	-	-	-	-
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	Sub-Total	7,655,078	-	-	-	-	-	-	-	7,655,078
NP341	Musina	253,591	4,593	4,185	129,498	-	-	-	-	391,867
NP342	Mutale	-	0800	Interest	-	-	01010800	-	-	-
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,681,721	99,940	24,123	639	2,247	-	-	-	1,808,670
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	Sub-Total	1,935,312	104,533	28,308	130,137	2,247	-	-	-	2,200,537
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	218,161	-	-	-	-	-	-	-	218,161
NP353	Molemole	1,115,624	-	-	-	-	-	-	-	1,115,624
NP354	Polokwane	26,854,102	-	132,684	-	-	-	-	-	26,986,786
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	15,076,163	-	-	-	-	-	-	-	15,076,163
	Sub-total	43,264,050	-	132,684	-	-	-	-	-	43,396,734
NP361	Thabazimbi	10,009,025	-	-	-	-	-	-	-	10,009,025
NP362	Lephalale	2,105,146	341,165	178,364	-	-	-	-	-	2,624,675
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	15,591,221	-	-	-	-	-	-	-	15,591,221
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	165,010	-	-	-	-	-	-	-	165,010
	Sub-total	27,870,402	341,165	178,364	-	-	-	-	-	28,389,931
	Total	81,374,231	528,396	376,704	438,793	2,247	-	-	-	82,720,371

The table above reveals that amount of R82.7 million is owed to the creditors by those municipalities that submitted the creditor's book. About twelve municipalities are contributing to the amount owed, meaning these twelve municipalities could not pay their creditors within the stipulated time.

Summary of municipal Cash flow statement

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

Descriptions	Month 1 July Actual	Month 2 Aug Actual	Month 3 Sep	Q1 Jul - Sep	Month 4 Oct	Month 5 Nov	Month 6 Dec	Q2 Oct - Dec	Month 7 Jan	Month 8 Feb
0100 Opening Cash Balance	440,567,903	909,037,944	875,624,727	2,225,230,574	605,036,622	695,372,786	770,346,684	605,036,622	617,947,711	589,915,632
0200 Add : Receipts										
0300 - Revenue receipts (incl consumer debtors)	251,358,459	224,198,041	210,070,209	685,626,709	174,890,647	166,344,008	165,461,225	506,695,880	162,648,467	134,710,826
0400 - External loans received	0	0	1,218,193	1,218,193	567,444	163,125	0	730,569	0	0
0500 - Grants and subsidies	643,688,779	137,628,269	64,799,850	846,116,898	221,043,304	460,519,587	265,203,352	946,766,243	173,457,055	977,060,711
0600 - Public donations	198,355	210,000	0	408,355	0	0	0	0	0	0
0700 - Investments redeemed	285,097,454	36,000,000	71,514,577	392,612,031	310,533,060	50,516,752	64,054,204	425,104,016	349,896,620	133,225,020
0800 - Consumer deposits	2,568,545	2,428,826	1,226,214	6,223,585	1,299,495	580,002	351,945		442,722	369,590
0900 - Receipts from long-term debtors	150,524	172,618	597,584	920,726	689,997	162,057	167,457	1,019,511	150,421	162,488
1000 - Insurance claims	0	303	0	303	0	0	0	0	0	61,077
1100 - Statutory Receipts (incl VAT)	19,296,462	1,319,450	1,148,930	21,764,842	1,698,020	2,588,114	9,835,065	14,121,199	4,732,726	6,588,247
1200 - Other	37,358,006	41,247,180	43,114,087	121,719,273	52,843,296	42,877,876	30,464,495	126,185,667	54,657,964	395,541,367
1300 Sub-Total (Receipts)	1,239,716,584	443,204,687	393,689,644	2,076,610,915	763,565,263	723,751,521	535,537,743	2,020,623,085	745,985,975	1,647,719,326
1400 Less : Payments										
1500 - Salaries, wages and allowances	115,657,436.00	112,172,841.00	138,173,548.00	366,003,825	139,330,451	128,498,598	139,307,885	407,136,934	144,933,556	120,119,034
1600 - Cash and creditor payments	154,392,467.00	146,148,317.00	131,033,694.00	431,574,478	128,190,374	138,472,848	128,969,333	395,632,555	143,271,263	97,091,324
1700 - Capital payments	133,964,557.00	119,982,175.00	172,026,058.00	425,972,790	208,311,188	211,259,396	270,594,804	690,165,388	132,539,177	158,637,662
1800 - Investments made	287,226,478.00	16,545,922.00	162,202,265.00	465,974,665	120,390,649	60,315,195	61,609,715	242,315,559	280,199,070	73,700,051
1900 - External loans repaid	16,007.00	19,000.00	35,199.00	70,206	569,764	19,022	5,923,991	6,512,777	2,240,556	1,526,784
2000 - Statutory Payments (incl VAT)	7,733,227.00	9,222,526.00	7,687,389.00	24,643,142	7,352,591	7,685,593	8,355,238	23,393,422	8,965,970	9,145,249
2100 - Consumer deposits repaid	222,798.00	73,762.00	28,275.00	324,835	118,512	569,409	71,246	759,167	130,031	34,642
2200 - Other payments	72,033,573.00	72,453,361.00	53,091,321.00	197,578,255	68,965,570	101,957,562	73,104,504	244,027,636	61,738,431	37,347,749
2300 Sub-Total (Payments)	771,246,543	476,617,904	664,277,749	1,912,142,196	673,229,099	648,777,623	687,936,716	2,009,943,438	774,018,054	497,602,495
2400 Closing Balance	909,037,944	875,624,727	605,036,622	2,389,699,293	695,372,786	770,346,684	617,947,711	615,716,269	589,915,632	1,740,032,463

