



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Enq: Mulenga S

Date: 02 March 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: JANUARY 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 31st January 2010.

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**HEAD OF DEPARTMENT
PROVINCIAL TREASURY**

DATE: 05/03/2010

LIMPOPO PROVINCIAL TREASURY
Municipal Budget Performance
Consolidated Statement as at 31st January 2010

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period ending 31st January 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 November 2009, December 2009 and January 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 January 2010; only one municipality which is Mopani District Municipality 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 January 2010 reports; only twenty-eight municipalities submitted their reports, out of which six submitted late. Municipalities that did not submit their January 2010 reports are Marble Hall and Elias Motsoaledi. Letters of non compliance with time provisions were sent to all municipalities that submitted their reports late 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 31st January 2010

| Municipality | Nov-09 | | | Dec-09 | | | Jan-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 - CAPRICON | | | | | New | 26.01.10 | | OSA,CAA,CFA,AC,AD | New | 15.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 351 - BLOUBERG | New | 14.12.09 | | OSA,CAA,CFA,AD,AC | 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 |
| LIM 353 - MOLEMOLE | New | 10.12.09 | | OSA,CAA,CFA,AC,AD | New | 15.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 354 - POLOKWANE | New | 8.12.09 | | AD,CAA,CFA | New | 12.01.10 | | OSA,CAA,CFA,AD,AC | New | 9.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 355 - LEPPELLE-NKUMPI | New | 8.12.09 | | AD,CAA,CFA,OSA,AC | New | 12.01.10 | | OSA,CAA,CFA,AD,AC | New | 11.2.10 | | OSA,CAA,CFA,AC,AD |
| DC - 47 - GREATER SEKHUKHUNE | | | | | New | 15.01.10 | | OSA,CAA,CFA,AD | New | 23.2.10 | | AC,AD,OSA,CAA |
| LIM 471 - MARBLE HALL | New | 09.12.09 | | AC,AD,CAA,CFA,OSA | New | 8.01.10 | | CAA,AC,AD,OSA,CFA | | | | |
| LIM 472 - ELIAS MOTSOALEDI | New | 09.12.09 | | AC,AD,CAA,CFA,OSA | New | 14.01.10 | | OSA,CAA,CFA,AC,AD | | | | |
| LIM 473 - MAKHUDUTHAMAGA | New | 09.12.09 | | AC,AD,CAA,CFA,OSA | New | 15.01.10 | | OSA,CAA,CFA,AD | New | 16.2.10 | | OSA |
| LIM 474 - FETAKGOMO | New | 9.12.09 | | OSA,CAA,CFA,AD,AC | New | 14.01.10 | | OSA,CAA,CFA,AD,AC | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 475 - GREATER TUBATSE | New | 8.12.09 | | OSA,CAA,CFA,AD,AC | New | 11.01.10 | | CFA,CAA,OSA,AC | New | 8.2.10 | | CFA,AC,CAA,OSA |
| DC 33 - MOPANI | New | 8.12.09 | | OSA,CAA,CFA,AD,AC | New | 11.01.10 | | OSA,CAA,CFA,AD,AC | New | 8.2.10 | 11.2.10 | OSA,CAA,CFA,AC,AD |
| LIM 331 - GREATER GIYANI | New | 9.12.09 | | OSA,CAA,CFA,AD,AC | New | 18.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 332 - GREATER LETABA | New | 17.12.09 | | OSA,CAA,CFA,AD,AC | New | 12.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 333 - GREATER TZANEEN | New | 09.12.09 | | AC,CAA,CFA,OSA,AD | New | 15.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 334 - BA- PHALABORWA | New | 09.12.09 | | OSA,CAA,CFA,AD,AC | New | 14.01.10 | | OSA,CAA,CFA,AD,AC | New | 16.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 335 - MARULENG | New | 8.12.09 | | OSA,CAA,CFA,AD,AC | New | 26.01.10 | | OSA,CAA,CFA,AD,AC | New | 9.2.10 | | OSA,CAA,CFA,AC,AD |
| DC 36 - WATERBERG | New | 8.12.09 | | OSA,CAA,CFA,AD,AC | New | 14.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 361 - THABAZIMBI | New | 4.01.2010 | | OSA,CAA,CFA,AD,AC | New | 18.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | AC,AD,CAA,OSA |
