



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Enq: Mulenga S

Date: 12 November 2009

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

MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003) (MFMA): IN-YEAR-MONITORING: SECTION 71 (6) REPORTING: 1st QUARTER 2009

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

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HEAD OF DEPARTMENT
PROVINCIAL TREASURY

DATE: 13/11/2009.

LIMPOPO PROVINCIAL TREASURY
Municipal Budget Performance
Consolidated Statement as at 30 September 2009
1st Quarter 2009

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period commencing from 1st July 2009 and ending on 30 September 2009.

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.

The report for this quarter will include accounting and Reporting as well as Compliance and Capacity Building issues. The first quarter report is inclusive in that it will report on all aspects related the municipality.

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

The table below shows the break down of the reporting format for the submission of the s71 financial reports. The Act requires the report to be submitted in both electronic and hard copy on the 10th working day after close of the relevant month. It can be noticed from the table that only one municipality submitted a hard copy in the first quarter.

Documents sent indicates that municipalities are required to send a minimum of five returns being the CAA- capital expenditure, OSA- operating revenue and expenditure, AD- debtors age list, AC- Creditors age list and CFA- cash flow. The table clearly indicates the returns submitted by each municipality.

Summary of returns submitted 1st quarter 2009

| Municipality | Jul-09 | | | Aug-09 | | | Sep-09 | | | | | |
|------------------------------|-----------------|--------------------|------------|-------------------|-----------------|--------------------|------------|-------------------|-----------------|--------------------|-----------|-------------------|
| | 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 | 27-08-09 | | OSA,CFA,CAA,AD,AC | New | 18-09-09 | | OSA,CAA,CFA,AD,AC | New | 14-10-09 | | AC,CAA,CFA,OSA |
| LIM 351 - BLOUBERG | New | 25-08-09 | | OSA,CFA,CAA,AD,AC | New | 11/9/2009 | | OSA,CFA,CAA,AC | New | 13-10-09 | | AC,AD,CAA,CFA,OSA |
| LIM 352 - AGANANG | New | 14-08-09 | | AC,AD,CAA,CFA,OSA | New | 18-09-09 | | OSA,CAA,CFA,AD,AC | New | 14-10-09 | | CFA,OSA,AD,AC,CAA |
| LIM 353 - MOLEMOLE | New | 26-08-09 | | OSA,CFA,CAA,AD,AC | New | 18-09-09 | | OSA,CAA,CFA,AD,AC | New | 14-10-09 | | OSA,CAA,CFA,AD,AC |
| LIM 354 - POLOKWANE | New | 7/8/2009 | | AD,CAA, | New | 11/9/2009 | | OSA,CAA,CFA,AD,AC | New | 7/10/2009 | | OSA,CAA,CFA,AD,AC |
| LIM 355 - LEPELLE-NKUMPI | New | 18-08-90 | | AC,AD,CFA,CAA,OSA | New | 10/9/2009 | | OSA,CAA,CFA,AD,AC | New | 22/10/2009 | | OSA,CAA,CFA,AD,AC |
| DC - 47 - GREATER SEKHUKHUNE | New | 19-08-09 | 28.09.098 | AC,AD,CAA,OSA | | | | | New | 22/10/2009 | | OSA,CAA,AD |
| LIM 471 - MARBLE HALL | New | 20-08-09 | | OSA,CFA,CAA,AC,AD | New | 15-09-09 | | OSA,CFA,CAA,AD,AC | New | 14-10-09 | | OSA,CAA,CFA,AD,AC |
| LIM 472 - ELIAS MOTSOLEDI | New | 21-08-09 | | OSA,CAA,AC,AD | New | 15-09-09 | | OSA,CFA,CAA,AD,AC | New | 13-10-09 | | OSA,CAA,CFA,AD,AC |
| LIM 473 - MAKHUDUTHAMAGA | New | 14-08-09 | | AC,AD,CAA,CFA | New | 14-09-09 | | OSA,CFA,CAA,AD,AC | New | 15-10-09 | | OSA,CAA,CFA, |
| LIM 474 - FETAKGOMO | New | 28-08-09 | | OSA | New | 10/9/2009 | | OSA,AD,CAA,CFA | New | 12/10/2009 | | OSA,CFA,CAA,AD,AC |
| LIM 475 - GREATER TUBATSE | New | 17-08-09 | | AC,AD | New | 16-09-09 | | CAA,OSA,CFA,AC | New | 12/10/2009 | | OSA,CFA,CAA,AD,AC |
| DC 33 - MOPANI | New | 26-08-09 | | OSA,CFA,CAA,AC,AD | New | 4/9/2009 | | OSA,CFA,CAA,AD | New | 22/10/2009 | | OAS,CFA,CAA,AC |
| LIM 331 - GREATER GIYANI | | | | | | | | | | | | |
| LIM 332 - GREATER LETABA | New | 26-08-09 | | OSA,CFA,CAA,AC,AD | New | 15-09-09 | | OSA,CFA,CAA,AD,AC | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 333 - GREATER TZANEEN | New | 14-08-09 | | AC,AD,CAA,CFA,OSA | New | 23-09-09 | | OSA,CFA,CAA,AD,AC | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 334 - BA- PHALABORWA | New | 14-08-09 | (26.10.09) | AC,AD,CFA,OSA,CAA | New | 14-09-09 | (26.10.09) | OSA,CFA,AC,AD,CAA | New | 13-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 335 - MARULENG | | | | | | | | | | | | |
| DC 36 - WATERBERG | New | 17-08-09 | | AC,AD,CAA,CFA,OSA | New | 14-09-09 | | OSA,CFA,CAA,AD,AC | New | 13-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 361 - THABAZIMBI | New | 21-09-09 | | OSA,CFA,CAA,AD,AC | New | 25-09-09 | | OSA,CFA,CAA,AD,AC | | | | |
| LIM 362 - LEHALALE | New | 14-08-09 | | AC,AD,CAA,CFA,OSA | New | 14-09-09 | | OSA,CFA,CAA,AD,AC | New | 14-10-09 | | CAA,CFA,AC,AD |
| LIM 364 - MOOKGOPONG | New | 21-08-09 | | OSA,CFA,CAA,AC,AD | New | 14-09-09 | | OSA,CFA,CAA,AD,AC | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 365 - MODIMOLLE | New | 17-08-09 | | AC,AD,CAA,CFA,OSA | New | 14-09-09 | | OSA,CFA,CAA,AD,AC | New | 7/10/2009 | | OSA,CFA,CAA,AD,AC |
| LIM 366 - BELA-BELA | New | 18-08-09 | | AC,AD,CAA,OSA | New | 16-09-09 | | OSA,CAA,AD,AC | New | 22/10/2009 | | OSA,CFA,CAA,AD,AC |
| LIM 367 - MOGALAKWENA | New | 18-08-09 | | AC,AD,CAA,OSA | New | 11/9/2009 | | OSA,CAA,AC,AD | New | 13-10-09 | | OSA,CAA,AD,AC |
| DC 34 - VHEMBE | New | 27-08-09 | | OSA,CFA,CAA,AD | | | | | New | 15-10-09 | | OSA,CAA,AD,AC,CFA |
| LIM 341 - MUSINA | New | 17-08-09 | | AC,AD,CAA,CFA,OSA | New | 14-09-09 | | OSA,CFA,CAA,AC,AD | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 342 - MUTALE | | | | | | | | | | | | |
| LIM 343 - THULAMELA | New | 17-08-09 | | AC,CAA,CFA,OSA,AD | New | 11/9/2009 | | OSA,CAA,CFA,AC | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |
| LIM 344 - MAKHADO | New | 26-08-09 | | OSA,CFA,CAA,AC,AD | New | 15-09-09 | | OSA,CAA,CFA,AC,AD | New | 14-10-09 | | OSA,CFA,CAA,AD,AC |

IMPLEMENTATION OF MUNICIPAL BUDGETS

Financial Performance

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

Operating Revenue

The operating revenue performance for the 1st quarter reflects that municipalities generated an amount of R2.293 billion or 27 per cent of the total operating revenue budget of R8.687 billion.

| 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 | 8 | 58 | 42% |
| NP03a3 | Fetakgomo | 43 | 0 | 0 | 0% |
| NP03a4 | Greater marble Hall | 108 | 4 | 34 | 31% |
| NP03a5 | Greater Tubatse | 62 | 9 | 54 | 88% |
| NP03a6 | Elias Motsoaledi | 230 | 6 | 12 | 5% |
| DC47 | Greater Sekhukhune | 491 | 0 | 0 | 0% |
| Sekhukhune | | 1,073 | 28 | 158 | 15% |
| NP331 | Greater Giyani | 120 | – | – | |
| NP332 | Greater Letaba | 98 | 42 | 126 | 128% |
| NP333 | Greater Tzaneen | 587 | 37 | 168 | 29% |
| NP334 | Ba-Phalaborwa | 344 | 14 | 59 | 17% |
| NP335 | Maruleng | 61 | – | – | |
| DC33 | Mopani District | 665 | 0 | 154 | 23% |
| Mopani District | | 1,875 | 93 | 507 | 27% |
| NP341 | Musina | 129 | 7 | 30 | 23% |
| NP342 | Mutale | 92 | – | 20 | 22% |
| NP343 | Thulamela | 373 | 9 | 107 | 29% |
| NP344 | Makhado | 462 | 37 | 144 | 31% |
| DC34 | Vhembe District | 1,036 | 148 | 298 | 29% |
| Vhembe | | 2,092 | 202 | 599 | 29% |
| NP351 | Blouberg | 107 | 8 | 34 | 32% |
| NP352 | Aganang | 47 | 0 | 0 | 0% |
| NP353 | Molemole | 58 | 5 | 30 | 53% |
| NP354 | Polokwane | 1,652 | 101 | 279 | 17% |
| NP355 | Lepelle-Nkumpi | 261 | 8 | 63 | 24% |
| DC35 | Capricorn District | 190 | 88 | 327 | 172% |
| Capricorn | | 2,316 | 210 | 733 | 32% |
| NP361 | Thabazimbi | 62 | – | 20 | 32% |
| NP362 | Lephalale | 205 | – | 72 | 35% |
| NP363 | Mookgophong | 80 | 3 | 19 | 23% |
| NP364 | Modimolle | 157 | 0 | 34 | 21% |
| NP365 | Bela-Bela | 140 | 9 | 30 | 22% |
| NP366 | Mogalakwena | 537 | – | 85 | 16% |
| DC36 | Waterberg District | 99 | 0 | 37 | 37% |
| Waterberg | | 1,280 | 13 | 296 | 23% |
| Total | | 8,637 | 546 | 2,293 | 27% |

District performance shows that of the R2.293 billion generated, Sekhukhune and Waterberg districts have collected below the straight line projection of 25 per cent after three months of the financial year.

