



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Enq: Mulenga S

Date: 13 April 2010

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 2010

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 statements and a related narrative report as at 28th February 2010.

**HEAD OF DEPARTMENT
PROVINCIAL TREASURY**

DATE: 14/04/2010

LIMPOPO PROVINCIAL TREASURY
Municipal Budget Performance
Consolidated Statement as at 28th February 2010

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period ending 28th February 2010.

The consolidated statement assesses the in-year financial performance of municipalities against their budgeted revenue and expenditure. The assessment of the in-year financial performance will be based on the s71 returns which include capital and operating budgets as well as debtors, creditors and cash flow that were submitted by the municipalities. The focus of this assessment is on the credible implementation of municipal budgets in relation to the IDP and SDBIP.

LEGISLATIVE FRAMEWORK

In terms of section 71(1) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasuries a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- a) Actual revenue, per revenue source;
- b) Actual borrowings;
- c) Actual operating expenditure, per vote;
- d) Actual capital expenditure, per vote;
- e) The amount of any allocation received;
- f) Actual expenditure on those allocations, excluding expenditure on –
 - i. Its share of the local government equitable share; and
 - ii. Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph and;
- g) When necessary, an explanation of –
 - iii. Any material variance from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - iv. Any material variance from the service delivery and budget implementation plan; and

- v. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remains within the municipality's approved budget.

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.

OVERVIEW OF THE PROVINCE

COMPLIANCE WITH SUBMISSION OF RETURNS, AND TO TIMEFRAMES

Table 1 below shows the submission trend of the s71 reports for December 2009, January 2010 and February 2010 reports. The MFMA requires that the S71 reports be submitted in both electronic and hard copy no later than 10 working days after closure of the relevant month. It can be noticed from this table that in February 2010; four municipalities which Lepelle-Nkumbi Local Municipality, Makhuduthamaga Local Municipality, Fetakgomo Local Municipality and Thulamela submitted a hard copy of the S71 reports as required by MFMA S71(4). It was expected that this trend will improve since PT engaged the municipalities in this regard during the 2009 budget workshops. However, non-compliance in this regard mean more work still needs to be done.

According to the NT's prescribed S71 reporting formats, municipalities are required to send five returns on a monthly basis, being the CAA- capital revenue and expenditure, OSA- operating revenue and expenditure, AD- debtors age list, AC- Creditors age list and CFA- cash flow. The table below clearly indicates the returns submitted by each municipality.

From the improvement recorded in December 2009; where all municipalities submitted the S71 reports (though seven out of the thirty submitted late), the trend seems to have deteriorated since for the February 2010 reports; only twenty-six municipalities submitted their reports, though there no late submissions from the twenty-six. Municipalities that did not submit their February 2010 reports are Blouberg, Marble Hall, Mookgophong and Makhado. Letters of non compliance with submission were sent to all municipalities that did not submit their reports, while letters of non-compliance due to incomplete returns were sent to those that submitted less than five return forms.

