



LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Director-General: National Treasury  
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0001

**Fax: (012) 315 5230**

**Attention: Mr. J. Hattingh**

**MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003)(MFMA): IN-YEAR-MONITORING: SECTION 71 (6) REPORTING: SECOND QUARTER 2008/09**

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 December 2008.

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**HEAD OF DEPARTMENT:**  
**PROVINCIAL TREASURY**

**DATE:** 28/01/2009

**LIMPOPO PROVINCIAL TREASURY**

**Municipal Budget Performance**

**Consolidated Statement as at 31 December 2008 (2<sup>nd</sup> Quarter)**

**Introduction**

This consolidated budget statement and report covers the financial performance of municipalities for the second quarter ending 31 December 2008.

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 December 2008. S71 (4) of the MFMA states that the statement to the provincial treasury must be in the format of a signed copy document 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. The colours in the table represent non submission and late submission. The deep blue shows non submission by a municipality and the yellow indicates that a municipality submitted the document late.

Provincial Treasury would like to state that it appreciates the effort by those twenty-one municipalities for having submitted the electronic copy. 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	Dec-08			
	Old/new version	Date of submission		Documents submitted
		Electronic	Hard copy	
DC 35 - CAPRICON	New	13.01.09		AC,AD,CFA,CAA,OSA
NP 351 - BLOUBERG	New	12.01.09		AC,AD,CAA,CFA,OSA
NP352 - AGANANG	New	15.01.09		AC,AD,CAA,CFA,OSA
NP 353 - MOLEMOLE	New	16.01.09		CAA,CFA,OSA,AC
NP 354 - POLOKWANE	New	14.01.09		AC,AD,CFA,CAA
NP 355 - LEPELLE-NKUMPI	New	16.01.09		CFA,OSA
DC - 47 - GREATER SEKHUKHUNE				
NP 03a2 - MAKHUDUTHAMAGA				
NP 03a3 - FETAKGOMO				
NP 03a4 - MARBLE HALL	New	14.01.09		CAA,CFA,AD,AC,OSA
NP 03a5 - ELIAS MOTSOLEDI	New	14.01.09		AC,AD,CFA,OSA,CAA
NP 03a6 - GREATER TUBATSE				
DC 33 - MOPANI	New	16.01.09		AC,CAA.CFA,AD,OSA
NP 331 - GREATER GIYANI				
NP 332 - GREATER LETABA	New	9.01.09		OSA,AD,AC,CAA,CFA
NP 333 - GREATER TZANEEN	New	15.01.09		OSA,AD,AC,CAA,CFA
NP 334 - BA- PHALABORWA				
NP 335 - MARULENG				
DC 36 - WATERBERG	New	15.01.09		OSA,AC,AD,CFA,CAA
NP 361 - THABAZIMBI		21.01.09		AD,CFA,OSA
NP 362 - LEPHALALE	New	15.01.09		OSA,CAA,CFA,AC,AD
NP 364 - MOOKGOPONG	New	16.01.09		AC,AD,CFA,CAA,OSA
NP 365 - MODIMOLLE	New	14.01.09		AC,AD,CFA,CAA,OSA

NP 366 - BELA-BELA	New	16.01.09		OSA,CAA,AC
NP 367 - MOGALAKWENA	New	13.01.09		AC,AD,CAA,OSA
DC 34 - VHEMBE				
NP 341- MUSINA	New	15-01.09		OSA,AC,AD,CAA,CFA
NP 342 - MUTALE	New	15.01.09		AC, CFA
NP 343 - THULAMELA				
NP 344 - MAKHADO	New	9.01.09		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 December 2008. The column headed actual for the month represents spending performance for the month of December, while the actual to date indicates spending performance for the second quarter ending 31 December 2008.