While the other three districts show a better performance, Sekhukhune district is reflecting a relatively low spending. Capricorn district is at 32 per cent above the norm by 7 per cent

The performance of the individual items is as follows:

- **Property Rates:** The total budget amounts to R583 million, while the year to date revenue generated amounts to R96 million or 17.0 per cent of the budget.
- **Service Charges:** The total budget amounts to R1.912 billion, the year to date revenue generated amounts to R300 million or 16. 0 per cent of the budget.
- **Investment revenue:** The total budget amounts to R264 million, the year to date receipts stands at R18 million or 7 per cent of the budget.
- **Transfers recognised:** The total budget amounts to R4.751 billion, while the current revenue generated to date amounts to R1.194 billion or 25, 0 per cent of the budget.
- **Other Revenue:** The total budget amounts to R955 million, while the year to date receipts amounts to R127 million or 13 per cent of the budget.

Operating Expenditure

The year to date performance amounts to R958.0 million or 15,0 per cent of the total operating expenditure budget of R6.599 billion.

| Code | Municipality | Financial Performance | | | |
|------------------------|---------------------|------------------------------|--|---------------------------------------|---|
| | | Total Expenditure | | | |
| R million | | Original/adju sted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP03a2 | Makhuduthamaga | 50 | 9 | 18 | 36% |
| NP03a3 | Fetakgomo | 16 | – | – | |
| NP03a4 | Greater marble Hall | 182 | 1 | 6 | 3% |
| NP03a5 | Greater Tubatse | 48 | 2 | 4 | 9% |
| NP03a6 | Elias Motsoaledi | 148 | 8 | 20 | 14% |
| DC47 | Greater Sekhukhune | 329 | 54 | 109 | 33% |
| Sekhukhune | | 1,025 | 55 | 158 | 15% |
| NP331 | Greater Giyani | 126 | – | – | |
| NP332 | Greater Letaba | 141 | 21 | 36 | 26% |
| NP333 | Greater Tzaneen | 495 | 42 | 113 | 23% |
| NP334 | Ba-Phalaborwa | 384 | 28 | 67 | 17% |
| NP335 | Maruleng | 82 | – | – | |
| DC33 | Mopani District | 378 | 28 | 57 | 15% |
| Mopani District | | 1,606 | 119 | 273 | 17% |
| NP341 | Musina | 109 | 9 | 28 | 26% |
| NP342 | Mutale | 65 | – | 12 | 18% |
| NP343 | Thulamela | 190 | (16) | (45) | -23% |
| NP344 | Makhado | 464 | 32 | 73 | 16% |
| DC34 | Vhembe District | 355 | 21 | 44 | 13% |
| Vhembe | | 1,183 | 46 | 113 | 10% |
| NP351 | Blouberg | 83 | 6 | 12 | 14% |
| NP352 | Aganang | 37 | 3 | 9 | 24% |
| NP353 | Molemole | 57 | 4 | 10 | 18% |
| NP354 | Polokwane | 1,086 | 78 | 151 | 14% |
| NP355 | Lepelle-Nkumpi | 136 | 3 | 14 | 11% |
| DC35 | Capricorn District | 190 | 13 | 30 | 16% |
| Capricorn | | 1,591 | 108 | 225 | 14% |
| NP361 | Thabazimbi | 161 | – | 14 | 9% |
| NP362 | Lephalale | 205 | 6 | 28 | 14% |
| NP363 | Mookgophong | 80 | 9 | 21 | 26% |
| NP364 | Modimolle | 133 | 4 | 21 | 16% |
| NP365 | Bela-Bela | 135 | 5 | 16 | 12% |
| NP366 | Mogalakwena | 409 | – | (23) | -6% |
| DC36 | Waterberg District | 71 | 103 | 111 | 157% |
| Waterberg | | 1,194 | 127 | 188 | 16% |
| Total | | 6,599 | 454 | 958 | 15% |

Performance per District:

Sekhukhune District: Overall operating expenditure stands R158.0 million or 15 per cent of the total budget. Fetakgomo shows no expenditure and there is very low performance in Greater marble Hall and Greater Tubatse

Mopani District: The district has reflected a year to date spending of 17 per cent or R273 million of a budget of R1.606 billion. Greater Giyani and Maruleng are reflecting non performance in the 1st quarter

Vhembe District: Expenditure for the year to date stands at 10 per cent. The dismal performance can be attributed to the negative figures reflected by Thulamela. However, even the negative could be reversed; the spending would still be below the norm indicating that performance is relatively slow.

Capricorn District: Expenditure for the quarter stands at 14 per cent or R. 225 million of the total budget of R1.591 billion.

Waterberg District: The district operating expenditure for the quarter stands 16 per cent of the total capital budget of R1.194 billion. It can be observed that Mogalakwena is reflecting negative figures as a result reducing the expenditure, while Thabazimbi has a challenge of not submitting the reports.

The performances of the individual items are as follows:

- **Employee Related Costs:** The budget amounts to R2.151 billion, while the expenditure to date amounts to R199. 0 million or 9. 0 per cent of the budget.
- **Remuneration of Councilors:** The budget amounts to R255,0 million, while the expenditure to date amounts to R17.0 million or 7.0 per cent of the budget
- **Debt impairment:** The budget amounts to R78 million, while the year to date expenditure amounts to nil
- **Depreciation or amortisation:** The budget amounts to R272,0 million, while the year to date expenditure amounts to R4.0 million or 1,0 per cent of the budget
- **Finance charges:** The budget amounts to R48 million, while the year to date expenditure amounts to R10 million
- **Materials and bulk Purchases:** The budget amounts to R1.490 billion, while the expenditure to date amounts to R185.0 million or 12.0 per cent of the budget
- **Other expenditure:** The budget amounts to R2.036 billion, while the year to date expenditure amounts to R101.0 million or 5.0 per cent of the 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.

| 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 |
| R million | | | | | |
| NP03a2 | Makhuduthamaga | 50 | 9 | 9 | 19% |
| NP03a3 | Fetakgomo | 16 | - | - | |
| NP03a4 | Greater marble Hall | 16 | 1 | 1 | 5% |
| NP03a5 | Greater Tubatse | 49 | - | - | |
| NP03a6 | Elias Motsoaledi | 82 | 3 | 4 | 5% |
| DC47 | Greater Sekhukhune | 329 | 55 | 111 | 34% |
| Sekhukhune | | 542 | 68 | 125 | 23% |
| NP331 | Greater Giyani | 32 | - | - | |
| NP332 | Greater Letaba | 50 | 7 | 12 | 24% |
| NP333 | Greater Tzaneen | 155 | 8 | 12 | 8% |
| NP334 | Ba-Phalaborwa | 41 | - | - | |
| NP335 | Maruleng | 34 | - | - | |
| DC33 | Mopani District | 286 | 14 | 23 | 8% |
| Mopani District | | 598 | 29 | 47 | 8% |
| NP341 | Musina | 32 | - | 1 | 3% |
| NP342 | Mutale | 27 | - | 5 | 20% |
| NP343 | Thulamela | 214 | 2 | 6 | 3% |
| NP344 | Makhado | 111 | 6 | 11 | 10% |
| DC34 | Vhembe District | 789 | 27 | 27 | 3% |
| Vhembe | | 1,173 | 36 | 51 | 4% |
| NP351 | Blouberg | 38 | - | - | |
| NP352 | Aganang | 38 | - | - | |
| NP353 | Molemole | 20 | 1 | 6 | 32% |
| NP354 | Polokwane | 1,322 | 94 | 249 | 19% |
| NP355 | Lepelle-Nkumpi | 124 | - | - | |
| DC35 | Capricorn District | 0 | - | - | |
| Capricorn | | 1,543 | 96 | 256 | 17% |
| NP361 | Thabazimbi | 49 | | | |
| NP362 | Lephalale | 32 | 3 | 3 | 10% |
| NP363 | Mookgophong | 40 | 2 | 6 | 15% |
| NP364 | Modimolle | 56 | 1 | 4 | 8% |
| NP365 | Bela-Bela | 20 | | | 2% |
| NP366 | Mogalakwena | 149 | (6) | (19) | -13% |
| DC36 | Waterberg District | 29 | | 1 | 3% |
| Waterberg | | 374 | 1 | (4) | -1% |
| Total | | 4,230 | 230 | 476 | 11% |

The overall performance for all the districts in quarter 1 stands at 11 per cent or R476 million in monetary terms against a budget of R4.230 billion.

For the quarter under review, the performance per district was;

Sekhukhune District: R125.0 million or 23 per cent of the total district budget of R542 million was receipted by the district municipalities

Mopani District: The district receipted R47 million or 8 per cent of the total capital revenue of R598 million

Vhembe District: Receipted R51 million of the total capital budget of R1.173 million or an equivalent of 4 in percentage terms.

Capricorn Districts: have shown poor performance in capital receipts generally. The district shows a 17 per cent receipt. Two municipalities Molemole and Polokwane reflect some performance.

Waterberg District: Receipted R4 million or minus 1 percent of the total budget of R325 million. This is not a true reflection of the performance mainly due to Mogalakwena reflecting a negative figure in its report. This negative figure is causing the under counting when in fact the opposite is true.

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

- i. **External loans** reflect 0 per cent of total budget; this implies that municipalities have not gone out to acquire external financing.
- ii. **Asset Financing Reserve** reflect that 8 per cent R44 million from a budget of R580 million has been receipted for the quarter
- iii. **Surplus cash** showed a 2 per cent or R9 million availability against a budget of R425 million
- iv. **Grants and Subsidies** reflect R293 million or 10 per cent has been receipted for the quarter.
- v. **Other Sources** reflect a 1 per cent receipt from a budget R215 million.