The cash flow statement for the municipalities shows positive cash balance of R1.7 billion as at 28 February 2009. 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 February 2009

Descriptions	Month 9 Mar	Q3 Jan - Mar	Month 10 Apr	Month 11 May	Month 12 Jun	Q4 Apr - Jun
0100 Opening Cash Balance	1,740,032,463	617,947,711	1,830,107,658	1,646,658,253	1,543,264,139	1,830,107,658
0200 Add : Receipts						
0300 - Revenue receipts (incl consumer debtors)	106,793,149	404,152,442	100,033,239	99,107,723	103,698,557	302,839,519
0400 - External loans received	0	0	0	0	0	0
0500 - Grants and subsidies	84,534,472	1,235,052,238	29,133,569	24,650,780	29,133,568	82,917,917
0600 - Public donations	0	0	0	448,000	0	448,000
0700 - Investments redeemed	152,500,000	635,621,640	12,735,000	63,023,587	10,000,000	85,758,587
0800 - Consumer deposits	253,500		271,950	778,585	828,500	
0900 - Receipts from long-term debtors	315,000	627,909	315,000	315,000	315,000	945,000
1000 - Insurance claims	20,000	81,077	20,000	20,000	20,000	60,000
1100 - Statutory Receipts (incl VAT)	2,000,000	13,320,973	2,000,000	2,000,000	2,000,000	6,000,000
1200 - Other	7,163,329	457,362,660	6,749,762	5,933,632	13,923,058	26,606,452
1300 Sub-Total (Receipts)	353,579,450	2,746,218,939	151,258,520	196,277,307	159,918,683	505,575,475
1400 Less : Payments						
1500 - Salaries, wages and allowances	65,138,572	330,191,162	64,478,801	63,881,906	64,078,213	192,438,920
1600 - Cash and creditor payments	62,852,428	303,215,015	54,242,876	72,087,351	78,605,346	204,935,573
1700 - Capital payments	97,352,555	388,529,394	98,011,236	125,781,893	160,499,883	384,293,012
1800 - Investments made	1,000,000	354,899,121	81,000,000	1,000,000	1,000,000	83,000,000
1900 - External loans repaid	557,640	4,324,980	17,000	17,000	4,304,126	4,338,126
2000 - Statutory Payments (incl VAT)	4,800,000	22,911,219	4,800,000	4,800,000	4,800,000	14,400,000
2100 - Consumer deposits repaid	250,000	414,673	272,509	262,782	250,000	785,291
2200 - Other payments	31,553,060	130,639,240	31,885,503	31,840,489	38,784,811	102,510,803
2300 Sub-Total (Payments)	263,504,255	1,535,124,804	334,707,925	299,671,421	352,322,379	986,701,725
2400 Closing Balance	1,830,107,658	1,829,041,846	1,646,658,253	1,543,264,139	1,350,860,443	1,348,981,408

The data in table 10 above shows an overall positive position of municipalities, the projected closing balance for the financial year is R1.3 billion.

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.

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.



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Head of Department
Provincial Treasury