Table 2: Summary of municipal Capital Budget for December 2008 (2<sup>nd</sup> Quarter)

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	2,958,435	4,920,725	18,791,795	21%
NP03a5	Greater Tubatse	30,887,000		30,887,000	-	-	30,887,000	0%
NP03a6	Elias Motsoaledi	82,425,000		82,425,000	4,798,353	12,304,951	70,120,049	15%
DC47	Greater Sekhukhune	513,771,797		513,771,797	-	-	513,771,797	0%
	<b>Sekhukhune</b>	<b>699,694,394</b>		<b>699,694,394</b>	<b>7,756,788</b>	<b>20,196,260</b>	<b>679,498,134</b>	<b>3%</b>
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	13,166,889	31,465,209	10,299,891	75%
NP333	Greater Tzaneen	69,605,000		69,605,000	5,569,678	20,205,435	49,399,565	29%
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	34,800,038	42,166,918	446,132,082	9%
	<b>Mopani District</b>	<b>691,850,100</b>		<b>691,850,100</b>	<b>53,536,605</b>	<b>109,561,312</b>	<b>582,288,788</b>	<b>16%</b>
NP341	Musina	13,870,000		13,870,000	2,334,213	6,441,341	7,428,659	46%
NP342	Mutale	10,258,707		10,258,707	-	5,241,250	5,017,457	51%
NP343	Thulamela	250,124,000		250,124,000	-	14,397,367	235,726,633	6%
NP344	Makhado	107,539,600		107,539,600	3,574,680	8,856,158	98,683,442	8%
DC34	Vhembe District	885,461,159		885,461,159	-	122,189,069	763,272,090	14%
	<b>Vhembe</b>	<b>1,267,253,466</b>		<b>1,267,253,466</b>	<b>5,908,893</b>	<b>157,125,185</b>	<b>1,110,128,281</b>	<b>12%</b>
NP351	Blouberg	32,487,000		32,487,000	1,385,144	3,309,489	29,177,511	10%
NP352	Aganang	39,686,737		39,686,737	787,265	8,154,145	31,532,592	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	-	2,386,675	90,542,511	3%
DC35	Capricorn District	537,791,802		537,791,802	26,648	321,824	537,469,978	0%
	<b>Capricorn</b>	<b>2,031,583,409</b>		<b>2,031,583,409</b>	<b>112,735,873</b>	<b>248,596,915</b>	<b>1,782,986,494</b>	<b>12%</b>
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	-	2,147,828	29,417,172	7%
NP364	Modimolle	52,768,000		52,768,000	1,783,077	11,097,203	41,670,797	21%
NP365	Bela-Bela	12,478,000		12,478,000	319,420	2,477,892	10,000,108	20%
NP366	Mogalakwena	160,120,000		160,120,000	(26,706,672)	(45,948,691)	206,068,691	-29%
DC36	Waterberg District	24,737,000		24,737,000	31,237	900,852	23,836,148	4%
	<b>Waterberg</b>	<b>363,868,400</b>		<b>363,868,400</b>	<b>(24,572,938)</b>	<b>(29,324,916)</b>	<b>393,193,316</b>	<b>-8%</b>
	<b>Total</b>	<b>5,054,249,769</b>	<b>-</b>	<b>5,054,249,769</b>	<b>153,363,221</b>	<b>506,154,756</b>	<b>4,548,095,013</b>	<b>10%</b>

For the month under review, the performance is R155.2 million spent or 3 per cent of the total adjusted capital budget of R5.054 billion. Spending for the month of December has shown an improvement compared to the R64.2 million or 1.3 per cent spent in November. This improved spending can be attributed to the improvement in submission of the s71 for the month by municipalities. By extension, the accumulated spending for the second quarter ending 31 December 2008 has also improved by 3 per cent to 10 per cent.

Despite the improvement spending depicted in the table above, a straight line analysis of the spending performance for the quarter indicates that there is under performance on capital projects. R506. 2 million (10 per cent) spending in relation to the size of the budget of R5.054 billion is too low considering the available backlogs in municipalities.

Collectively the municipalities have 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 meaning conclusions.