Capital Expenditure

For the 1st quarter, the performance is at R522 million translating into 12 per cent of the total capital budget of R4.229 billion.

| 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 | 50 | 9 | 18 | 36% |
| NP03a3 | Fetakgomo | 16 | – | – | |
| NP03a4 | Greater marble Hall | 182 | 1 | 6 | 3% |
| NP03a5 | Greater Tubatse | 48 | 2 | 4 | 9% |
| NP03a6 | Elias Motsoaledi | 65 | 3 | 9 | 14% |
| DC47 | Greater Sekhukhune | 329 | 54 | 109 | 33% |
| Sekhukhune | | 690 | 70 | 146 | 21% |
| NP331 | Greater Giyani | 32 | – | – | |
| NP332 | Greater Letaba | 50 | 7 | 12 | 24% |
| NP333 | Greater Tzaneen | 155 | 8 | 12 | 8% |
| NP334 | Ba-Phalaborwa | 41 | 8 | 17 | 42% |
| NP335 | Maruleng | 34 | – | – | |
| DC33 | Mopani District | 286 | 14 | 23 | 8% |
| Mopani District | | 598 | 37 | 65 | 11% |
| NP341 | Musina | 32 | – | 1 | 3% |
| NP342 | Mutale | 27 | – | 5 | 20% |
| NP343 | Thulamela | 155 | 2 | 6 | 4% |
| NP344 | Makhado | 111 | 6 | 11 | 10% |
| DC34 | Vhembe District | – | 27 | 27 | #DIV/0! |
| Vhembe | | 325 | 36 | 51 | 16% |
| NP351 | Blouberg | 38 | 1 | 4 | 11% |
| NP352 | Aganang | 38 | 0 | 1 | 2% |
| NP353 | Molemole | 20 | 1 | 6 | 32% |
| NP354 | Polokwane | 1,322 | 95 | 249 | 19% |
| NP355 | Lepelle-Nkumpi | 124 | 1 | 6 | 4% |
| DC35 | Capricorn District | 479 | 0 | 0 | 0% |
| Capricorn | | 2,021 | 96 | 256 | 13% |
| NP361 | Thabazimbi | 48 | – | 3 | 0 |
| NP362 | Lephalale | 178 | 5 | 8 | 5% |
| NP363 | Mookgophong | 40 | 2 | 6 | 15% |
| NP364 | Modimolle | 97 | 1 | 4 | 5% |
| NP365 | Bela-Bela | 19 | 0 | 0 | 2% |
| NP366 | Mogalakwena | 183 | (6) | (19) | -11% |
| DC36 | Waterberg District | 29 | 0 | 1 | 3% |
| Waterberg | | 595 | 2 | 4 | 1% |
| Total | | 4,229 | 240 | 522 | 12% |

Performance per District:

Sekhukhune District: Overall expenditure stands R146.0 million or 21 per cent of the total budget of R690 million.

Mopani District: The district has reflected spending in the quarter of 11 per cent or R65.0 million of the R598 million total capital budgets. Compliance by two the municipalities has been a challenge causing the under performance.

Vhembe District: Expenditure for the quarter stands at R51.0 million or 16 per cent of the R325 million total capital budgets

Capricorn District: Expenditure for the quarter stands at 13 per cent or R256.0 million against a budget of R2.021 billion.

Waterberg District: The district expenditure for the quarter stands at R4 million or 1 per cent of the total capital budget of R595 million.

The performances of the individual items are as follows:

- **Infrastructure:** reflects a budget of R2.674 billion and a quarter performance of R120.0 million or 4 per cent.
- **Community:** reflects a budget of R804. 0 million and a 1st quarter performance of R173.0 million or 22 per cent.
- **Investment properties:** reflects a budget of R81, 0 million and a year to date performance of R3.0 million or 4 per cent.
- **Other assets:** reflects a budget of R373, million and a quarter performance of R12.0 million or 3 per cent.

Debtors

The total outstanding debtor's book, for the municipalities in the Province for the quarter, amounts to R1.355 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 | 13 | 3 | 8 | 36 | - | - | - | 59 |
| Mopani | 11 | 47 | 24 | 11 | 167 | 37 | 105 | 402 |
| Vhembe | 9 | 19 | 24 | 13 | 37 | 85 | 87 | 274 |
| Capricorn | 71 | 20 | 15 | 25 | 212 | - | 3 | 345 |
| Waterberg | 9 | 19 | 24 | 13 | 37 | 85 | 87 | 274 |
| | 112 | 109 | 95 | 98 | 453 | 208 | 281 | 1,355 |

Debtors owing between 0-30 days amounts to R112 million, 31-60 days constitute R109 million. Debtors owing between 120-150 days are the most significant with R453 million or 33 per cent, while the debt owed falling into the category over 150 and 181 days to a year constitute R208 and R281 million respectively.

Creditors

The total accounts payable in the 1st quarter owed by municipalities' amount to R115.0 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 | 1 | 1 | 0 | - | - | - | 2 |
| Mopani | 41 | - | - | - | - | - | - | 41 |
| Vhembe | 2 | 0 | 1 | 0 | 0 | - | - | 3 |
| Capricorn | 33 | - | - | 0 | - | - | - | 33 |
| Waterberg | 36 | - | - | - | - | - | - | 36 |
| | 112 | 1 | 1 | 1 | 0 | - | - | 115 |

The current debt owed by municipalities collectively is R112 million. Municipalities seem to be applying the principle of paying creditors within 30 days after receipt of the invoice. However, it should be noted that non-compliance with submission of returns is also a major factor in the good performance shown above.

Cash-flows

| <u>Cash flows</u> | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
|------------------------|-------|--------|-------|---------|-----|-----|---------|-----|-------|-------|-----|------|
| Opening Cash Balance | 282 | 977 | 1,030 | 969 | 875 | 906 | 810 | 736 | 716 | 672 | 729 | 584 |
| Sub-Total (Receipts) | 1,458 | 564 | 400 | 578 | 450 | 235 | 410 | 331 | 315 | 417 | 242 | 288 |
| Sub-Total (Payments) | 764 | 510 | 461 | 672 | 419 | 331 | (159) | 351 | 359 | 359 | 387 | 389 |
| Closing Balance | 977 | 1,030 | 969 | 875 | 906 | 810 | 736 | 716 | 672 | 729 | 584 | 483 |

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.

Mopani District Municipalities – Consolidated Input

The table below shows the financing of capital revenue and capital expenditure for Mopani District for the 1st quarter 2009.

| Code | Municipality | Capital expenditure | | | | | | | | |
|------------------------|-----------------|--------------------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total sources of Funding | | | | Total Capital Expenditure | | | | |
| | | R million | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP331 | Greater Giyani | 32 | - | - | - | | 32 | - | - | |
| NP332 | Greater Letaba | 50 | 7 | 12 | 24% | 50 | 7 | 12 | 24% | |
| NP333 | Greater Tzaneen | 155 | 8 | 12 | 8% | 155 | 8 | 12 | 8% | |
| NP334 | Ba-Phalaborwa | 41 | - | - | | 41 | 8 | 17 | 42% | |
| NP335 | Maruleng | 34 | - | - | | 34 | - | - | | |
| DC33 | Mopani District | 286 | 14 | 23 | 8% | 286 | 14 | 23 | 8% | |
| Mopani District | | 598 | 29 | 47 | 8% | 598 | 37 | 65 | 11% | |

Capital Revenue: Sources of Finance

A revenue and expenditure comparison shows that Mopani District received a total amount of R47.0 million in the 1st quarter or 8 per cent of the projected budget.

Capital expenditure

The capital expenditure for Mopani District municipality stands at R65 million or 11 per cent in the 1st quarter. It can be observed that overall the district overspent by 3 per cent

Mopani: The quarterly performance in this regard stands at 8%. Though there is an improvement as compared with the previous months, it is still a low performance with a shortfall of 17%.

Tzaneen: Spending on the capital budget has been a challenge in the prior years. The municipality has for the first quarter of the year spent 7.8% of its capital budget. This poor performance confirms that there are no improvements made in this regard.

Letaba:

Giyani Municipality:

Ba-Phalaborwa: Spending on capital projects for the municipality currently stands at R 17 million (42%) out of the total budget of R41 million. The municipality has performed above the norm in its capital budget. However, we assume that this expenditure is taking place according to plans and that there will be no over spending of the capital budget during the year.

Operating Budget

Summary of District Budget for the 1st quarter 2009: Budget vs Actual

| Code | Municipality | Financial Performance | | | | | | | |
|------------------------|-----------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Revenue | | | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP331 | Greater Giyani | 120 | - | - | | 126 | - | - | |
| NP332 | Greater Letaba | 98 | 42 | 126 | 128% | 141 | 21 | 36 | 26% |
| NP333 | Greater Tzaneen | 587 | 37 | 168 | 29% | 495 | 42 | 113 | 23% |
| NP334 | Ba-Phalaborwa | 344 | 14 | 59 | 17% | 384 | 28 | 67 | 17% |
| NP335 | Maruleng | 61 | - | - | | 82 | - | - | |
| DC33 | Mopani District | 665 | 0 | 154 | 23% | 378 | 28 | 57 | 15% |
| Mopani District | | 1,875 | 93 | 507 | 27% | 1,606 | 119 | 273 | 17% |

Operating Revenue

Performance for the 1st quarter shows that Mopani District received an amount of R507.0 million. Performance from some of the municipalities that submitted reports is as follows:

Mopani: We have in the previous months' reports raised our concern regarding the low collection of own revenue by the municipality. The municipality has for the September month collected only R83 000; which had a very little impact in the total revenue collected in percentage term. Collection to date still stand at 23% this is not a good performance since 99.6% of the 23% is grant revenue, leaving only 0.4% as own revenue

Tzaneen: The municipality has for the first quarter of the financial year collected 29% of its operating revenue budget. This is on average a good performance. However, certain line items will be discussed separately depending on their level of performance.