| LIM 362 - LEPHALALE | New | 09.12.09 | | OSA,CAA,CFA,AD,AC | New | 13.01.10 | | OSA,CAA,CFA,AC,AD | New | 23.02.10 | | OSA,CAA,CFA,AC,AD |
| LIM 364 - MOOKGOPONG | New | 09.12.09 | | OSA,CAA,CFA,AD,AC | New | 15.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | AC,AD, |
| LIM 365 - MODIMOLLE | New | 8.12.09 | | OSA,CAA,CFA,AD,AC | New | 20.01.10 | | OSA,CAA,CFA,AC,AD | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 366 - BELA-BELA | New | 14.12.09 | | OSA,CAA,CFA,AD,AC | New | 15.01.10 | | OSA,CAA,CFA,AC,AD | New | 11.2.10 | | OSA,AC,AD |
| LIM 367 - MOGALAKWENA | New | 09.12.09 | | OSA,AD,AC,CAA | New | 15.01.10 | | OSA,CAA,AD,AC | New | 14.2.10 | | OSA,CAA,AC, |
| DC 34 - VHEMBE | New | 10.12.09 | | OSA,CAA,CFA,AD,AC | New | 13.01.10 | | OSA,CAA,CFA,AD,AC | New | 11.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 341- MUSINA | New | 09.12.09 | | OSA,CAA,CFA,AD,AC | New | 15.01.10 | | OSA,CAA,CFA,AD,AC | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 342 - MUTALE | New | 11.12.09 | | OSA,CAA,CFA,AD | New | 22.01.10 | | OSA,CAA,CFA,AD,AC | New | 10.2.10 | | AC,CAA,OSA,CFA |
| LIM 343 - THULAMELA | New | 14.12.09 | | OSA,CAA,CFA,AC,AD | New | 15.01.10 | | OSA,CAA,CFA,AD,AC | New | 12.2.10 | | OSA,CAA,CFA,AC,AD |
| LIM 344 - MAKHADO | New | 09.12.09 | | OSA,CAA,CFA,AC,AD | 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 January 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 January reflects that municipalities generated an amount of R0.806 billion and an accumulated amount R5.394 billion or 62 per cent of the total operating revenue budget of R8.738 billion. The collection pace by municipalities seems to have exceeded the linear projection percentage of 58 by just 4 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 25 per cent. The good performance by Makhuduthamaga which collected 72% 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 (89%) whereby the district itself has to date collected 11% 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 31st January 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 | 137 | 6 | 99 | 72% |
| NP03a3 | Fetakgomo | 43 | 1 | 11 | 25% |
| NP03a4 | Greater marble Hall | 108 | – | 39 | 36% |
| NP03a5 | Greater Tubatse | 163 | 6 | 69 | 42% |
| NP03a6 | Elias Motsoaledi | 230 | 8 | 74 | 32% |
| DC47 | Greater Sekhukhune | 491 | – | 0 | 0% |
| Sekhukhune | | 1,174 | 22 | 292 | 25% |
| NP331 | Greater Giyani | 120 | 6 | 89 | 74% |
| NP332 | Greater Letaba | 98 | 6 | 85 | 87% |
| NP333 | Greater Tzaneen | 587 | 33 | 335 | 57% |
| NP334 | Ba-Phalaborwa | 344 | 11 | 124 | 36% |
| NP335 | Maruleng | 61 | 3 | 47 | 77% |
| DC33 | Mopani District | 665 | 0 | 258 | 39% |
| Mopani District | | 1,875 | 60 | 939 | 50% |
| NP341 | Musina | 129 | 8 | 85 | 66% |
| NP342 | Mutale | 92 | 8 | 44 | 48% |
| NP343 | Thulamela | 373 | 78 | 303 | 81% |
| NP344 | Makhado | 462 | 60 | 281 | 61% |
| DC34 | Vhembe District | 1,036 | 428 | 1,150 | 111% |
| Vhembe | | 2,092 | 583 | 1,863 | 89% |
| NP351 | Blouberg | 107 | 1 | 42 | 39% |
| NP352 | Aganang | 47 | 2 | 32 | 69% |
| NP353 | Molemole | 58 | 12 | 51 | 88% |
| NP354 | Polokwane | 1,652 | 58 | 784 | 47% |
| NP355 | Lepelle-Nkumpi | 261 | 12 | 154 | 59% |
| DC35 | Capricorn District | 190 | 12 | 432 | 227% |
| Capricorn | | 2,316 | 97 | 1,495 | 65% |
| NP361 | Thabazimbi | 62 | (11) | 26 | 42% |
| NP362 | Lephalale | 205 | 13 | 284 | 138% |
| NP363 | Mookgophong | 80 | – | 38 | 48% |
| NP364 | Modimolle | 157 | 9 | 87 | 55% |
| NP365 | Bela-Bela | 140 | 10 | 80 | 57% |
| NP366 | Mogalakwena | 537 | 23 | 221 | 41% |
| DC36 | Waterberg District | 99 | 1 | 70 | 70% |
| Waterberg | | 1,280 | 45 | 806 | 63% |
| Total | | 8,738 | 806 | 5,394 | 62% |