Table 3: Summary of municipal Capital Budget for December 2008 (2<sup>nd</sup> Quarter) 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	-	-	-	-	-	-	-	-	1,753,278
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	1,204,726	-	3,593,627	-	4,798,353	-	12,304,951
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sekhukhune</b>	-	-	<b>1,204,726</b>	-	<b>3,593,627</b>	-	<b>4,798,353</b>	-	<b>14,058,229</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	6,192,138
NP332	Greater Letaba	-	-	-	-	10,066,103	3,100,786	13,166,889	-	31,465,209
NP333	Greater Tzaneen	336,949	-	-	-	5,232,729	-	5,569,678	-	9,629,301
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	<b>Mopani District</b>	<b>336,949</b>	-	-	-	<b>15,298,832</b>	<b>3,100,786</b>	<b>18,736,567</b>	-	<b>47,286,648</b>
NP341	Musina	371,089	-	-	-	1,963,124	-	2,334,213	-	5,960,333
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	-	-	-	-	-	-	-	9,156,117
NP344	Makhado	923,236	68,000	485,187	-	2,098,257	-	3,574,680	-	10,969,268
DC34	Vhembe District	-	-	-	-	-	-	-	-	87,103,319
	<b>Vhembe</b>	<b>1,294,325</b>	<b>68,000</b>	<b>485,187</b>	-	<b>4,061,381</b>	-	<b>5,908,893</b>	-	<b>113,189,037</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	-	-	-	106,762
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	-	18,364,276	-	-	77,201,779	-	95,566,055	-	228,537,858
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-	-
	<b>Capricorn</b>	-	<b>18,364,276</b>	-	-	<b>77,201,779</b>	-	<b>95,566,055</b>	-	<b>228,644,620</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-	-
NP362	Lephalale	-	-	-	-	-	-	-	-	1,333,668
NP363	Mookgophong	-	-	-	-	-	-	-	-	1,702,036
NP364	Modimolle	-	-	-	-	-	-	-	-	13,243,000
NP365	Bela-Bela	230,060	-	-	-	89,360	-	319,420	-	2,236,012
NP366	Mogalakwena	-	(7,454,682)	-	-	(19,251,990)	-	(26,706,672)	-	(45,948,691)
DC36	Waterberg District	-	-	31,237	-	-	-	31,237	-	900,852
	<b>Waterberg</b>	<b>230,060</b>	<b>(7,454,682)</b>	<b>31,237</b>	-	<b>(19,162,530)</b>	-	<b>(26,396,015)</b>	-	<b>(26,533,123)</b>
	<b>Total</b>	<b>1,861,334</b>	<b>10,977,594</b>	<b>1,721,150</b>	-	<b>80,992,989</b>	<b>3,100,786</b>	<b>98,653,853</b>	-	<b>376,645,411</b>



## Capital Revenue: Sources of Finance<sup>1</sup>

Capital revenue represents the sources of finances acquired to fund capital expenditure. For the month under review, the performance per source item was External Loans R1.9 million, Asset financing reserve R11 million, Surplus cash R1.7 million, Public Contribution R0, Government grants and subsidies R81 million and other R3.0 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.

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.

## Summary of operating Budgets

Table 4: Summary of municipal Operating Budget for December 2008 (2<sup>nd</sup> Quarter)