Table 1 Summary of returns submitted 28th February 2010

Municipality	Dec-09				Jan-10				Feb-10			
	Old/new version	Date of submission		Documents sent	Old/new version	Date of submission		Documents sent	Old/new version	Date of submission		Documents sent
		Electronic	Hard copy			Electronic	Hard copy			Electronic	Hard copy	
DC 35 - CAPRICORN	New	25.01.10		OSA,CAA,CFA,AC,AD	New	15.2.10		OSA,CAA,CFA,AC,AD	New	10.0.2010		OSA,CFA,CAA,AD,AC
LIM 351 - BLOUBERG	New	13.01.10		OSA,CAA,CFA,AC,AD	New	11.2.10		OSA,CAA,CFA,AC,AD				
LIM 352 - AGANANG	New	27.01.10		OSA,CAA,CFA,AC,AD	New	11.2.10		OSA,CAA,CFA,AC,AD	New	15.03.2010		OSA,CFA,CAA,AD,AC
LIM 353 - MOLEMOLE	New	15.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	15.03.2010		OSA,CFA,CAA,AD,AC
LIM 354 - POLOKWANE	New	12.01.10		OSA,CAA,CFA,AD,AC	New	9.2.10		OSA,CAA,CFA,AC,AD	New	10.03.2010		OSA,CFA,CAA,AD,AC
LIM 355 - LEPALLE-NKUMPI	New	12.01.10		OSA,CAA,CFA,AD,AC	New	11.2.10		OSA,CAA,CFA,AC,AD	New	09.03.2010	09.03.2010	OSA,CFA,CAA,AD,AC
DC - 47 - GREATER SEKHUKHUNE	New	15.01.10		OSA,CAA,CFA,AD	New	23.2.10		AC,AD,OSA,CAA	New	12.03.2010		OSA,CAA,AD,AC
LIM 471 - MARBLE HALL	New	8.01.10		CAA,AC,AD,OSA,CFA								
LIM 472 - ELIAS MOTSOLEDI	New	14.01.10		OSA,CAA,CFA,AC,AD					New	11.03.2010		OSA,CFA,CAA,AD,AC
LIM 473 - MAKHUDUTHAMAGA	New	15.01.10		OSA,CAA,CFA,AD	New	16.2.10		OSA	New	13.03.2010	16.03.2010	OSA,CFA,CAA,AD,AC
LIM 474 - FETAKGOMO	New	14.01.10		OSA,CAA,CFA,AD,AC	New	12.2.10		OSA,CAA,CFA,AC,AD	New	11.3.2010	15.03.2010	OSA,CFA,CAA,AD,AC
LIM 475 - GREATER TUBATSE	New	11.01.10		CFA,CAA,OSA,AC	New	8.2.10		CFA,AC,CAA,OSA	New	05.03.2010		OSA,CFA,CAA
DC 33 - MOPANI	New	11.01.10		OSA,CAA,CFA,AD,AC	New	8.2.10		OSA,CAA,CFA,AC,AD	New	11.03.2010		OSA,CFA,CAA,AD,AC
LIM 331 - GREATER GIYANI	New	18.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	10.03.2010		OSA,CFA,CAA,AD,AC
LIM 332 - GREATER LETABA	New	12.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	15.03.2010		OSA,CFA,CAA,AD,AC
LIM 333 - GREATER TZANEEN	New	15.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	11.03.2010		OSA,CFA,CAA,AD,AC
LIM 334 - BA- PHALABORWA	New	14.01.10		OSA,CAA,CFA,AD,AC	New	16.2.10		OSA,CAA,CFA,AC,AD	New	14.03.2010		OSA,CFA,CAA,AD,AC
LIM 335 - MARULENG	New	26.01.10		OSA,CAA,CFA,AD,AC	New	9.2.10		OSA,CAA,CFA,AC,AD	New	12.03.2010		OSA,CFA,CAA,AD,AC
DC 36 - WATERBERG	New	14.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	12.03.2010		OSA,CFA,CAA,AD,AC
LIM 361 - THABAZIMBI	New	18.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		AC,AD,CAA,OSA	New	12.03.2010		OSA,CFA,CAA,AD,AC
LIM 362 - LEPHALALE	New	13.01.10		OSA,CAA,CFA,AC,AD	New	23.02.10		OSA,CAA,CFA,AC,AD	New	15.03.2010		OSA,CFA,CAA,AD,AC
LIM 364 - MOOKGOPONG	New	15.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		AC,AD,				
LIM 365 - MODIMOLLE	New	20.01.10		OSA,CAA,CFA,AC,AD	New	12.2.10		OSA,CAA,CFA,AC,AD	New	12.03.2010		OSA,CFA,CAA,AD,AC
LIM 366 - BELA-BELA	New	15.01.10		OSA,CAA,CFA,AC,AD	New	11.2.10		OSA,AC,AD	New	11.03.2010		OSA,CFA,CAA,AD,AC
LIM 367 - MOGALAKWENA	New	15.01.10		OSA,CAA,AD,AC	New	14.2.10		OSA,CAA,AC	New	12.03.2010		OSA,CAA,AD,AC
DC 34 - VHEMBE	New	13.01.10		OSA,CAA,CFA,AD,AC	New	11.2.10		OSA,CAA,CFA,AC,AD	New	11.03.2010		OSA,CFA,CAA,AD,AC
LIM 341- MUSINA	New	15.01.10		OSA,CAA,CFA,AD,AC	New	12.2.10		OSA,CAA,CFA,AC,AD	New	12.03.2010		OSA,CFA,CAA,AD,AC
LIM 342 - MUTALE	New	22.01.10		OSA,CAA,CFA,AD,AC	New	10.2.10		AC,CAA,OSA,CFA	New	09.03.2010		OSA,CFA,CAA,AC
LIM 343 - THULAMELA	New	15.01.10		OSA,CAA,CFA,AD,AC	New	12.2.10		OSA,CAA,CFA,AC,AD	New	11.03.2010	15.03.2010	OSA,CFA,CAA,AD,AC
LIM 344 - MAKHADO	New	14.01.10		OSA,CAA,CFA,AD,AC	New	12.2.10		OSA,CAA,CFA,AC,AD				

IMPLEMENTATION OF MUNICIPAL BUDGETS

Financial Performance

This section of the report focuses on the financial health of the municipality as reflected in the February 2010 monthly budget statement submitted. Information regarding revenue collection and expenditure is detailed in this section.