District performance shows that of the R0.806 billion generated for the month of January, Sekhukhune collected only 3 percent, Mopani 7 per cent, Vhembe 72 per cent, Capricorn 12 per cent and Waterberg 6 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 seven months period ending 31 January 2010.

The performance of the individual items is as follows:

- **Property Rates:** The total budget amounts to R629 million, while the year to date revenue generated amounts to R334 million or 53 per cent of the total budget. The monthly collection is 7 per cent or R629 million of the total budget.
- **Service Charges:** The total budget amounts to R1.960 billion, the year to date revenue generated amounts to R940 million or 48 per cent of the budget. The monthly collection is R 119 million or 6 per cent of the total line budget.
- **Investment revenue:** The total budget amounts to R273 million, the year to date receipts stands at R131 million or 48 per cent of the budget. The monthly collection is R 57 million or 21 per cent of the total line budget. There was a huge improvement in this item. The performance for December 2009 was 21 per cent, while within one month it grew to 48%.
- **Transfers recognised:** The total budget amounts to R4.887 billion, while the current revenue generated to date amounts to R3.466 million or 71 per cent of the budget. The monthly collection is R 533 million or 11 per cent of the total line budget.
- **Other Revenue:** The total budget amounts to R989 million, while the year to date receipts amounts to R523 million or 53 per cent of the budget. The monthly collection is R 53 million or 5 per cent of the total line budget.

Operating Expenditure

The operating expenditure performance for the month of January reflects that municipalities expended an amount of R483 million and expended an accumulated R3.043 billion or 46 per cent of the total operating revenue budget of R6.599 billion.