Code	Municipality	Operating Expenditure							Variance - Actual revenue to date - actual expenditure to date	% Variance
		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%	(3,952,326)	
NP03a4	Greater marble Hall	106,764,430		106,764,430	-	(10,360,583)	117,125,013	-10%	10,360,583	
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	17,340,113	38,654,326	73,511,674	34%	(29,201,401)	
DC47	Greater Sekhukhune	801,352,682		801,352,682	-	-	801,352,682	0%	-	
	<b>Total</b>	<b>1,250,422,077</b>	<b>2,996,000</b>	<b>1,253,418,077</b>	<b>17,340,113</b>	<b>32,246,069</b>	<b>1,221,172,008</b>	<b>3%</b>	<b>(22,793,144)</b>	<b>-</b>
NP331	Greater Giyani	108,670,000		108,670,000	-	5,514,568	103,155,432	5%	13,312,757	
NP332	Greater Letaba	124,555,755	2,525,580	127,081,335	31,469,915	31,469,915	95,611,420	25%	85,679,011	
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	35,760,604	35,760,604	392,297,754	8%	70,864,031	
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	30,860,916	30,860,916	203,586,160	13%	23,238,148	
	<b>Total</b>	<b>1,127,006,409</b>	<b>16,866,840</b>	<b>1,143,873,249</b>	<b>98,091,435</b>	<b>103,606,003</b>	<b>1,040,267,246</b>	<b>9%</b>	<b>193,093,947</b>	<b>-</b>
NP341	Musina	104,907,000	10,880,000	115,787,000	11,596,732	26,611,917	89,175,083	23%	(1,272,125)	
NP342	Mutale	42,178,794		42,178,794	-	15,015,185	27,163,609	36%	(15,015,185)	
NP343	Thulamela	222,134,235		222,134,235	(20,394,133)	(5,378,948)	227,513,183	-2%	39,409,412	
NP344	Makhado	339,965,989		339,965,989	27,765,323	66,243,093	273,722,896	19%	81,775,587	
DC34	Vhembe District	428,109,722		428,109,722	-	15,015,185	413,094,537	4%	(15,015,185)	
	<b>Total</b>	<b>1,137,295,740</b>	<b>10,880,000</b>	<b>1,148,175,740</b>	<b>18,967,922</b>	<b>117,506,432</b>	<b>1,030,669,308</b>	<b>10%</b>	<b>89,882,504</b>	<b>-</b>
NP351	Blouberg	58,253,500		58,253,500	(4,497,217)	(12,475,795)	70,729,295	-21%	63,582,224	
NP352	Aganang	38,172,630		38,172,630	4,253,865	9,013,510	29,159,120	24%	(1,523,958)	
NP353	Molemole	52,912,694		52,912,694	(3,150,190)	(8,995,007)	61,907,701	-17%	11,262,705	
NP354	Polokwane	1,448,744,600		1,448,744,600	-	-	1,448,744,600	0%	-	
NP355	Lepelle-Nkumpi	80,008,781		80,008,781	5,573,230	13,369,643	66,639,138	17%	32,963,503	
DC35	Capricorn District	162,065,492		162,065,492	22,370,105	26,870,386	135,195,106	17%	51,570,829	
	<b>Total</b>	<b>1,840,157,697</b>	<b>-</b>	<b>1,840,157,697</b>	<b>24,549,793</b>	<b>27,782,737</b>	<b>1,812,374,960</b>	<b>2%</b>	<b>157,855,303</b>	<b>-</b>
NP361	Thabazimbi	142,229,236		142,229,236	3,172,289	3,172,289	139,056,947	2%	11,559,454	
NP362	Lephalale	162,929,040		162,929,040	10,933,567	30,592,937	132,336,103	19%	16,433,860	
NP363	Mookgophong	64,641,000		64,641,000	5,604,083	17,649,758	46,991,242	27%	(10,019,527)	
NP364	Modimolle	148,255,000		148,255,000	6,073,382	22,715,782	125,539,218	15%	(8,931,390)	
NP365	Bela-Bela	122,401,685		122,401,685	3,647,917	15,693,592	106,708,093	13%	(9,394,195)	
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	(18,938,736)	(49,032,851)	385,846,851	-15%	110,337,793	
DC36	Waterberg District	60,822,479		60,822,479	3,839,502	19,198,797	41,623,682	32%	7,974,783	
	<b>Total</b>	<b>1,023,754,440</b>	<b>14,338,000</b>	<b>1,038,092,440</b>	<b>14,332,004</b>	<b>59,990,304</b>	<b>978,102,136</b>	<b>6%</b>	<b>117,960,778</b>	<b>-</b>
	<b>Grand Total</b>	<b>6,378,636,363</b>	<b>45,080,840</b>	<b>6,423,717,203</b>	<b>173,281,267</b>	<b>341,131,545</b>	<b>6,082,585,658</b>	<b>5%</b>		