Ba-Phalaborwa: The municipality has an operating revenue budget of R343.6 million, out of which R58.7 million (17%) has been realised. On the same note, the municipality had planned to collect R93.6 million in total revenue (CFB 2009/10), the actual total revenue collection for the quarter stands at R63.4 million (R58.7 million plus R4.7 million for capital revenue), on linear projection bases; the municipality has underperformed by 8%; while in terms of the CFB (projected collection for the quarter) a deficit of R30 million was realised

Operating expenditure

Mopani: The operating expenditure to date stand at 15%, this is poor performance since on linear projection there is a shortfall of 10%. In the previous report, it was assumed that finance charges are paid per quarter, this proved to be untrue since there is no expenditure during the September month.

The item other expenditure has also increased, but it is still under performing. It is critical to ensure that MFMA S18 is complied with during the adjustment budget preparation process

Tzaneen: The year to date (YTD) performance of the expenditure budget is satisfactory, though there is a shortfall by a small margin (2%). We refer to this as satisfactory performance because the majority of items reflect an average performance between 20 and 25 percent.

Ba-Phalaborwa: The municipality has an operating expenditure budget of R343 million which excluded repairs & maintenance (R&M) budget of R40 million. The R&M budget will be added to the operating budget for the purpose of analyzing operating expenditure. The municipality has spent R67 million (17%) of its R383 operating expenditure budget. The expenditure percentage is low compared to the quarterly average mark of 25%.

Debtors

The total outstanding debtors, which include current debtors for the municipalities in the District for 1st quarter 2009, amount to R402.0 million.

Debtors age analysis for the 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 | | | | | | | | |
| Mopani | - | - | - | - | - | - | - | - |
| Ba-phalaborwa | 9 | 6 | 7 | 5 | 162 | - | - | 189 |
| Giyani | - | - | - | - | - | - | 0 | 0 |
| Tzannen | 0 | 40 | 11 | 5 | 5 | 3 | 105 | 170 |
| Lelaba | 2 | 1 | 5 | 1 | 1 | 34 | - | 44 |
| Maruleng | - | - | - | - | - | - | 0 | 0 |
| Total | 11 | 47 | 24 | 11 | 167 | 37 | 105 | 402 |

The 121 – 150 days category shows the biggest debt at R167 million or 42 per cent of the total debt.

Mopani: Based on the discussions held with the municipality; comments on this item will be deferred until the due processes of writing off this debt are in place

Tzaneen: The debtors' book is still a challenge for the municipality. The debt total grew from R149 million in M01, to R161 million in M02 and it currently stands at R169 million. Again, the movement of the debts amounts amongst the various categories seems to be a challenge as well. Another challenge is that in other months, it seems as if the municipality did not render any services to the public and/or billing was not done. This is because the M02 AD return form reflects zero under current debt. Or does it suggest that billing took place and the whole amount was received?

Ba-Phalaborwa: This office sought clarity regarding the movement of debts in the previous AD return forms. No clarity was provided and this incorrect reporting is continuing

Creditors

The table shows the creditor's age analysis 1st quarter 2009.

| | 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 | | | | | | | | |
| Mopani | - | - | - | - | - | - | - | - |
| Ba-phalaborwa | - | - | - | - | - | - | - | - |
| Giyani | - | - | - | - | - | - | - | - |
| Tzannen | 29 | - | - | - | - | - | - | 29 |
| Letaba | 12 | - | - | - | - | - | - | 12 |
| Maruleng | - | - | - | - | - | - | - | - |
| Total | 41 | - | - | - | - | - | - | 41 |

Mopani: No submission was made for this month. As per our discussions with the municipality; it is further encouraged that processes be put in place to ensure that this return form is submitted.

Tzaneen: Compliance to the MFMA and MFMA Circular 49 in this regard is noted and applauded.

Cash Flow

| Cash flows | July | August | September | October | November | December | January | February | March | April | May | June |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|
| Opening Cash Balance | 39 | 241 | 244 | 189 | 183 | 246 | 190 | 183 | 143 | 160 | 150 | 99 |
| Sub-Total (Receipts) | 327 | 111 | 49 | 69 | 146 | 23 | 72 | 40 | 94 | 80 | 27 | 35 |
| Sub-Total (Payments) | 124 | 108 | 103 | 76 | 83 | 79 | 79 | 79 | 77 | 90 | 79 | 80 |
| Closing Balance | 241 | 244 | 189 | 183 | 246 | 190 | 183 | 143 | 160 | 150 | 99 | 53 |

Mopani: The CFA return form reflects that the municipality has positive closing balances throughout the year, though the balances seem to take a downward trend. The only worrying factor is the credibility of the data reported. The OSA return form reveals that the municipality received capital grants to the value of R12 million while the CAA records that capital grants received are R13.5 million..

Tzaneen: Analysis of this section will be deferred until the return form is completed correctly.

Sekhukhune District

The table below shows the financing of capital revenue and capital expenditure for the District for 1st quarter 2009.

| Code | Municipality | Capital expenditure | | | | | | | |
|-------------------|---------------------|--------------------------|-------------------------------|------------------------------|--|---------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total sources of Funding | | | | Total Capital Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | 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 | 9 | 9 | 19% | 50 | 9 | 18 | 36% |
| NP03a3 | Fetakgomo | 16 | - | - | | 16 | - | - | |
| NP03a4 | Greater marble Hall | 16 | 1 | 1 | 5% | 182 | 1 | 6 | 3% |
| NP03a5 | Greater Tubatse | 49 | - | - | | 48 | 2 | 4 | 9% |
| NP03a6 | Elias Motsoaledi | 82 | 3 | 4 | 5% | 65 | 3 | 9 | 14% |
| DC47 | Greater Sekhukhune | 329 | 55 | 111 | 34% | 329 | 54 | 109 | 33% |
| Sekhukhune | | 542 | 68 | 125 | 23% | 690 | 70 | 146 | 21% |

Capital Expenditure

Makhuduthamaga: The total capital expenditure budget for 2009/10 financial year is R50 million. Based on the actual performance for the first quarter the expenditure stands at R18 million or 36 per cent. This performance rate indicates an over-performance when compared with approved budget. Based on a linear projection the municipality should have spends R12 million or 25 per cent of the approved budget.

Fetakgomo: The total capital expenditure budget for 2009/10 financial year is R16, million. The current performance rate as at the end of the quarter ending September 2009 indicates that the municipality is likely to spend its original capital budget since the municipality spent less than a million of its approved budget.

Marble Hall: The total capital expenditure budget is R16 million. The current performance rate as per 1st quarter end September actual performance report; it indicates that the municipality is unlikely to spend its original capital budget of R16 million having spent only R1 million or 5 per cent

Operating Revenue

The table below shows the financing of operating revenue and expenditure for Sekhukhune District for 1st quarter 2009.

| Code | Municipality | Financial Performance | | | | | | | |
|-------------------|---------------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Revenue | | | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| R million | | | | | | | | | |
| NP03a2 | Makhuduthamaga | 137 | 8 | 58 | 42% | 50 | 9 | 18 | 36% |
| NP03a3 | Fetakgomo | 43 | 0 | 0 | 0% | 16 | - | - | |
| NP03a4 | Greater marble Hall | 108 | 4 | 34 | 31% | 182 | 1 | 6 | 3% |
| NP03a5 | Greater Tubatse | 62 | 9 | 54 | 88% | 48 | 2 | 4 | 9% |
| NP03a6 | Elias Motsoaledi | 230 | 6 | 12 | 5% | 148 | 8 | 20 | 14% |
| DC47 | Greater Sekhukhune | 491 | 0 | 0 | 0% | 329 | 54 | 109 | 33% |
| Sekhukhune | | 1,073 | 28 | 158 | 15% | 1,025 | 55 | 158 | 15% |

Makhuduthamaga: The total operating revenue budget for 2009/10 is R137 million allocated as; R111 million for grants and subsidies while R16 million is for own income. The actual performance as per first quarter report indicates that the municipality collected R58 million or 42 per cent. Based on a linear projection, the municipality has over collected by 17 per cent.

Marble hall: The total operating revenue budget amounts to R108 million divided in to R57 million for grants and subsidies while R51 million is for own income. The actual performance indicates that the municipality collected R34 million or 31 per cent for the 1st quarter (R1million grants and subsidies-R33million for other income) which is more than its projected budget. Based on a linear projection, the municipality has over performed

Fetakgomo: The report at the end of the first quarter indicates that the municipality collected R1.4 million or 3 per cent of its original budget.

Operating Expenditure

Makhuduthamaga: The operating expenditure to date is R18 million or 36 per cent of the approved budget, this is a good performance. Based on the linear projection there is a collection of 11 per cent.

Marble hall: Total operating expenditure budget amounts to R182 million. According to actual performance for 1st quarter ending September 2009 the municipality spent R6 million or 3 per cent. The current performance rate indicates that the municipality is unlikely to spend its projected operating expenditure budget of R182 million.

Fetakgomo: The total operating expenditure budget for 2009/10 financial year is R35 million. The first quarter report as at the September 2009 indicates that the municipality spent R7 million or 21 per cent of its original budget.

Debtors

The total outstanding balance amounts to R59 million for quarter 1 2009.

| | 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 | | | | | | | | |
| Elias Motsaedi | 5 | - | - | - | - | - | - | 5 |
| Fetakgomo | 5 | - | - | - | - | - | - | 5 |
| Sekhukhune | - | - | - | - | - | - | - | - |
| Makhuduthamaga | - | - | - | - | - | - | - | - |
| Marble Hall | - | - | - | - | - | - | - | - |
| Tubatse | 4 | 3 | 8 | 36 | - | - | - | 50 |
| Total | 13 | 3 | 8 | 36 | - | - | - | 59 |

Makhuduthamaga: No submission made through the quarter

Fetakgomo: Based on the actual performance report for the first quarter, outstanding debtors stand at R0,06 million, this indicates that the municipality did not have debtors in arrears, the municipality owed only nine thousand under 30 days category . It is observed that the municipality depends a lot on grants and subsidies.