Table 3 Operating Expenditure 31st January 2010

| Code | Municipality | Financial Performance | | | |
|------------------------|---------------------|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| R million | | | | | |
| NP03a2 | Makhuduthamaga | 50 | – | 38 | 76% |
| NP03a3 | Fetakgomo | 16 | 0 | 5 | 28% |
| NP03a4 | Greater marble Hall | 182 | – | 8 | 5% |
| NP03a5 | Greater Tubatse | 48 | 11 | 20 | 42% |
| NP03a6 | Elias Motsoaledi | 148 | 18 | 49 | 33% |
| DC47 | Greater Sekhukhune | 497 | – | 199 | 40% |
| Sekhukhune | | 1,025 | 30 | 331 | 32% |
| NP331 | Greater Giyani | 126 | 8 | 58 | 46% |
| NP332 | Greater Letaba | 141 | 10 | 52 | 37% |
| NP333 | Greater Tzaneen | 495 | 35 | 232 | 47% |
| NP334 | Ba-Phalaborwa | 384 | 16 | 131 | 34% |
| NP335 | Maruleng | 82 | 3 | 38 | 47% |
| DC33 | Mopani District | 378 | 23 | 180 | 48% |
| Mopani District | | 1,606 | 95 | 691 | 43% |
| NP341 | Musina | 109 | 9 | 83 | 77% |
| NP342 | Mutale | 65 | 5 | 28 | 44% |
| NP343 | Thulamela | 190 | 14 | 203 | 107% |
| NP344 | Makhado | 464 | 29 | 178 | 38% |
| DC34 | Vhembe District | 355 | 164 | 418 | 118% |
| Vhembe | | 1,183 | 220 | 910 | 77% |
| NP351 | Blouberg | 83 | 6 | 35 | 42% |
| NP352 | Aganang | 37 | 2 | 24 | 65% |
| NP353 | Molemole | 57 | 3 | 22 | 39% |
| NP354 | Polokwane | 1,086 | 70 | 436 | 40% |
| NP355 | Lepelle-Nkumpi | 136 | 6 | 39 | 28% |
| DC35 | Capricorn District | 190 | 12 | 132 | 70% |
| Capricorn | | 1,591 | 99 | 688 | 43% |
| NP361 | Thabazimbi | 161 | 18 | 85 | 53% |
| NP362 | Lephalale | 205 | 19 | 139 | 68% |
| NP363 | Mookgophong | 80 | – | 42 | 52% |
| NP364 | Modimolle | 133 | 8 | 68 | 51% |
| NP365 | Bela-Bela | 135 | 9 | 68 | 51% |
| NP366 | Mogalakwena | 409 | (19) | (119) | -29% |
| DC36 | Waterberg District | 71 | 4 | 140 | 197% |
| Waterberg | | 1,194 | 39 | 423 | 35% |
| Total | | 6,599 | 483 | 3,043 | 46% |

Performance per District:

Sekhukhune District: Overall operating expenditure stands R331 million or 32 per cent of the total budget R1.025 billion. Fetakgomo, Greater marble Hall and Elias Motsoaledi are showing serious under spending. Greater Marble Hall is the worst of them all with a YTD percentage of 5.

Mopani District: The district has reflected a year to date spending of 43 per cent or R691 million of a budget of R1.606 billion. All the municipalities in the district are under spending their operating expenditure budget; with Greater Letaba being the lowest at 37%.

Vhembe District: Expenditure for the year to date stands at 77 per cent or R910 million of the total budget of R1.183 billion. The district reflects a R220 million or 19 per cent spending for the month. Just like the operating revenue performance, Vhembe District seems to be overspending their expenditure budget. The district and Thulamela have over spent their annual budget by 18 and 7 percent respectively. Though Musina has not as yet over spent their annual budget, at his pace (77%), they are likely to over spend their annual budget by more than 30 percent by year end. Mutale and Makhado on the other hand are under spending their operating expenditure budget.

Capricorn District: Expenditure for the year to date stands at 43 per cent or R688 million of the total budget of R1.591 billion. The monthly spending stands at R99 million or 6 per cent resulting in under spending by 2 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 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 35 per cent or R423 million of the total capital budget of R1.194 billion. Monthly spending stands at R39 million or 3 per cent of the total budget. Performance of the district in this regard is low. In December 2009, the YTD spending was 34 per cent, which suggests that the whole district only spent one percent of the total budget for the seventh month. 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 budget amounts to R2.253 billion, while the expenditure to date amounts to R1390 billion or 62 per cent of the budget. The monthly expenditure is R227 million or 10 per cent of the total 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 budget amounts to R275 million, while the expenditure to date amounts to R108 million or 39 per cent of the budget. The monthly expenditure is R 17 million or 6 per cent of the total line budget.