The total operating expenditure budget for the thirty municipalities in Limpopo is R6.379 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 billion. The total actual operating expenditure for the nineteen municipalities that submitted their OSA's amounts to R173.281 million for the month under review, while the actual expenditure to date amounts to R341.132 million (5%). The total provincial expenditure to date is very low due to non submission of the OSA return form by the remaining eleven municipalities.



Table 5: Summary of municipal Operating Budget for December 2008 (2<sup>nd</sup> Quarter)

cont...

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	-	-	106,780,660	0%
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	9,452,925	9,452,925	185,796,075	5%
DC47	Greater Sekhukhune	803,043,642		803,043,642	-	-	803,043,642	0%
	<b>Total</b>	<b>1,334,908,829</b>	<b>3,558,000</b>	<b>1,338,466,829</b>	<b>9,452,925</b>	<b>9,452,925</b>	<b>1,329,013,904</b>	<b>1%</b>
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	58,998,889	117,148,926	11,115,981	91%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	31,217,650	106,624,635	352,467,611	23%
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	54,099,064	54,099,064	457,089,936	11%
	<b>Total</b>	<b>1,468,261,673</b>	<b>16,866,840</b>	<b>1,475,128,513</b>	<b>144,315,603</b>	<b>296,699,950</b>	<b>1,178,428,563</b>	<b>20%</b>
NP341	Musina	109,907,000	5,880,000	115,787,000	10,803,510	25,339,792	90,447,208	22%
NP342	Mutale	68,866,971		68,866,971	-	-	68,866,971	0%
NP343	Thulamela	472,258,560		472,258,560	34,030,464	34,030,464	438,228,096	7%
NP344	Makhado	339,997,819		339,997,819	48,287,683	148,018,680	191,979,139	44%
DC34	Vhembe District	428,109,722		428,109,722	-	-	428,109,722	0%
	<b>Total</b>	<b>1,419,140,072</b>	<b>5,880,000</b>	<b>1,425,020,072</b>	<b>93,121,657</b>	<b>207,388,936</b>	<b>1,217,631,136</b>	<b>15%</b>
NP351	Blouberg	90,740,500		90,740,500	14,566,901	51,106,429	39,634,071	56%
NP352	Aganang	38,172,630		38,172,630	4,805,072	7,489,552	30,683,078	20%
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	13,458,778	46,333,146	93,969,869	33%
DC35	Capricorn District	162,065,492		162,065,492	78,441,215	78,441,215	83,624,277	48%
	<b>Total</b>	<b>1,886,526,237</b>	<b>-</b>	<b>1,886,526,237</b>	<b>111,983,624</b>	<b>185,638,040</b>	<b>1,700,888,197</b>	<b>10%</b>
NP361	Thabazimbi	137,655,619		137,655,619	14,731,743	14,731,743	122,923,876	11%
NP362	Lephalale	162,942,461		162,942,461	20,604,315	47,026,797	115,915,664	29%
NP363	Mookgophong	64,641,000		64,641,000	7,630,231	7,630,231	57,010,769	12%
NP364	Modimolle	148,328,000		148,328,000	7,413,934	13,784,392	134,543,608	9%
NP365	Bela-Bela	122,583,297		122,583,297	6,299,397	6,299,397	116,283,900	5%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	6,000,385	61,304,942	391,793,058	14%
DC36	Waterberg District	75,280,800		75,280,800	1,015,512	27,173,580	48,107,220	36%
	<b>Total</b>	<b>1,160,710,177</b>	<b>13,819,000</b>	<b>1,164,529,177</b>	<b>63,695,517</b>	<b>177,951,082</b>	<b>986,578,095</b>	<b>15%</b>
	<b>Grand Total</b>	<b>7,249,546,988</b>	<b>40,123,840</b>	<b>7,289,670,828</b>	<b>422,569,326</b>	<b>877,130,933</b>	<b>6,412,539,895</b>	<b>12%</b>

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 R423 million, the actual collection to date is R6. 413 billion.