Marble hall: The municipality's debtor's collection performance was not satisfactory for this quarter. The report indicated no improvement in collecting outstanding consumer debts. With regard to the outstanding debtors of R6 million in the category of 30-120 days reveals that the municipality's budget is based on unrealistically collectable revenues.

Creditors

The table shows the creditor's age analysis 1st quarter 2009.

| | 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 | | | | | | | | |
| Elias Motsaedi | - | - | - | - | - | - | - | - |
| Fetakgomo | - | - | - | - | - | - | - | - |
| Sekhukhune | - | - | - | - | - | - | - | - |
| Makhuduthamaga | - | - | - | - | - | - | - | - |
| Marble Hall | - | - | - | - | - | - | - | - |
| Tubatse | 0 | 1 | 1 | 0 | - | - | - | 2 |
| Total | 0 | 1 | 1 | 0 | - | - | - | 2 |

Makhuduthamaga: No submission made

Fetakgomo: The return as submitted indicates that the municipality owes creditors an amount of R0.44 million in the category 60-120 days and this indicates that the municipality is unable to pay its creditors within 30 working days. This contravene section 65(2)(e) of the MFMA, which required the municipality to pay their creditors within the period not exceeding 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure.

Cash Flow

The table below shows the consolidated CFA for the 1st quarter

| Cash flows | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
|----------------------|------|--------|------|---------|-----|-----|---------|-----|-------|-------|-----|------|
| Opening Cash Balance | 39 | 115 | 103 | 104 | 100 | 101 | 97 | 102 | 103 | 102 | 99 | 98 |
| Sub-Total (Receipts) | 119 | 11 | 16 | 11 | 27 | 11 | 18 | 34 | 23 | 10 | 13 | 5 |
| Sub-Total (Payments) | 42 | 23 | 16 | 15 | 26 | 15 | 13 | 33 | 24 | 13 | 14 | 6 |
| Closing Balance | 115 | 103 | 104 | 100 | 101 | 97 | 102 | 103 | 102 | 99 | 98 | 97 |

Makhuduthamaga: The return is incorrectly completed and there does not assist in giving a clear analysis that is value adding.

Marble hall: The return is captured incorrectly, it shows only the actual for the current and previous months; the figures are not completed for the remainder of the year.

Vhembe District

Capital Budget

The table shows the financing of capital revenue and expenditure for Vhembe District in the 1st quarter 2009.

| Code | Municipality | Capital expenditure | | | | | | | |
|---------------|-----------------|--------------------------|-------------------------------|------------------------------|--|---------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total sources of Funding | | | | Total Capital Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP341 | Musina | 32 | - | 1 | 3% | 32 | - | 1 | 3% |
| NP342 | Mutale | 27 | - | 5 | 20% | 27 | - | 5 | 20% |
| NP343 | Thulamela | 214 | 2 | 6 | 3% | 155 | 2 | 6 | 4% |
| NP344 | Makhado | 111 | 6 | 11 | 10% | 111 | 6 | 11 | 10% |
| DC34 | Vhembe District | 789 | 27 | 27 | 3% | - | 27 | 27 | #DIV/0! |
| Vhembe | | 1,173 | 36 | 51 | 4% | 325 | 36 | 51 | 16% |

Capital Expenditure

Vhembe: The municipality submitted a nil returns during July 2009, while August returns were not submitted. The municipality' actual expenditure for this current month amounts to R27 million. The current data indicates expenditure only in infrastructure, other assets and special vehicles. Capital expenditure during this first quarter has been minimal, since it is only at R44 million (7%) of the total capital expenditure budget of R681 million, this quarter.

Operating Revenue

The table below shows the financing of operating revenue and expenditure for Vhembe District in the 1st quarter 2009.

| Code | Municipality | Financial Performance | | | | | | | |
|---------------|-----------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Revenue | | | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP341 | Musina | 129 | 7 | 30 | 23% | 109 | 9 | 28 | 26% |
| NP342 | Mutale | 92 | - | 20 | 22% | 65 | - | 12 | 18% |
| NP343 | Thulamela | 373 | 9 | 107 | 29% | 190 | (16) | (45) | -23% |
| NP344 | Makhado | 462 | 37 | 144 | 31% | 464 | 32 | 73 | 16% |
| DC34 | Vhembe District | 1,036 | 148 | 298 | 29% | 355 | 21 | 44 | 13% |
| Vhembe | | 2,092 | 202 | 599 | 29% | 1,183 | 46 | 113 | 10% |

Makhado:

Vhembe: The returns disclose that the municipality accumulated revenue amounting to R298 million or 28% in this quarter. A huge share of the revenue R146 million (98%) comes from grants and subsidies. The municipality has a surplus amounting to R127 million, it is expected that the surplus earned does not negatively affect service delivery to the community.

Operating Expenditure

Vhembe: The municipality's expenditure for the quarter has declined over the months 11%. It is hoped that the decline in expenditure relates to projects that have been finalized. The total amount spent during the first quarter amount to R44 million (13%) of the total expenditure budget. Repairs and maintenance constituted R2 million. It is hoped that expenditure incurred on repairs and maintenance is a routine and periodic maintenance programme linked to managing municipal assets.

Debtors

The table below shows the debtors age analysis in the 1st quarter 2009.

| | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Total |
|-----------------------------|-----------|------------|------------|-------------|-------------|-------------|--------------|-------|
| <u>Debtors Age Analysis</u> | | | | | | | | |
| Makhado | (0) | 12 | 5 | 6 | 4 | 80 | - | 107 |
| Musina | 1 | 1 | 1 | 1 | 19 | - | - | 23 |
| Mutale | - | - | - | - | - | - | - | - |
| Thulamela | 7 | 6 | 17 | 6 | 5 | 5 | 87 | 132 |
| Vhembe | 1 | 1 | 1 | 1 | 8 | - | - | 11 |
| | - | - | - | - | - | - | - | - |
| | 9 | 19 | 24 | 13 | 37 | 85 | 87 | 274 |

Vhembe: Analysis reveals that debts escalated on monthly basis. During the first month (M01: July 2009), the returns revealed that customers owed the municipality an amount of R11 million, unfortunately this office did not receive August 2009 returns and the municipality is reminded to report on monthly basis to avoid unfair assessment. However, returns submitted in September recorded total debts of R16 million. The AD return form for July 2009 recorded R8 million aged between 121–150 days, while the September 2009 AD return form records R10 million under the same category.

Creditors

The table shows the creditors age analysis in the 1st quarter 2009.

| | 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 | | | | | | | | |
| Makhado | 2 | 0 | 0 | 0 | 0 | - | - | 2 |
| Musina | 1 | 0 | 1 | 0 | - | - | - | 2 |
| Mutale | - | - | - | - | - | - | - | - |
| Thulamela | - | - | - | - | - | - | - | - |
| Vhembe | - | - | - | - | - | - | - | - |
| | 2 | 0 | 1 | 0 | 0 | - | - | 3 |

Makhado:

Vhembe: The analysis of the above report reveals that the municipality owed its suppliers R3 million. The amount owed is for trade creditors and falls under category 0-30, which is a breach of section 65(e) of the Public Finance Management Act (Act no.56 Of 2003). R1 815 465 million (56%) falls within 121-150 brackets, which concludes that there is a serious challenge faced by the municipality in terms of paying creditors.

Cash Flow

| Cash flows | July | August | September | October | November | December | January | February | March | April | May | June |
|------------------------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|
| Opening Cash Balance | 7 | 214 | 254 | 239 | 228 | 212 | 255 | 248 | 238 | 226 | 241 | 227 |
| Sub-Total (Receipts) | 306 | 108 | 27 | 31 | 30 | 89 | 48 | 31 | 30 | 56 | 31 | 32 |
| Sub-Total (Payments) | 98 | 67 | 42 | 43 | 45 | 46 | 55 | 41 | 42 | 42 | 44 | 43 |
| Closing Balance | 214 | 254 | 239 | 228 | 212 | 255 | 248 | 238 | 226 | 241 | 227 | 217 |

Vhembe: The accuracy of the data completed is a concern. The CAA indicated that an amount received from grants and subsidies for September 2009 amounted to R27 million, while the CFA reveals an amount of R25 million, concluding a difference of R2 (8%). It is essential for the municipality to always record the actual amount for the sake of a fair assessment to the returns.

Musina: The return form received reveals that it has been correctly completed; with opening cash balance of R1, 1 million and closing balance of R4 million for month 1 July 2009. The total receipts amount to R13 million during this month. On the other hand, out of the total receipts, R9 million was spent. The most contributing item on expenditure is cash and creditors payment with a share of R4 million (49%), followed by employee related cost with a share of R 3 million (36%), while other payments contributed R0, 974 million (11%).

Capricorn District Municipalities

The table below shows the financing of capital revenue and capital expenditure for Capricorn District for the 1st quarter 2009

| Code | Municipality | Capital expenditure | | | | | | | |
|------------------|--------------------|--------------------------|-------------------------------|------------------------------|--|---------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total sources of Funding | | | | Total Capital Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP351 | Blouberg | 38 | - | - | | 38 | 1 | 4 | 11% |
| NP352 | Aganang | 38 | - | - | | 38 | 0 | 1 | 2% |
| NP353 | Molemole | 20 | 1 | 6 | 32% | 20 | 1 | 6 | 32% |
| NP354 | Polokwane | 1,322 | 94 | 249 | 19% | 1,322 | 95 | 249 | 19% |
| NP355 | Lepelle-Nkumpi | 124 | - | - | | 124 | 1 | 6 | 4% |
| DC35 | Capricorn District | 0 | - | - | | 479 | 0 | 0 | 0% |
| Capricorn | | 1,543 | 96 | 256 | 17% | 2,021 | 96 | 256 | 13% |

Sources of Finance

For the quarter under review, the performance shows 17 per cent or R256 million has been received in the 1st quarter.

Capital Expenditure

City of Polokwane: The municipality' actual expenditure for this first quarter amounts to R249 million (19%), which is the portion of the anticipated total expenditure budget of R1.322 billion. An amounts of R109 million (44%) has been used to cater for sports field and stadium. The current data indicates that in this first quarter, the budget only catered for infrastructure, community projects as well as other assets. During this first quarter, the municipality should have at least spent 25% of the total capital expenditure. Capital expenditure during this first quarter has been minimal.