Operating Revenue

The operating revenue performance for the month of February reflects that municipalities generated an amount of R1.022 billion and an accumulated amount R6.350 billion or 73 per cent of the total adjusted operating revenue budget of R8.715 billion. The collection pace by municipalities seems to have exceeded the linear projection percentage of 66 by 7 percent.

The result in the above paragraph is informed by the performance of the five districts, from which analysis shows that Sekhukhune district has performed the worst at 29 per cent. The good performance by Makhuduthamaga which collected 94% of its budget is clouded by the poor performance of the other municipalities within the Sekhukhune District; especially the district municipality itself; which has not made any collection thus far. On the other hand, the highest performing district is Vhembe (117%) whereby the district itself has to date collected 17% more than its budgeted annual revenue. This performance suggests that there may have been serious under budgeting by the district municipality and its locals; which as per expectation, should have been rectified during the adjustment budget processes.

Table 2 Operating revenue 28th February 2010

Code	Municipality	Financial Performance			
		Total Revenue			
		Original/ad justed budget	Actual receipts for the month	Actual receipts year to date	Actual receipts to date as % of budget
R million					
NP03a2	Makhuduthamaga	112	6	105	94%
NP03a3	Fetakgomo	43	6	17	39%
NP03a4	Greater marble Hall	108	–	39	36%
NP03a5	Greater Tubatse	163	25	94	58%
NP03a6	Elias Motsoaledi	236	11	88	37%
DC47	Greater Sekhukhune	536	–	0	0%
Sekhukhune		1,174	49	344	29%
NP331	Greater Giyani	120	6	89	74%
NP332	Greater Letaba	119	3	88	74%
NP333	Greater Tzaneen	587	41	376	64%
NP334	Ba-Phalaborwa	273	13	137	50%
NP335	Maruleng	65	3	50	77%
DC33	Mopani District	589	58	316	54%
Mopani District		1,754	124	1,057	60%
NP341	Musina	93	7	91	98%
NP342	Mutale	92	3	47	51%
NP343	Thulamela	373	78	380	102%
NP344	Makhado	462	60	281	61%
DC34	Vhembe District	1,036	464	1,613	156%
Vhembe		2,056	612	2,413	117%
NP351	Blouberg	107	1	42	39%
NP352	Aganang	47	3	36	75%
NP353	Molemole	58	1	52	90%
NP354	Polokwane	1,652	101	884	54%
NP355	Lepelle-Nkumpi	261	14	168	64%
DC35	Capricorn District	190	18	450	237%
Capricorn		2,316	138	1,631	70%
NP361	Thabazimbi	167	27	52	31%
NP362	Lephalale	205	27	311	151%
NP363	Mookgophong	80	–	38	48%
NP364	Modimolle	157	10	97	61%
NP365	Bela-Bela	140	10	90	64%
NP366	Mogalakwena	566	24	245	43%
DC36	Waterberg District	99	3	73	73%
Waterberg		1,414	100	906	64%
Total		8,715	1,022	6,350	73%

District performance shows that of the R1.022 billion generated for the month of February, Sekhukhune collected only 5 percent, Mopani 12 per cent, Vhembe 60 per cent, Capricorn 14 per cent and Waterberg 10 percent against the monthly straight line projection of 8.3 per cent. While Vhembe shows outstanding performance; Capricorn, Waterberg and Mopani show acceptable performance. Sekhukhune district is reflecting an under performance over the eight months period ending 28th February 2010.