The amount collected by the nineteen municipalities that submitted the OSA return form is 12% of the adjusted revenue budget. The collection rate was expected to be around 50% since this is a half year section 71 reports. However, non submission by the other eleven municipalities paints a dreary picture of a very low revenue collection by Limpopo municipalities.

## Summary of municipal Debtor's book December 2008 (2<sup>nd</sup> Quarter)

Table 6: Summary of municipal Debtor's book December 2008 (2<sup>nd</sup> Quarter)

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	2,302,591	647,992	651,913	635,088	-	-	-	-	4,237,584
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	3,551,736	1,773,236	558,136	329,737	-	-	-	-	6,212,845
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>5,854,327</b>	<b>2,421,228</b>	<b>1,210,049</b>	<b>964,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,450,429</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	198,045	4,843,444	1,320,812	915,039	870,246	29,672,696	-	-	37,820,282
NP333	Greater Tzaneen	(24,027)	19,727,594	8,898,991	4,727,546	3,827,256	4,084,388	-	-	41,241,748
NP334	Ba-Phalaborwa	7,470,022	5,381,692	5,398,728	6,564,122	150,541,738	-	-	-	175,356,302
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	<b>Sub-Total</b>	<b>7,644,040</b>	<b>29,952,730</b>	<b>15,618,531</b>	<b>12,206,707</b>	<b>155,239,240</b>	<b>33,757,084</b>	<b>-</b>	<b>3,206,432</b>	<b>257,624,764</b>
NP341	Musina	1,129,263	867,036	777,842	947,089	21,320,585	-	-	-	25,041,815
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	8,142,776	5,314,437	6,489,837	7,124,834	6,570,217	5,135,214	32,192,050	186,959,312	257,928,677
NP344	Makhado	3,551,736	1,773,236	558,136	329,737	-	-	-	-	6,212,845
DC34	Vhembe District	33,701	-	-	-	-	-	-	-	33,701
	<b>Sub-Total</b>	<b>12,857,476</b>	<b>7,954,709</b>	<b>7,825,815</b>	<b>8,401,660</b>	<b>27,890,802</b>	<b>5,135,214</b>	<b>32,192,050</b>	<b>186,959,312</b>	<b>289,217,038</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	510,803	631,301	147,120	1,351,736	-	-	-	-	2,640,960
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	46,834,220	25,629,007	11,594,242	15,233,716	21,300,081	111,279,620	-	-	231,870,886
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	24,308,305	24,308,305
	<b>Sub-total</b>	<b>47,345,023</b>	<b>26,260,308</b>	<b>11,741,362</b>	<b>16,585,452</b>	<b>21,300,081</b>	<b>111,279,620</b>	<b>-</b>	<b>24,308,305</b>	<b>258,820,151</b>
NP361	Thabazimbi	4,099,814	2,192,449	2,300,701	1,596,321	38,784,138	-	8	-	48,973,431
NP362	Lephalale	8,505,311	2,877,912	1,598,204	1,376,099	20,333,258	-	-	-	34,690,784
NP363	Mookgophong	2,302,591	647,992	651,913	635,088	-	-	-	-	4,237,584
NP364	Modimolle	(2,800,754)	4,149,366	1,250,313	856,514	21,502,206	-	-	-	24,957,645
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	14,971,206	9,344,699	5,302,850	3,852,064	131,686,806	-	-	-	165,157,625
DC36	Waterberg District	66,854	58,979	47,954	68,803	92,186	-	-	479,216	813,992
	<b>Sub-total</b>	<b>27,145,022</b>	<b>19,271,397</b>	<b>11,151,935</b>	<b>8,384,889</b>	<b>212,398,594</b>	<b>-</b>	<b>8</b>	<b>479,216</b>	<b>278,831,061</b>
	<b>Total</b>	<b>100,845,888</b>	<b>85,860,372</b>	<b>47,547,692</b>	<b>46,543,533</b>	<b>416,828,717</b>	<b>150,171,918</b>	<b>32,192,058</b>	<b>214,953,265</b>	<b>1,094,943,443</b>