- **Debt impairment:** The budget amounts to R78 million, while the year to date expenditure amounts to minus four. The monthly expenditure is minus zero.
- **Depreciation or amortisation:** The budget amounts to R278 million, while the year to date expenditure amounts to R23 million or 8 per cent of the budget. The monthly expenditure is R 4 million or 1 per cent of the total line budget reflecting an under expenditure.
- **Finance charges:** The budget amounts to R48 million, while the year to date expenditure amounts to R5 million. The monthly expenditure is nil.
- **Materials and bulk Purchases:** The budget amounts to R1.519 billion, while the expenditure to date amounts to R638 million or 42 per cent of the budget. The monthly expenditure is R 99 million or 7 per cent of the total line budget reflecting a slight under expenditure.
- **Other expenditure:** The budget amounts to R2.148 billion, while the year to date expenditure amounts to R883 million or 41 per cent of the budget. The monthly expenditure is R 136 million or 6 per cent of the total 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 31st January 2010

| Code | Municipality | Capital expenditure | | | |
|------------------------|---------------------|--------------------------|-------------------------------|------------------------------|--|
| | | Total sources of Funding | | | |
| R million | | 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 | 24% |
| NP03a4 | Greater marble Hall | 16 | – | – | |
| NP03a5 | Greater Tubatse | 49 | – | 48 | 100% |
| NP03a6 | Elias Motsoaledi | 82 | – | 4 | 5% |
| DC47 | Greater Sekhukhune | 329 | – | 266 | 81% |
| Sekhukhune | | 542 | – | 349 | 64% |
| NP331 | Greater Giyani | 32 | (1) | 15 | 48% |
| NP332 | Greater Letaba | 50 | 1 | 26 | 53% |
| NP333 | Greater Tzaneen | 155 | 1 | 48 | 31% |
| NP334 | Ba-Phalaborwa | 41 | – | – | |
| NP335 | Maruleng | 34 | – | – | |
| DC33 | Mopani District | 286 | 7 | 75 | 26% |
| Mopani District | | 598 | 9 | 165 | 28% |
| NP341 | Musina | 32 | 1 | 6 | 19% |
| NP342 | Mutale | 27 | 0 | 8 | 28% |
| NP343 | Thulamela | 214 | 10 | 40 | 18% |
| NP344 | Makhado | 111 | 2 | 26 | 24% |
| DC34 | Vhembe District | 789 | 180 | 309 | 39% |
| Vhembe | | 1,173 | 192 | 389 | 33% |
| NP351 | Blouberg | 38 | – | – | |
| NP352 | Aganang | 38 | – | – | |
| NP353 | Molemole | 20 | 0 | 7 | 34% |
| NP354 | Polokwane | 1,322 | (41) | 445 | 34% |
| NP355 | Lepelle-Nkumpi | 124 | – | – | |
| DC35 | Capricorn District | 406 | 9 | 255 | 63% |
| Capricorn | | 1,948 | (33) | 707 | 36% |
| NP361 | Thabazimbi | 49 | – | – | 1% |
| NP362 | Lephalale | 32 | 1 | 14 | 43% |
| NP363 | Mookgophong | 40 | – | 12 | 31% |
| NP364 | Modimolle | 56 | – | 5 | 9% |
| NP365 | Bela-Bela | 20 | – | 1 | 5% |
| NP366 | Mogalakwena | 149 | (11) | (29) | -20% |
| DC36 | Waterberg District | 29 | – | 2 | 8% |
| Waterberg | | 374 | (10) | 5 | 1% |
| Total | | 4,635 | 159 | 1,614 | 35% |

The overall performance for all the districts stands at 35 per cent or R1.614 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), Polokwane (R41 million) and Mogalakwena (R11 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 headed to the advice to manually prepare their reports.

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

Sekhukhune District: R349 million or 64 per cent of the total district budget of R542 million was receipted by the district municipalities for seven months. The month receipts amount to R0 million or 0 per cent.