The performance of the individual items is as follows:

- **Property Rates:** The total adjusted budget amounts to R581 million, while the year to date revenue generated amounts to R368 million or 63 per cent of the total adjusted budget. The monthly collection is 6 per cent or R37 million of the total adjusted budget.
- **Service Charges:** The total adjusted budget amounts to R1.978 billion, the year to date revenue generated amounts to R1.079 billion or 55 per cent of the adjusted budget. The monthly collection is R 158 million or 8 per cent of the total adjusted line budget.
- **Investment revenue:** The total adjusted budget amounts to R233 million, the year to date receipts stands at R145 million or 63 per cent of the adjusted budget. The monthly collection is R 16 million or 7 per cent of the total adjusted line budget.
- **Transfers recognised:** The total adjusted budget amounts to R4.988 billion, while the current revenue generated to date amounts to R4.130 billion or 83 per cent of the adjusted budget. The monthly collection is R710 million or 14 per cent of the total adjusted line budget.
- **Other Revenue:** The total adjusted budget amounts to R956 million, while the year to date receipts amounts to R625 million or 65 per cent of the adjusted budget. The monthly collection is R 103 million or 11 per cent of the total adjusted line budget.

Operating Expenditure

The operating expenditure performance for the month of February reflects that municipalities expended an amount of R498 million and expended an accumulated R3.578 billion or 56 per cent of the total adjusted operating revenue budget of R6.422 billion.

Table 3 Operating Expenditure 28th February 2010

Code	Municipality	Financial Performance			
		Total Expenditure			
		Original/adju sted budget	Actual expenditure for the month	Actual expenditure year to date	Actual spent to date as % of budget
R million					
NP03a2	Makhuduthamaga	93	2	40	43%
NP03a3	Fetakgomo	16	1	6	36%
NP03a4	Greater marble Hall	182	–	8	5%
NP03a5	Greater Tubatse	48	20	41	84%
NP03a6	Elias Motsoaledi	154	9	59	38%
DC47	Greater Sekhukhune	453	29	273	60%
Sekhukhune		1,081	57	423	39%
NP331	Greater Giyani	126	8	58	46%
NP332	Greater Letaba	114	7	55	49%
NP333	Greater Tzaneen	495	35	268	54%
NP334	Ba-Phalaborwa	288	20	155	54%
NP335	Maruleng	82	3	38	47%
DC33	Mopani District	308	22	202	66%
Mopani District		1,413	95	776	55%
NP341	Musina	93	10	93	100%
NP342	Mutale	65	5	34	52%
NP343	Thulamela	190	14	216	114%
NP344	Makhado	464	29	178	38%
DC34	Vhembe District	355	151	618	174%
Vhembe		1,168	209	1,138	98%
NP351	Blouberg	83	6	35	42%
NP352	Aganang	37	4	28	75%
NP353	Molemole	57	6	27	47%
NP354	Polokwane	1,086	73	509	47%
NP355	Lepelle-Nkumpi	136	5	44	32%
DC35	Capricorn District	190	18	150	79%
Capricorn		1,591	111	793	50%
NP361	Thabazimbi	133	16	98	74%
NP362	Lephalale	205	14	153	75%
NP363	Mookgophong	80	–	42	52%
NP364	Modimolle	133	10	78	58%
NP365	Bela-Bela	135	11	82	61%
NP366	Mogalakwena	413	(30)	(149)	-36%
DC36	Waterberg District	71	4	143	202%
Waterberg		1,169	25	447	38%
Total		6,422	498	3,578	56%

Performance per District:

Sekhukhune District: Overall operating expenditure stands R423 million or 39 per cent of the total adjusted budget of R1.081 billion. Fetakgomo, Greater marble Hall and Elias Motsoaledi are showing serious under spending. Greater Marble Hall is the worst of them all with a year to date percentage of 5.

Mopani District: The district has reflected a year to date spending of 55 per cent or R776 million of a budget of R1.413 billion. All the municipalities in the district except the district itself are under spending their operating expenditure budget.

Vhembe District: Expenditure for the year to date stands at 98 per cent or R1.138 billion of the total adjusted budget of R1.168 billion. The district reflects a R209 million or 18 per cent spending for the month. Just like the operating revenue performance, Vhembe District seems to be overspending their expenditure budget. The district, Musina and Thulamela have over spent their annual budget. Mutale and Makhado on the other hand are under spending their operating expenditure budget.

Capricorn District: Expenditure for the year to date stands at 50 per cent or R793 million of the total adjusted budget of R1.591 billion. The monthly spending stands at R111 million or 7 per cent resulting in under spending by 1.3 per cent against the monthly straight line norm. All municipalities in the district are under spending their operating expenditure budget with the exception of Aganang and the district; whereby the district is likely to over spend its annual budget by 20 percent on a linear projection model.