Molemole: The total capital expenditure budget for 2009/10 financial year is R20 million. The actual performance rate as per September 2009 IYM report, the municipality spends R6 million or 32 per cent of its approved budget as at the end of the quarter ending September 2009. This confirms that the municipality has over-performed in this regard the items that contributed to this expenditure are Roads, Bridges & Storm Water.

Capricorn: The municipality has for the first quarter of the year performed very badly in this regard. The triplicate reports sent reveal that the municipality only spent 0.017% of its capital budget. Taking into account that the reports sent are seemingly not credible, the performance in this regard might be worse or far below 0.017%. The municipality is advised to ensure that there is spending in this item to avoid reverting unspent funds plus interests to the National Revenue Fund

Lepelle-Nkumpi: The municipality' actual expenditure for the first quarter amounts to R6 million, which is 4% of the capital budget expenditure of R124 million. In the first quarter, the municipality should have at least spent 25% of the total capital expenditure but only 4% has spent.

Aganang: The quarterly performance in this regard stands at 3.7%. This is a very low percentage considering that we are at the end of the first quarter of the financial year.. The municipality is advised to ensure that there is spending in this item to avoid reverting unspent funds plus interests to the National Revenue Fund.

Operating revenue

The table below shows the financing of operating revenue and expenditure for the District for the 1st quarter 2009.

| Code | Municipality | Financial Performance | | | | | | | |
|------------------|--------------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Revenue | | | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| R million | | | | | | | | | |
| NP351 | Blouberg | 107 | 8 | 34 | 32% | 83 | 6 | 12 | 14% |
| NP352 | Aganang | 47 | 0 | 0 | 0% | 37 | 3 | 9 | 24% |
| NP353 | Molemole | 58 | 5 | 30 | 53% | 57 | 4 | 10 | 18% |
| NP354 | Polokwane | 1,652 | 101 | 279 | 17% | 1,086 | 78 | 151 | 14% |
| NP355 | Lepelle-Nkumpi | 261 | 8 | 63 | 24% | 136 | 3 | 14 | 11% |
| DC35 | Capricorn District | 190 | 88 | 327 | 172% | 190 | 13 | 30 | 16% |
| Capricorn | | 2,316 | 210 | 733 | 32% | 1,591 | 108 | 225 | 14% |

Aganang: In terms of our records, the municipality has for the first quarter of the month “over performed” as far as average revenue collection is concerned. The year to date collection for operating revenue currently stands at 47% of the operating budget of R47 million; however, looking into individual line items, it is clear that 89.6% of this revenue is grant revenue. The collection of 10.4% in own revenue is welcomed, believing that the municipality will lower its grant dependency rate in the near future.

City of Polokwane: According to the records, the municipality accumulated operating revenue amounting to R279 million (17%) of the total budget amount of R1.652 billion. The revenue has increased by 29% from the previous months (M02) collection. The records, shows revenue of R129 million (46%) comes from service charges, while grants and subsidies only contributed R81 million (29%) of the total revenue collected. During this first quarter, the collection is low at 8%. At least the municipality should have collected 25% of the total budgeted revenue of R1.652 367 billion.

Capricorn: In terms of the records, the municipality has to date collected 176% of its operating revenue budget. Out of the total operating revenue earned, the records reveal that transfers recognized are 236% while other revenue realised 4189%. On face value, one can assume that these figures are overstated or that there is improper reporting.

Lepelle-Nkumpi: The records show that the municipality accumulated operating revenue amounting to R63 million (24%) of the total budget amount of R261 million. Revenue increased by 43% from the previous month (M02) collection of R6 million. This good performance is attributed to an amount of R44 million (70%) received in grants and subsidies. Overall the collection was satisfactory in the quarter.

Molemole: The total operating revenue budget for 2009/10 is R58 million allocated into R42 million for grants and subsidies while R16million budgeted for other income services.

The s71 report at the end of the first quarter for 2009/10 financial year indicates that the municipality collected R30 million or 53 per cent of its original budget. This is way beyond over collection and is commended if it is based on own revenue.

Operating expenditure

Aganang: The performance of the operating expenditure budget is at 24%, this is a satisfactory performance when compared to the quarterly linear projection rate of 25%.

City of Polokwane: The current data reveals that, out of the budgeted operating expenditure of R1.086 million, the municipality's operating expenditure for this first quarter is R159 million (15%). employee related costs received the biggest share of R57 million (36%); followed by bulk purchases with R57 million (36 %) while other expenditure' share was R17 million (11%). Repairs and maintenance expenditure remain low, constituting and only R0.04 million of the total expenditure.

Capricorn: the credibility of the expenditure amounts is doubtful. Nonetheless, the records show that the municipality has spent 37% of its operating budget. Compared to the quarterly linear projection of 25%, the municipality has over spent its operating expenditure budget by 12%. Should the expenditure trend continues at this rate, the municipality is most likely going to overspend its operating expenditure budget by more than 45%.

Lepelle-Nkumpi: out of the budgeted operating expenditure of R136 million, the expenditure for the first quarter is R14 million (11%). The item "Other expenditure" contributed the biggest share of R46 million (33%); followed by employee related costs with R35 million (26 %) while bulk purchases' share is R30 million (22%). Repairs and maintenance expenditure remain low, constituting only R0.04 million (3%) of the total expenditure, On the other hand, the municipality is showing a surplus amounting to R48 million, it is hope that the surplus earned does not negatively affect service delivery to the community.

Molemole: The total operating expenditure budget for 2009/10 financial year is R57 million. The first quarter report as at the September 2009 indicates that the municipality spent R10 million or 18 per cent of the approved budget. The current performance rate indicates that the municipality is unlikely to spend its projected operating expenditure budget.

Debtors

The table below shows the debtors age analysis for the 1st quarter 2009.

| | 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 | | | | | | | | |
| Aganang | 0 | 1 | 1 | - | - | - | 3 | 6 |
| Blouberg | 1 | 1 | 0 | 12 | - | - | 0 | 14 |
| Capricorn | - | - | - | - | - | - | - | - |
| Lepelle-Nkumpi | 6 | 6 | 5 | 4 | 87 | - | - | 108 |
| Molomole | - | - | - | - | - | - | 0 | 0 |
| Polokwane | 63 | 13 | 8 | 8 | 125 | - | - | 217 |
| Total | 71 | 20 | 15 | 25 | 212 | - | 3 | 345 |

The total outstanding debtors, which include current debtors for the municipalities in the Capricorn District in the 1st quarter 2009, amounts to R345,0 million.

City of Polokwane: The analysis reveals that out of the total amount of R217 million owed by customers, R125 million (58%) falls within the category of 121 to 150 days, while 4% falls within the category of 91-120 days. The amount that falls within 121 to 150 is a concern because this type of practice has a potential of becoming bad debts.

Capricorn: The records show that you did not submit the M03 AD return form. However, looking at the M02 and M01 AD return forms, it is evident that the municipality has a debt which is more than one year old. The M01 return form reveals a total debt of R58 thousand, while the M02 return form's total debt amounts to R24 million. On face value, it is clear that this data is not correct.

Aganang: In terms of the municipal debtor' book, there is a very minimum improvement regarding the collection of outstanding debtors. The M01 and M02 returns revealed a total debt of R5.6 million, while the M03 returns reveal a total debt of R 5.59 million. This means that the municipality managed to collect only R9, 950.00 (0.18%) of the current total debt. It is therefore clear that collection of outstanding debtors is a challenge and needs to be improved

Lepelle-Nkumpi: The analysis reveals that out of the total amount of R108 million owed by customers, R87 million (81%) falls within the category of 121 to 150 days, while R4.0 million (4%) falls within the category of 91-120 days. The municipality has long outstanding debts that will end up being written off.

Creditors

The table shows the creditors age analysis for the 1st quarter 2009.

| | 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 | | | | | | | | |
| Aganang | 1 | - | - | - | - | - | - | 1 |
| Blouberg | - | - | - | - | - | - | - | - |
| Capricorn | (2) | - | - | - | - | - | - | (2) |
| Lepelle-Nkumpi | - | - | - | - | - | - | - | - |
| Molomole | - | - | - | - | - | - | - | - |
| Polokwane | 34 | - | - | 0 | - | - | - | 34 |
| Total | 33 | - | - | 0 | - | - | - | 33 |

City of Polokwane: Analysis of the report reveals that the municipality owes its suppliers R34 million. Of the total amount owed, R22 million (66%) is for bulk electricity and water. This amount falls under category 0-30 days

Capricorn: The M03 return form reveals that the municipality's current debt equals to R-2 million. It is advised that this return form has been incorrectly completed. Capturing in this return form should be in such a way that all amounts are captured as positive and in whole rands.

Lepelle-Nkumpi: Analysis reveals that the municipality owes its suppliers R0.6 million. This amount falls under category 0-30 days. The municipality is applying of paying creditors within 30 days after receiving the invoice

Molemole: The municipality's debtor's collection performance for the quarter ending September 2009 is not satisfactory; the report indicates no improvement in collecting outstanding consumer debts.

Cash Flow

| <u>Cash flows</u> | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
|----------------------|------|--------|------|---------|-----|-----|---------|-----|-------|-------|-----|------|
| Opening Cash Balance | 166 | 304 | 335 | 345 | 276 | 236 | 174 | 115 | 141 | 82 | 151 | 89 |
| Sub-Total (Receipts) | 561 | 304 | 275 | 444 | 199 | 102 | 259 | 204 | 129 | 258 | 160 | 205 |
| Sub-Total (Payments) | 424 | 273 | 265 | 513 | 239 | 165 | (326) | 178 | 188 | 188 | 223 | 240 |
| Closing Balance | 304 | 335 | 345 | 276 | 236 | 174 | 115 | 141 | 82 | 151 | 89 | 54 |

City of Polokwane: The return form received has been correctly completed. During the first quarter of the financial year, the opening cash balance was R63 million, with a positive closing balance of R89 million. It is hoped that the increase in payments means that services are rendered to the community.