The table above reveals the difficulties faced by municipalities in the province in as far as debt collection is concerned. Out of the twenty-one municipalities that submitted their December S71 reports, only Waterberg is showing a slightly lower figure of debt owed 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 December 2008 (2<sup>nd</sup> Quarter) cont...

	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	5,854,327	2,421,228	1,210,049	964,825	-	-	-	-	10,450,429
Mopani District	7,644,040	29,952,730	15,618,531	12,206,707	155,239,240	33,757,084	-	3,206,432	257,624,764
Vhembe District	12,857,476	7,954,709	7,825,815	8,401,660	27,890,802	5,135,214	32,192,050	186,959,312	289,217,038
Capricorn District	47,345,023	26,260,308	11,741,362	16,585,452	21,300,081	111,279,620	-	24,308,305	258,820,151
Waterberg District	27,145,022	19,271,397	11,151,935	8,384,889	212,398,594	-	8	479,216	278,831,061
<b>Total</b>	<b>100,845,888</b>	<b>85,860,372</b>	<b>47,547,692</b>	<b>46,543,533</b>	<b>416,828,717</b>	<b>150,171,918</b>	<b>32,192,058</b>	<b>214,953,265</b>	<b>1,094,943,443</b>

The total debt owed to municipalities as at 31 December 2008 amount to R 1.094 billion. Out of this debt R32 million is current while R215 million is aged for 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 in the following because it does not seem likely that they can ever be collected.

## Summary of municipal Creditors' book for December 2008 (2<sup>nd</sup> Quarter)

Table 8: Summary of municipal Creditors' Book for December 2008

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	88,815	-	-	-	-	-	-	-	88,815
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>88,815</b>	-	-	-	-	-	-	-	<b>88,815</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	-	-	-	-	-	-	-	-	-
NP333	Greater Tzaneen	10,828,039	-	-	-	-	-	-	-	10,828,039
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>10,828,039</b>	-	-	-	-	-	-	-	<b>10,828,039</b>
NP341	Musina	347,996	5,388	-	-	126,152	-	-	-	479,536
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,534,031	12,037	-	(1,357)	10,027	-	-	-	1,554,738
DC34	Vhembe District	597,310	-	-	-	-	-	-	-	597,310
	<b>Sub-Total</b>	<b>2,479,337</b>	<b>17,425</b>	-	<b>(1,357)</b>	<b>136,179</b>	-	-	-	<b>2,631,584</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	793,068	-	-	-	-	-	-	-	793,068
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	-	-	-	-	-	-	-	-	-
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	50,797,720	-	-	-	-	-	-	-	50,797,720
	<b>Sub-total</b>	<b>51,590,788</b>	-	-	-	-	-	-	-	<b>51,590,788</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-	-
NP362	Lephalale	2,105,146	341,165	178,364	-	-	-	-	-	2,624,675
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	12,102,033	-	-	-	-	-	-	-	12,102,033
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	166,605	-	-	-	-	-	-	-	166,605
	<b>Sub-total</b>	<b>14,373,784</b>	<b>341,165</b>	<b>178,364</b>	-	-	-	-	-	<b>14,893,313</b>
	<b>Total</b>	<b>79,360,763</b>	<b>358,590</b>	<b>178,364</b>	<b>(1,357)</b>	<b>136,179</b>	-	-	-	<b>80,032,539</b>

The table above reveals the amount of R120 million which is expected to be paid to the creditors by twenty municipalities out of thirty. The other 10 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 Mogalakwena, Polokwane, Tzaneen and Bela-Bela. 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 for December 2008 (2<sup>nd</sup> Quarter)