Waterberg District: The district's operating expenditure for the year to date stands at 38 per cent or R447 million of the total adjusted budget of R1.169 billion. Monthly spending stands at R25 million or 2 per cent of the total budget. Performance of the district in this regard is low. Serious under spending of this budget is anticipated if the adjustment budgets were not amended accordingly.

The performances of the individual items are as follows:

- **Employee Related Costs:** The adjusted budget amounts to R2.175 billion, while the expenditure to date amounts to R1.651 billion or 76 per cent of the adjusted budget. The monthly expenditure is R270 million or 12 per cent of the total adjusted line budget. On a linear projection model, there is a probability that there will be an over expenditure in this line item by 6 per cent by year end.
- **Remuneration of Councilors:** The adjusted budget amounts to R280 million, while the expenditure to date amounts to R124 million or 44 per cent of the adjusted budget. The monthly expenditure is R 19 million or 7 per cent of the total adjusted line budget.

- **Debt impairment:** The adjusted budget amounts to R78 million, while the year to date expenditure amounts to minus five. The monthly expenditure is minus one.
- **Depreciation or amortisation:** The adjusted budget amounts to R283 million, while the year to date expenditure amounts to R26 million or 9 per cent of the adjusted budget. The monthly expenditure is R 6 million or 2 per cent of the total adjusted line budget reflecting an under expenditure.
- **Finance charges:** The adjusted budget amounts to R51 million, while the year to date expenditure amounts to R5 million. The monthly expenditure is nil.
- **Materials and bulk Purchases:** The adjusted budget amounts to R1.455 billion, while the expenditure to date amounts to R740 million or 51 per cent of the budget. The monthly expenditure is R 81 million or 6 per cent of the total adjusted line budget reflecting a slight under expenditure.
- **Other expenditure:** The adjusted budget amounts to R2.100 billion, while the year to date expenditure amounts to R1.037 billion or 49 per cent of the budget. The monthly expenditure is R 122 million or 6 per cent of the total adjusted line budget.

Capital Funding Source and Expenditure

This section of the report focuses on the capital base of the municipality as reflected in the monthly budget statement submitted. Information regarding capital funding and expenditure is detailed in this section.

Capital Revenue: Sources of Finance

Capital revenue represents the sources of finances utilised to fund capital expenditure. There are a number of sources from which capital revenue is sourced; the major source of capital financing is from Government Grants and Subsidies since most municipalities have very small own revenue bases or sources.

Table 4 Capital revenue 28th February 2010

Code	Municipality	Capital expenditure			
		Total sources of Funding			
		Original/adjusted budget	Actual receipts for the month	Actual receipts year to date	Actual receipts to date as % of budget
NP03a2	Makhuduthamaga	50	–	26	53%
NP03a3	Fetakgomo	16	–	4	22%
NP03a4	Greater marble Hall	16	–	–	
NP03a5	Greater Tubatse	49	–	48	100%
NP03a6	Elias Motsoaledi	82	–	4	5%
DC47	Greater Sekhukhune	329	29	305	93%
Sekhukhune		542	29	388	72%
NP331	Greater Giyani	32	(1)	15	48%
NP332	Greater Letaba	50	2	28	57%
NP333	Greater Tzaneen	155	12	59	38%
NP334	Ba-Phalaborwa	41	–	–	
NP335	Maruleng	34	–	–	
DC33	Mopani District	286	18	93	33%
Mopani District		598	31	196	33%
NP341	Musina	32	–	6	18%
NP342	Mutale	27	0	8	31%
NP343	Thulamela	214	10	40	18%
NP344	Makhado	111	2	26	24%
DC34	Vhembe District	789	192	502	64%
Vhembe		1,173	204	582	50%
NP351	Blouberg	38	–	–	
NP352	Aganang	38	–	–	
NP353	Molemole	20	0	6	32%
NP354	Polokwane	1,322	78	522	39%
NP355	Lepelle-Nkumpi	124	–	–	
DC35	Capricorn District	406	25	341	84%
Capricorn		1,948	103	870	45%
NP361	Thabazimbi	49			
NP362	Lephalale	32	2	16	49%
NP363	Mookgophong	40		12	31%
NP364	Modimolle	56	1	6	11%
NP365	Bela-Bela	20	1	2	11%
NP366	Mogalakwena	149	(6)	(32)	-21%
DC36	Waterberg District	29	1	3	10%
Waterberg		374	(2)	7	2%
Total		4,635	365	2,043	44%

The overall performance for all the districts stands at 44 per cent or R2.043 billion in monetary terms against a budget of R4.635 billion. This percentage is however not a true reflection. The amounts of Greater Giyani (R1 million) and Mogalakwena (R6 million) have been entered as negatives thereby offsetting the other revenue sources. This is mainly a systems problem whereby in the case of Mogalakwena, their system populates figures as negatives and they have not heeded to the advice to manually prepare their reports.