Capricorn: The return form CFA has been completed incorrectly (i.e. only actual figures were captures and no projections for the remainder of the financial year

Lepelle-Nkumpi: The municipality is advised to consistently submit complete information in order to avoid unfair assessment of the cash flow returns.

Molemole: The cash flow return is captured incorrectly since it shows only actual figures for the current month and previous months and no projections for the remainder of the year.

Aganang: The return form CFA has been completed incorrectly (i.e. only actual figures were captures and no projections for the remainder of the financial year.

Waterberg District Municipalities

The table below shows the financing of capital revenue and operating revenue for Waterberg District for the 1st quarter 2009.

| Code | Municipality | Capital expenditure | | | | | | | |
|------------------|--------------------|--------------------------|-------------------------------|------------------------------|--|---------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total sources of Funding | | | | Total Capital Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP361 | Thabazimbi | 49 | | | | 48 | - | 3 | 0 |
| NP362 | Lephalale | 32 | 3 | 3 | 10% | 178 | 5 | 8 | 5% |
| NP363 | Mookgophong | 40 | 2 | 6 | 15% | 40 | 2 | 6 | 15% |
| NP364 | Modimolle | 56 | 1 | 4 | 8% | 97 | 1 | 4 | 5% |
| NP365 | Bela-Bela | 20 | | | 2% | 19 | 0 | 0 | 2% |
| NP366 | Mogalakwena | 149 | (6) | (19) | -13% | 183 | (6) | (19) | -11% |
| DC36 | Waterberg District | 29 | | 1 | 3% | 29 | 0 | 1 | 3% |
| Waterberg | | 374 | 1 | (4) | -1% | 595 | 2 | 4 | 1% |

Capital Expenditure

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Mookgophong: The year to date performance currently stands at 14.7% which reflects an additional expenditure of 4.8% on capital projects when compared to the previous month expenditure record. Though it is welcomed that the municipality is implementing its capital projects, the pace of implementation is a main concern.

Operating Revenue

Summary of District Budget for the 1st quarter 2009: Budget vs Actual

| Code | Municipality | Financial Performance | | | | | | | |
|------------------|--------------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|----------------------------------|---------------------------------|-------------------------------------|
| | | Total Revenue | | | | Total Expenditure | | | |
| | | Original/adjusted budget | Actual receipts for the month | Actual receipts year to date | Actual receipts to date as % of budget | Original/adjusted budget | Actual expenditure for the month | Actual expenditure year to date | Actual spent to date as % of budget |
| NP361 | Thabazimbi | 62 | - | 20 | 32% | 161 | - | 14 | 9% |
| NP362 | Lephalale | 205 | - | 72 | 35% | 205 | 6 | 28 | 14% |
| NP363 | Mookgophong | 80 | 3 | 19 | 23% | 80 | 9 | 21 | 26% |
| NP364 | Modimolle | 157 | 0 | 34 | 21% | 133 | 4 | 21 | 16% |
| NP365 | Bela-Bela | 140 | 9 | 30 | 22% | 135 | 5 | 16 | 12% |
| NP366 | Mogalakwena | 537 | - | 85 | 16% | 409 | - | (23) | -6% |
| DC36 | Waterberg District | 99 | 0 | 37 | 37% | 71 | 103 | 111 | 157% |
| Waterberg | | 1,280 | 13 | 296 | 23% | 1,194 | 127 | 188 | 16% |

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Mookgophong: The municipality has for the first quarter of the financial year collected 23% of its operating revenue budget. This is on average a good performance, though there is a shortfall of 2% when compared with the linear quarterly projection of 25%. It is also evident from the return forms as submitted that the majority of items have on an individual basis achieved an average rate of between 20 and 25%.

Operating Expenditure

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Debtors

The table below shows the debtors age the 1st quarter 2009.

| Debtors Age Analysis | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Total |
|----------------------|-----------|------------|------------|-------------|-------------|-------------|--------------|------------|
| Bela-Bela | - | - | - | - | - | - | - | - |
| Lephalale | - | - | - | - | - | - | - | - |
| Modimolle | - | - | - | - | - | - | - | - |
| Mogalakwena | 33 | 8 | 5 | 154 | - | - | - | 199 |
| Mookgopong | 7 | 5 | 2 | 12 | - | - | - | 27 |
| Thabazimbi | - | - | - | - | - | - | - | - |
| Waterberg | 0 | 0 | 0 | 0 | 0 | - | - | 0 |
| Total | 40 | 12 | 7 | 166 | 0 | - | - | 226 |

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Mookgophong: It was mentioned in previous reports that the municipality is not performing well in this regard. The total debt of the municipality still stands at R26 million, and the long overdue debt of R12 million is 46% of the total debt. This does not show improvement in this regard. There seems to be an improper movement of debt from the debt category 91-120 days

Creditors

The table below shows the creditors for the 1st quarter 2009.

| Creditors Age Analysis | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Total |
|-------------------------------|-----------|------------|------------|-------------|-------------|-------------|--------------|-----------|
| Bela-Bela | 5 | - | - | - | - | - | - | 5 |
| Lephalale | 1 | - | - | - | - | - | - | 1 |
| Modimole | 4 | - | - | - | - | - | - | 4 |
| Mogalakwena | 25 | - | - | - | - | - | - | 25 |
| Mookgopong | - | - | - | - | - | - | - | - |
| Thabazimbi | - | - | - | - | - | - | - | - |
| Waterberg | 0 | - | - | - | - | - | - | 0 |
| Total | 36 | - | - | - | - | - | - | 36 |

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Mookgophong: Compliance with MFMA S65 (e) in this regard is noted and appreciated. However, since it was mentioned in previous reports that the municipality should put processes in place to ensure that reporting in this item is done per function and not per top ten creditors

Cash Flow

The table below shows the consolidated CFA for Sekhukhune District for the 1st quarter

| Cash flows | July | August | September | October | November | December | January | February | March | April | May | June |
|------------------------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Opening Cash Balance | 32 | 102 | 94 | 91 | 88 | 110 | 95 | 88 | 91 | 101 | 88 | 71 |
| Sub-Total (Receipts) | 145 | 31 | 33 | 23 | 49 | 11 | 13 | 23 | 39 | 12 | 11 | 10 |
| Sub-Total (Payments) | 75 | 39 | 35 | 25 | 27 | 26 | 19 | 20 | 29 | 26 | 27 | 19 |
| Closing Balance | 102 | 94 | 91 | 88 | 110 | 95 | 88 | 91 | 101 | 88 | 71 | 62 |

Mogalakwena: A comment was made in the M01 report regarding the correct completion of this return form. It is evident that no improvements were made

Mogalakwena: We wish to express our disapproval and dissatisfaction with the reports submitted for the end of September 2009 (M03).

In terms of our records, the reports submitted are incomplete which in its own non-compliance with the MFMA S71 (1).

Governance and Compliance

This section of the report is focusing on governance and compliance matters such as the status of the Conditional Grants to municipalities. It also looks issues of compliance in terms of the municipality adhering to the requirement of the MFMA in reporting on Oversight, Internal Audit, SCM and Risk Management.

Unspent conditional Grants

The total amount for 2008/09 financial year the Limpopo municipalities should return to the National Revenue Fund is R132,7 million with five municipalities having to return more than R10 million.

The table below shows the break down of the unspent conditional Grants to be returned to the National Revenue Fund

| No. | Municipality | Amount |
|-----|-----------------------------|--------------------|
| 1 | Aganang | 2,789,000 |
| 2 | Ba-Phalaborwa | 10,888,000 |
| 3 | Bela-Bela | 2,727,000 |
| 4 | Capricorn | 40,867,000 |
| 5 | Fetakgomo | 3,190,000 |
| 6 | Greater Giyani | 68,000 |
| 7 | Greater Letaba | 423,000 |
| 8 | Greater Marble Hall | 526,000 |
| 9 | Greater Sekhukhune District | 15,707,000 |
| 10 | Greater Tzaneen | 890,000 |
| 11 | Lepelle-nkumpi | 3,322,000 |
| 12 | Lephalale | 344,000 |
| 13 | Makhado | 1,380,000 |
| 14 | Makhuduthamaga | 1,911,000 |
| 15 | Maruleng | 660,000 |
| 16 | Modimolle | 1,492,000 |
| 17 | Mogalakwena | 1,634,000 |
| 18 | Mookgophong | 13,000 |
| 19 | Mopani | 438,000 |
| 20 | Mutale | 99,000 |
| 21 | Polokwane | 26,888,000 |
| 22 | Thabazimbi Municipality | 207,000 |
| 23 | Vhembe Municipality | 16,264,000 |
| | Total | 132,727,000 |

1st Quarter spending on Conditional Grants-2009/10 financial year

As at 30 June 2009 only the FMG was reported directly to the Provincial Treasury and National Treasury by the municipalities. As of 01 July 2009 the municipalities should also report spending on all conditional grants directly to the Provincial Treasury and the National Treasury through the LGdatabase

The following tables reflect the different categories of Conditional Grants and their performance for the 1st quarter. There is a trend comparison between the current and the previous financial years

Financial Management Grant

| Name of municipality | Allocations for the current year ending 30/06/2010 | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|---|--|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Makhuduthamaga | 1,500,000 | (212,163) | 1,287,837 | 55,457 | 483,562 | 804,275 | 38% |
| Fetakgomo | 1,000,000 | 79,138 | 1,079,138 | 155,741 | 183,069 | 896,069 | 17% |
| Greater Marble Hall | 750,000 | 116,785 | 866,785 | 31,588 | 62,284 | 804,501 | 7% |
| Elias Motsoaledi | 750,000 | 7,541 | 757,541 | 41,670 | 82,486 | 675,055 | 11% |
| Greater Tubatse | 750,000 | 41,041 | 791,041 | 36,712 | 143,497 | 647,544 | 18% |
| Greater Sekhukhune District Municipality | 1,500,000 | 148,372 | 1,648,372 | 21,067 | 63,201 | 1,585,171 | 4% |
| Greater Giyani | 750,000 | 33,916 | 783,916 | 25,427 | 73,916 | 710,000 | 9% |
| Greater Letaba | 750,000 | 249,698 | 999,698 | - | - | 999,698 | 0% |
| Greater Tzaneen | 750,000 | 18,259 | 768,259 | 787 | 440,358 | 327,901 | 57% |
| Ba-phalaborwa | 750,000 | (543,910) | 206,090 | 35,499 | 125,027 | 81,063 | 61% |
| Maruleng | 1,000,000 | 593,484 | 1,593,484 | 55,451 | 648,935 | 944,549 | 41% |
| Mopani District Municipality | 750,000 | 95,629 | 845,629 | - | - | 845,629 | 0% |