Mopani District: The district receipted a total of R165 million or 28 per cent of the total capital revenue of R598 million. The month receipts amount to R9 million or 1.5 per cent. With the correct signage of the revenue amounts, performance of this district is above 28 percent.

Vhembe District: Receipted R398 million of the total capital budget of R1.173 million or an equivalent of 33 in percentage terms. The monthly receipt amounts to R192 million or 16 per cent.

Capricorn Districts: The district shows a 36 per cent or R707 million receipted accumulated over six months. The month receipts amount to negative R33 million or (1.7) per cent. The capturing of negative amounts resulted in a drop in overall performance from 38 per cent in December 2009 to 36 percent in January 2010.

Waterberg District: Receipted R5 million or 1 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 PT 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 3 per cent collection of total budget; this implies that municipalities have not gone out to acquire external financing.
- ii. **Asset Financing Reserve** reflect that 36 per cent or R208 million from a budget of R580 million has been receipted in total. The monthly receipts amount to R13 million or 2 per cent.
- iii. **Surplus cash** showed a 27 per cent or R115 million availability against a budget of R425 million. The monthly receipts amount to R2 million or 0.5 per cent.

- iv. **Grants and Subsidies** reflect R1.219 million or 37 per cent has been receipted in total. The month receipts amount to R143 million or 4.4 per cent.
- v. **Other Sources** reflect a 25 per cent receipt from a budget R169 million.

Capital Expenditure

For the month under review, the accumulated performance is at R1.610 billion translating into 38 per cent of the total capital budget of R4.288 billion. Again; the negative expenditure amounts under casted the percentage to 38.

Table 5 Capital Expenditure 31st January 2010

| Code | Municipality | Capital expenditure | | | |
|------------------------|---------------------|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP03a2 | Makhuduthamaga | 50 | – | 38 | 76% |
| NP03a3 | Fetakgomo | 16 | 0 | 5 | 28% |
| NP03a4 | Greater marble Hall | 182 | – | 8 | 5% |
| NP03a5 | Greater Tubatse | 48 | 11 | 20 | 42% |
| NP03a6 | Elias Motsoaledi | 65 | 2 | 14 | 22% |
| DC47 | Greater Sekhukhune | 497 | – | 199 | 40% |
| Sekhukhune | | 858 | 13 | 285 | 33% |
| NP331 | Greater Giyani | 32 | (1) | 15 | 48% |
| NP332 | Greater Letaba | 50 | 1 | 27 | 53% |
| NP333 | Greater Tzaneen | 155 | 1 | 48 | 31% |
| NP334 | Ba-Phalaborwa | 41 | 2 | 27 | 64% |
| NP335 | Maruleng | 34 | 0 | 20 | 59% |
| DC33 | Mopani District | 286 | 7 | 85 | 30% |
| Mopani District | | 598 | 11 | 222 | 37% |
| NP341 | Musina | 32 | 1 | 6 | 19% |
| NP342 | Mutale | 27 | 0 | 8 | 28% |
| NP343 | Thulamela | 193 | 10 | 34 | 18% |
| NP344 | Makhado | 111 | 2 | 26 | 24% |
| DC34 | Vhembe District | – | 180 | 310 | #DIV/0! |
| Vhembe | | 362 | 192 | 383 | 106% |
| NP351 | Blouberg | 38 | 2 | 21 | 56% |
| NP352 | Aganang | 38 | 0 | 9 | 23% |
| NP353 | Molemole | 20 | 0 | 9 | 45% |
| NP354 | Polokwane | 1,322 | (41) | 445 | 34% |
| NP355 | Lepelle-Nkumpi | 124 | 0 | 222 | 179% |
| DC35 | Capricorn District | 479 | 9 | 194 | 40% |
| Capricorn | | 2,021 | (33) | 707 | 35% |
| NP361 | Thabazimbi | 48 | 0 | 28 | 0 |
| NP362 | Lephalale | 32 | 1 | 16 | 50% |
| NP363 | Mookgophong | 40 | – | 12 | 31% |
| NP364 | Modimolle | 97 | 0 | 5 | 5% |
| NP365 | Bela-Bela | 19 | – | 1 | 5% |
| NP366 | Mogalakwena | 183 | (11) | (50) | -28% |
| DC36 | Waterberg District | 29 | 0 | 2 | 8% |
| Waterberg | | 449 | (10) | 14 | 3% |
| Total | | 4,288 | 174 | 1,610 | 38% |