For the period to date, the performance per district was;

Sekhukhune District: R388 million or 72 per cent of the total district adjusted budget of R542 million was receipted by the district municipalities for the eight months ending 28th February 2010. The month receipts amount to R29 million or 5 per cent.

Mopani District: The district receipted a total of R196 million or 33 per cent of the total capital revenue of R598 million. The month receipts amount to R31 million or 16 per cent. With the correct signage of the revenue amounts, performance of this district is above 30 percent.

Vhembe District: Receipted R582 million of the total adjusted capital budget of R1.173 million or an equivalent of 50 in percentage terms. The monthly receipt amounts to R204 million or 17 per cent.

Capricorn Districts: The district shows a 45 per cent or R870 million receipted accumulated over eight months. The month receipts amount to negative R103 million or 12 per cent.

Waterberg District: Receipted R7 million or 2 percent of the total budget of R374 million. This is not a true reflection of the performance mainly due to Mogalakwena reflecting a negative figure in all its monthly report. This negative figure is causing the under counting when in fact the opposite is true. Recommendations by Provincial Treasury to engage their system providers or to manually prepare their reports were not considered.

The individual sources of finance reflected the following current month performance:

- i. **External loans** reflect 9 per cent collection of total budget; this implies that municipalities have not gone out to acquire external financing.
- ii. **Asset Financing Reserve** reflect that 42 per cent or R242 million from a budget of R580 million has been receipted in total. The monthly receipts amount to R38 million or 6 per cent.
- iii. **Surplus cash** showed a 27 per cent or R116 million availability against a budget of R425 million. The monthly receipts amount to R3 million or 0.7 per cent.
- iv. **Grants and Subsidies** reflect R1.590 million or 49 per cent has been receipted in total. The month receipts amount to R312 million or 20 per cent.
- v. **Other Sources** reflect a 34 per cent receipt from a budget R169 million.

Capital Expenditure

For the month under review, the accumulated performance is at R2.116 billion translating into 50 per cent of the total adjusted capital budget of R4.262 billion. Again; the negative expenditure amounts under casted the percentage to 50.

Table 5 Capital Expenditure 28th February 2010

Code	Municipality	Capital expenditure			
		Total Capital Expenditure			
		Original/adju sted budget	Actual expenditure for the month	Actual expenditure year to date	Actual spent to date as % of budget
R million					
NP03a2	Makhuduthamaga	93	2	40	43%
NP03a3	Fetakgomo	16	1	6	36%
NP03a4	Greater marble Hall	182	-	8	5%
NP03a5	Greater Tubatse	48	20	41	84%
NP03a6	Elias Motsoaledi	65	2	17	26%
DC47	Greater Sekhukhune	453	29	273	60%
Sekhukhune		857	55	385	45%
NP331	Greater Giyani	32	(1)	15	48%
NP332	Greater Letaba	68	2	29	42%
NP333	Greater Tzaneen	155	12	59	38%
NP334	Ba-Phalaborwa	56	4	30	53%
NP335	Maruleng	34	0	20	59%
DC33	Mopani District	305	18	103	34%
Mopani District		649	35	256	39%
NP341	Musina	13	0	6	45%
NP342	Mutale	27	0	8	30%
NP343	Thulamela	193	10	44	23%
NP344	Makhado	111	2	26	24%
DC34	Vhembe District	-	191	509	#DIV/0!
Vhembe		343	203	593	173%
NP351	Blouberg	38	2	21	56%
NP352	Aganang	38	2	11	28%
NP353	Molemole	20	0	9	44%
NP354	Polokwane	1,322	78	522	39%
NP355	Lepelle-Nkumpi	124	4	226	182%
DC35	Capricorn District	479	25	219	46%
Capricorn		2,021	103	870	43%
NP361	Thabazimbi	33	1	28	0
NP362	Lephalale	32	2	17	54%
NP363	Mookgophong	40	-	12	31%
NP364	Modimolle	56	1	6	11%
NP365	Bela-Bela	19	1	2	11%
NP366	Mogalakwena	183	(6)	(57)	-31%
DC36	Waterberg District	29	1	3	10%
Waterberg		392	(1)	12	3%
Total		4,262	394	2,116	50%

Performance per District:

Sekhukhune District: Overall expenditure stands at R385 million or 45 per cent of the total adjusted budget of R857 million. The month expenditure stands at R55 million or 6 per cent of the total adjusted budget.