MSIG

| Name of municipality | Allocations for the current year ending 30/06/2010 | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|-------------------------------------|--|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Makhuduthamaga | 735,000 | - | 735,000 | 82,080 | 279,580 | 455,420 | 38% |
| Fetakgomo | 735,000 | - | 735,000 | 47,820 | 78,895 | 656,105 | 11% |
| Greater Marble Hall | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Elias Motsoaledi | 735,000 | - | 735,000 | 77,326 | 231,978 | 503,022 | 32% |
| Greater Tubatse | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Greater Giyani | 735,000 | - | 735,000 | 74,482 | 206,282 | 528,718 | 28% |
| Greater Letaba | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Greater Tzaneen | 400,000 | - | 400,000 | - | - | 400,000 | 0% |
| Ba-phalaborwa | 500,000 | - | 500,000 | - | - | 500,000 | 0% |
| Maruleng | 735,000 | - | 735,000 | 36,404 | 449,138 | 285,862 | 61% |
| Mopani District Municipality | 735,000 | - | 735,000 | - | - | 735,000 | 0% |

| Name of municipality | Allocations for the current year ending 30/06/2010 | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|-------------------------------------|--|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Musina | 735,000 | - | 735,000 | 29,596 | 163,322 | 571,678 | 22% |
| Mutale | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Thulamela | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Makhado | 735,000 | - | 735,000 | 10,650 | 576,192 | 158,808 | 78% |
| Vhembe District Municipality | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Blouberg | 735,000 | - | 735,000 | 75,980 | 147,737 | 587,263 | 20% |
| Aganang | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Molemole | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Polokwane | 400,000 | - | 400,000 | - | - | 400,000 | 0% |
| Lepelle-Nkumpi | 735,000 | - | 735,000 | 53,887 | 142,131 | 592,869 | 19% |

| Name of municipality | Allocations for the current year ending 30/06/2010 | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|--|--|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Thabazimbi | 735,000 | - | 735,000 | 106,400 | 106,400 | 628,600 | 14% |
| Lephalale | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Mookgophong | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Modimolle | 735,000 | - | 735,000 | 114,863 | 114,863 | 620,137 | 16% |
| Bela-Bela | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Mogalakwena | 735,000 | - | 735,000 | - | - | 735,000 | 0% |
| Waterberg District Municipality | 735,000 | - | 735,000 | - | - | 735,000 | 0% |

Integrated National Electrification Programme

| Name of municipality | Allocations for the current year ending | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|----------------------|---|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Elias Motsoaledi | 3,200,000 | - | 3,200,000 | - | - | 3,200,000 | 0% |
| Greater Tubatse | 11,726,000 | - | 11,726,000 | - | - | 11,726,000 | 0% |
| Greater Giyani | 7,150,000 | - | 7,150,000 | - | - | 7,150,000 | 0% |
| Greater Letaba | 4,453,000 | - | 4,453,000 | - | - | 4,453,000 | 0% |
| Greater Tzaneen | 20,829,000 | - | 20,829,000 | 86,630 | 86,630 | 20,742,370 | 0.42% |
| Musina | 943,000 | - | 943,000 | - | - | 943,000 | 0% |
| Thulamela | 7,230,000 | - | 7,230,000 | - | - | 7,230,000 | 0% |
| Blouberg | 10,194,000 | - | 10,194,000 | 29,375 | 90,749 | 10,103,251 | 1% |
| Aganang | 4,000,000 | - | 4,000,000 | - | - | 4,000,000 | 0% |
| Molemole | 1,371,000 | - | 1,371,000 | - | - | 1,371,000 | 0% |
| Polokwane | 37,607,000 | - | 37,607,000 | 960,207 | 960,207 | 36,646,793 | 3% |
| Lepelle-Nkumpi | 4,800,000 | - | 4,800,000 | - | - | 4,800,000 | 0% |
| Thabazimbi | 1,000,000 | - | 1,000,000 | - | - | 1,000,000 | 0% |
| Lephalale | 4,600,000 | - | 4,600,000 | - | - | 4,600,000 | 0% |
| Mookgophong | 8,000,000 | - | 8,000,000 | - | - | 8,000,000 | 0% |
| Bela-Bela | 2,300,000 | - | 2,300,000 | - | - | 2,300,000 | 0% |
| Mogalakwena | 10,359,000 | - | 10,359,000 | - | - | 10,359,000 | 0% |

Neighborhood Development Partnership Grant

| Name of municipality | Allocations for the current year ending | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|----------------------|---|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| Greater Tzaneen | 5,000,000 | - | 5,000,000 | - | - | 5,000,000 | 0% |
| Ba-phalaborwa | 2,500,000 | - | 2,500,000 | 4,106,675 | 6,942,262 | (4,442,262) | 278% |
| Thulamela | 2,000,000 | - | 2,000,000 | - | - | 2,000,000 | 0% |
| Polokwane | 3,000,000 | - | 3,000,000 | - | - | 3,000,000 | 0% |
| Mogalakwena | 2,000,000 | - | 2,000,000 | - | - | 2,000,000 | 0% |

Other Conditional Grants

| Grant | Allocations for the current year ending | Prior year unspent grant | Amount available to the municipality | September Expenditure | Expenditure to date | Unspent funds as at 31 Sept 2009 | % of spending to date |
|--|---|--------------------------|--------------------------------------|-----------------------|---------------------|----------------------------------|-----------------------|
| 2010 FIFA World Cup Stadiums Development Grant | 53,026,000 | - | 53,026,000 | - | - | 53,026,000 | 0% |
| 2010 FIFA World Cup Host City Operating Grant | 40,800,000 | | 40,800,000 | 483,128 | 483,128 | 40,316,872 | 1% |
| Public Transport Infrastructure Grant | 66,146,000 | | 66,146,000 | 10,179,020 | 10,179,020 | 55,966,980 | 15% |
| Energy Efficiency and Demand Side Management Grant | 3,000,000 | | 3,000,000 | 0 | 0 | 3,000,000 | 0% |
| Municipal Infrastructure Grant | 135,310,000 | | 135,310,000 | 9,371,950 | 9,371,950 | 125,938,050 | 7% |

Risk Management in municipalities

Risk management is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity. Good cooperate governance-King 3 report, MFMA and other legislation expects organisations to implement risk management. Also good for potential investors Planning and organisation-benefits of risk management are best obtained when its principles and techniques are applied during planning process and organisation Internal Audit Plan-Internal audit plans are based on the outcomes of risk assessments

6 of the 30 municipalities have dedicated officials in Risk Management:

- Capricorn District
- Sekhukhune District
- Vhembe District
- Polokwane
- Waterberg District
- Ba-Phalaborwa

The following municipalities have advertised for risk officers:

Mopani District
Thabazimbi
Makhado
Letaba

It is therefore acknowledged that municipalities are working towards improving risk management within their environment.

Internal Audit in municipalities

Internal Audit is responsible for providing independent assurance that:

- Management has identified the institution's risks and has responded effectively.
- Management's existing internal controls are functioning in terms of their adequacy and effectiveness

Internal audit may play an advisory role to management

Internal Audit reviews are currently being conducted in all municipalities with the high level focus on:

1. Compliance with the MFMA
2. Professional Practices Framework with respect to Internal Auditing and Audit committees

Accounting and Reporting

Submission of AFS for 2008/09 reporting cycle: 27 Municipalities and both entities submitted Annual Financial Statements in time as compared to 25 municipalities in the 2007/08 financial year

All municipalities including low capacity are expected to prepare GRAP compliant annual financial statements from the year ending 30 June 2010. In order to be compliant, training has been offered to all high and low capacity municipalities. Training for Low capacity municipalities will take place from 09 November 2009 to 13 November 2009. It is expected that the Auditor General will issue out the audit reports for the 2008/09 financial year to municipalities by end of November 2009.

CONCLUSION

Municipalities have reported on the performance of their budgets for the 1st quarter of the financial year 2009/10. Compliance in the quarter has improved very much that in terms of submissions municipalities are on time mostly. There are however about three municipalities that are still struggling with submission.

Municipalities have an obligation to provide services and as such they have to collect revenue from own sources. However, the government supplements this own revenue by providing a whole range of conditional grants. It has been observed once again in this quarter that a number of municipalities struggled to collect revenue and that there is too much dependency on conditional grants. There are genuine reasons some municipalities cannot collect revenue, but they have to find a strategy to alleviate the dependency on grants

In terms of budget implementation, it was observed that spending was generally very low in this quarter. Capital was the most affected item in terms of slow spending or under spending. The concern is that a bigger portion of the capital revenue is from government grants and subsidies. If this funding is not utilized to the maximum on what the municipality planned, this funding will be surrendered back to the National Revenue Fund. Municipalities are encouraged to prioritise capital spending not avoid to surrendering funds, but it is also an indication of service delivery.

Municipalities have also got governance and accounting responsibilities such as managing Risk, Auditing, internal and external, Supply Chain Management and many more. Submission of Annual Financial Statements was good except for three municipalities that had challenges to comply with time frames

Audit opinions will be issued by the Auditor General by the end of November and it is hoped that there will be an improvement on the number qualifications. Provincial Treasury and Department of Local Government and Housing provided a lot support towards achieving clean audits. Risk Management is still a problem in municipalities though strides are being made to ensure that all municipalities have Risk Management units.

Generally there are changes and improvements for the better. We hope that this improvement will translate into service delivery improvement as well. Municipalities that are have issues still outstanding such compliance and establishing of units are being encouraged to speed processes and adhere to legislation.