Performance per District:

Sekhukhune District: Overall expenditure stands at R285 million or 33 per cent of the total budget of R858 million. The month expenditure stands at R13 million or 1.5 per cent of the total budget.

Mopani District: Overall expenditure stands R222 million or 37 per cent of the total budget of R598 million. The month expenditure stands at R11 million or 1.8 per cent of the total budget.

Vhembe District: Overall expenditure stands R383 million or 106 per cent of the total budget of R362 million. The month expenditure stands at R192 million or 53 per cent of the total budget.

Capricorn District: Overall expenditure stands R707 million or 35 per cent of the total budget of R2.021 million. The month expenditure stands at (R33) million or (1.6) per cent of the total budget.

Waterberg District: Overall expenditure stands R14 million or 3 per cent of the total budget of R449 million.

The incorrect capturing of the CAA return form by Greater Giyani, Polokwane and Mogalakwena leads to the overall performance of the capital revenue and expenditure to be distorted. The overall performance of 38 percent as reflected is therefore an understatement due to the incredibility of the data submitted by these municipalities.

Debtors

The total outstanding debtor's book, for the municipalities in the Province for the month of January amounts to R1.437 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 | 6 | 2 | 1 | 1 | 1 | 0 | 0 | 11 |
| Mopani | 18 | 42 | 34 | 16 | 191 | 54 | 124 | 479 |
| Vhembe | 65 | 42 | 22 | 47 | 38 | 6 | 55 | 275 |
| Capricorn | 64 | 24 | 20 | 141 | 140 | - | 7 | 396 |
| Waterberg | 65 | 42 | 22 | 47 | 38 | 6 | 55 | 275 |
| | 219 | 153 | 99 | 252 | 407 | 66 | 240 | 1,437 |

Debtors owing between 0-30 days amounts to R219 million, 31-60 days amounts to R153 million. Debtors owing between 121-150 days are the most significant with R407 million or 28 per cent, while the debt owed falling into the category over 151 and 180 days to a year constitute R66 and R240 million respectively.

Creditors

The total accounts payable for the month of January owed by municipalities' amount to R125 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 | 1 | 0 | 0 | 1 | - | - | - | 1 |
| Mopani | 27 | 0 | 0 | 0 | - | - | - | 27 |
| Vhembe | 10 | 3 | 2 | 5 | 4 | 2 | - | 27 |
| Capricorn | 42 | - | - | 0 | - | - | - | 42 |
| Waterberg | 27 | 1 | 0 | 0 | 0 | 0 | - | 28 |
| | 106 | 4 | 3 | 6 | 4 | 2 | - | 125 |

The current debt owed by municipalities collectively is R106 million. Three districts being Sekhukhune, Vhembe, and Waterberg 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 | 645 | 1,356 | 1,256 | 1,066 | 857 | 697 | 670 | 318 | 235 | 225 | 259 | 107 |
| Sub-Total (Receipts) | 1,651 | 765 | 629 | 698 | 725 | 1,205 | 365 | 347 | 415 | 500 | 311 | 342 |
| Sub-Total (Payments) | 941 | 865 | 819 | 908 | 884 | 1,232 | 541 | 430 | 425 | 466 | 464 | 484 |
| Closing Balance | 1,366 | 1,256 | 1,066 | 857 | 697 | 670 | 318 | 235 | 225 | 259 | 107 | (35) |

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 during December 2009, the January 2010 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 form. Performance on the capital budget is not satisfactory, proper analysis of this performance is hindered by the incredibility of the CAA return forms submitted. PT 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.