Table 9: Summary of municipal Cash flow statement for December 2008 (2<sup>nd</sup> Quarter)

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 Add : Receipts							
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 Less : Payments							
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 31 December 2008. It is worth while to note that the opening balances for each month in the two quarters reported are interesting 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 Cash flow statement for December 2008 (2<sup>nd</sup> Quarter)

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	1,221,286,625	1,466,315,098	1,262,710,399	1,221,286,625	1,447,443,178	1,094,186,957	916,683,661	1,447,443,178
0200 Add: Receipts								
0300 - Revenue receipts (incl consumer debtors)	142,670,532	139,662,670	132,049,571	414,382,773	132,062,311	131,078,029	138,313,060	401,453,400
0400 - External loans received	0	0	0	0	0	0	0	0
0500 - Grants and subsidies	157,493,355	235,739,057	104,288,507	497,520,919	12,766,917	13,683,917	12,766,917	39,217,751
0600 - Public donations	0	0	0	0	0	448,000	0	448,000
0700 - Investments redeemed	240,000,000	0	282,500,000	522,500,000	73,020	103,023,587	0	103,096,607
0800 - Consumer deposits	508,432	519,500	500,000		509,871	1,025,085	1,075,000	
0900 - Receipts from long-term debtors	80,000	80,000	80,000	240,000	80,000	80,000	80,000	240,000
1000 - Insurance claims	40,000	40,000	40,000	120,000	40,000	40,000	40,000	120,000
1100 - Statutory Receipts (incl VAT)	4,000,000	4,000,000	4,000,000	12,000,000	4,000,000	4,000,000	4,000,000	12,000,000
1200 - Other	5,172,673	4,090,031	4,096,276	13,358,980	5,309,786	4,634,892	19,930,813	29,875,491
1300 Sub-Total (Receipts)	549,964,992	384,131,258	527,554,354	1,460,122,672	154,841,905	258,013,510	176,205,790	586,451,249
1400 Less: Payments								
1500 - Salaries, wages and allowances	73,486,601	72,243,833	72,719,911	218,450,345	72,331,159	72,351,255	72,547,550	217,229,964
1600 - Cash and creditor payments	83,107,529	78,770,898	88,360,137	250,238,564	73,911,686	108,483,024	124,775,939	307,170,649
1700 - Capital payments	115,129,164	144,524,828	148,904,215	408,558,207	169,297,353	222,187,353	291,429,353	682,914,059
1800 - Investments made	0	260,000,000	0	260,000,000	160,000,000	0	0	160,000,000
1900 - External loans repaid	1,000,000	0	513,450	1,513,450	0	0	2,488,450	2,488,450
2000 - Statutory Payments (incl VAT)	8,500,000	8,500,000	8,500,000	25,500,000	8,500,000	8,500,000	8,500,000	25,500,000
2100 - Consumer deposits repaid	500,000	521,508	500,000	1,521,508	501,623	512,782	500,000	1,514,405
2200 - Other payments	23,213,225	23,174,890	23,323,862	69,711,977	23,556,305	23,482,392	23,179,479	70,218,176
2300 Sub-Total (Payments)	304,936,519	587,735,957	342,821,575	1,235,494,051	508,098,126	435,516,806	523,420,771	1,467,035,703
2400 Closing Balance	1,466,315,098	1,262,710,399	1,447,443,178	1,445,915,246	1,094,186,957	916,683,661	569,468,680	566,858,724

The data in table 10 above shows an overall positive position of municipalities, the projected closing balance for the financial year is R566 million. Municipalities are having challenges in making realistic projections for the remaining months. However the credibility of this information remains a challenge since municipalities are not correctly completing the statement.



## 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 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 are unaware of the importance of financial management 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 but municipalities should be prepared to display stronger, more participatory governance practices. Councils should provide stable and attractive work environments, because ultimately, councils are 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