Mopani District: Overall expenditure stands R256 million or 39 per cent of the total adjusted budget of R649 million. The month expenditure stands at R35 million or 5 per cent of the total adjusted budget.

Vhembe District: Overall expenditure stands R593 million or 173 per cent of the total adjusted budget of R343 million. The month expenditure stands at R203 million or 59 per cent of the total adjusted budget.

Capricorn District: Overall expenditure stands R870 million or 43 per cent of the total adjusted budget of R2.021 billion. The month expenditure stands at R103 million or 5 per cent of the total adjusted budget.

Waterberg District: Overall expenditure stands R12 million or 3 per cent of the total adjusted budget of R392 million.

The incorrect capturing of the CAA return form by Greater Giyani and Mogalakwena leads to the overall performance of the capital revenue and expenditure to be distorted. The overall performance of 50 percent as reflected is therefore an understatement due to the lack of credibility of data submitted by these municipalities.

Debtors

The total outstanding debtor's book, for the municipalities in the Province for the month of February amounts to R1.576 billion.

Debtors per district	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Total
Debtors Age analysis								
Sekhukhune	24	3	2	7	7	0	0	43
Mopani	18	43	26	24	214	51	128	505
Vhembe	68	58	23	47	42	4	50	292
Capricorn	61	26	19	51	258	4	24	444
Waterberg	68	58	23	47	42	4	50	292
	239	188	93	176	564	64	253	1,576

Debtors owing between 0-30 days amounts to R239 million, 31-60 days amounts to R188 million. Debtors owing between 121-150 days are the most significant with R564 million or 36 per cent, while the debt owed falling into the category over 151 and 180 days to a year constitute R64 and R253 million respectively.

Creditors

The total accounts payable for the month of February owed by municipalities' amount to R149 million.

Creditors per district	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Total
Creditors Age analysis								
Sekhukhune	0	0	0	-	-	-	-	0
Mopani	30	5	5	0	-	-	-	39
Vhembe	6	3	1	2	8	3	1	25
Capricorn	38	-	-	0	-	-	-	38
Waterberg	47	0	-	-	0	0	-	47
	121	8	6	3	8	3	1	149

The current debt owed by municipalities collectively is R149 million. Three districts being Sekhukhune, Vhembe, and Mopani are reflecting amounts owing in the category above 0-30 days.

Cash-flows

Cash flows	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
Opening Cash Balance	634	1,336	1,231	1,053	842	686	678	281	83	110	183	53
Sub-Total (Receipts)	1,652	767	630	696	728	1,224	357	605	438	530	322	351
Sub-Total (Payments)	949	873	808	907	883	1,232	576	804	411	457	452	479
Closing Balance	1,336	1,231	1,053	842	686	678	281	83	110	183	53	(75)

Not all municipalities in the province completed the cash flow statement. Analysis of the cash flow return has revealed that municipalities are not completing this document correctly and therefore it distorts the analysis. Municipalities seem not to be ready to engage in the exercise of projecting their revenue and expenditure; they rather prefer to capture the actual performance on a month to month basis, thereby defeating the purpose of the CFA return form.

CONCLUSION

Though there was a general improvement in submission, the February submissions revealed deterioration in that regard. We have however noted the improved performance when it comes to the collection of own revenue in the operating budget, though the same cannot be said about the operating expenditure which is under spending. A general observation again is that Vhembe District as a whole seems to be over performing in all areas, which can be translated to poor/under budgeting. The quality of reports submitted has improved considerably, though we have noted a challenge in the completion of the CAA return and CFA return forms. Performance on the capital budget is not satisfactory, proper analysis of this performance is hindered by the incredibility of the CAA return forms submitted. Provincial Treasury will engage with municipalities further regarding the correct completion of the CAA and CFA return forms as well as the importance of compliance to MFMA S71.