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Private Bag X611
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0900

Physical Address:
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REPORT ON THE ADJUSTMENT BUDGET FOR THE 2021/2022, 2022/2023 AND 2023/24 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK (MTREF)

Report by the Chief Financial Officer

1. It is stipulated by Section 16(2) of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA) That the Mayor should table the annual budget for the 2021/2022, 2022/2023 and 2023/2024 financial year at a council meeting at least thirty (30) day before the start of the budget year, the 2021/22 budget was adopted in May 2021.
2. In terms of Section 28(2)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR), municipalities must adjust their 2021/22MTREF budgets to account for the income and expenditure that were under budgeted or over budgeted.
3. The adjustment budget must be divided into a Capital and Operational Budget in accordance with international best practice and must be scheduled in a prescribed format:
 - Setting out realistically anticipated revenue for the budget year from each source
 - Appropriating expenditure for the budget year under the different votes/data strings of the council
 - Setting out indicative revenue per revenue source and projected expenditure by vote/type/data strings for the two financial years following the budget year.
 - Setting out estimated revenue and expenditure by vote/data strings for the current year and actual revenue and expenditure by vote for the financial years preceding the current year.
 - As a statement containing any other information required by section 215 (3) of the constitution or as prescribed.
4. The adjustment budget may only be funded from:
 - Realistically anticipated revenue to be collected
 - Cash back accumulated funds from previous year's surplus not committed for other purposes
 - Borrowed funds, but only for the Capital Budget referred to in Section 17 of the MFMA.
5. The adjustment budget herewith presented is a credible operating and capital budget which is fortunately now going for Tabling as such hereby Is funded due matters to be highlighted, and illustrated on annexures number A,B C, D AND E
- That funds only activities which are consistent with the revised IDP.



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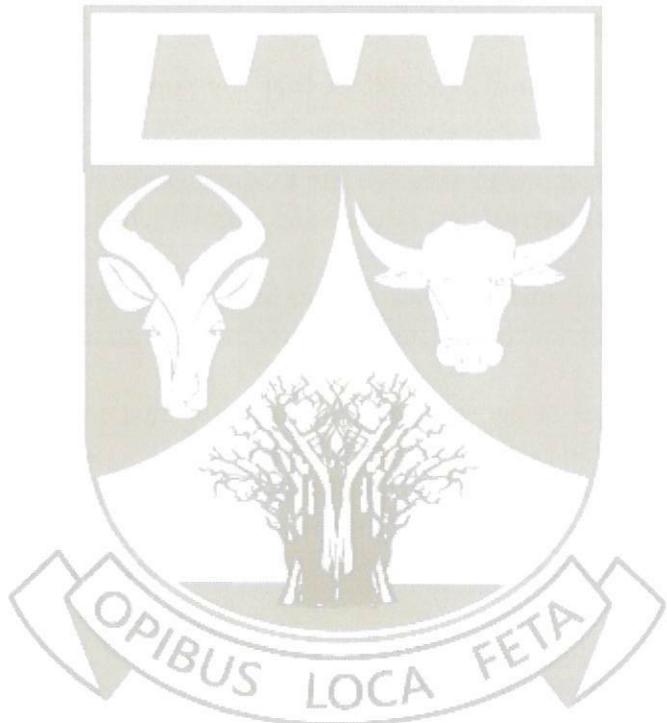
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- That contains revenue and expenditure projections that are consistent current and past performances.
- That ensures that the financial position is improved to favourable and maintained so that obligations over the short, medium and long term are met, (Working Capital Management)
- That ensures the service delivery and performance targets are met.

6. The adjustment budget consist of (1) main Schedule of documentation prescribed by legislation: B Schedule of municipal Adjustment Budgets.

6.1 ANNEXURE A





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LIM341 Musina - Table B4 Adjustments Budget Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavail.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
		3	4	5	6	7	8	9	10	Adjusted Budget		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	22,698	—	—	—	—	—	—	—	22,698	23,696	24,766
Service charges - electricity revenue	2	174,493	—	—	—	—	—	—	—	174,493	182,067	190,261
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	14,832	—	—	—	—	—	—	—	14,832	15,276	15,963
Rental of facilities and equipment		668	—							668	679	729
Interest earned - external investments		1,244	—							1,244	1,299	1,358
Interest earned - outstanding debtors		3,180	—					2,977	2,977	6,157	3,320	3,469
Dividends received		—								—	—	—
Fines, penalties and forfeits		3,276	—							3,276	3,421	3,575
Licences and permits		5,509	—							5,509	5,751	6,010
Agency services		—								—	—	—
Transfers and subsidies		174,429	—							174,429	187,781	190,783
Other revenue	2	13,731	—	—	—	—	—	—	—	13,731	14,296	14,911
Gains		23,693	—							23,693	24,736	25,849
Total Revenue (excluding capital transfers and contributions)		437,553	—	—	—	—	—	2,977	2,977	440,530	462,322	477,674
Expenditure By Type												
Employee related costs		158,392	—	—	—	—	—	—	—	158,392	166,282	172,804
Remuneration of councillors		12,822	—							12,822	12,822	12,822
Debt impairment		8,325	—							8,325	8,692	—
Depreciation & asset impairment		34,265	—	—	—	—	—	—	—	34,265	35,772	37,382
Finance charges		1,777	—							1,777	1,855	1,938
Bulk purchases		129,748	—	—	—	—	—	—	—	129,748	135,457	141,533
Other materials		8,414	—							8,414	8,785	9,180
Contracted services		37,238	—	—	—	—	—	3,110	3,110	40,348	38,509	41,162
Transfers and subsidies		6,073	—					—	—	6,073	6,340	6,625
Other expenditure		32,534	—	—	—	—	—	—	—	32,534	33,965	35,554
Losses		—								—	—	—
Total Expenditure		429,588	—	—	—	—	—	3,110	3,110	432,698	446,479	459,008
Surplus/(Deficit)		7,965	—	—	—	—	—	(132)	(132)	7,833	13,843	18,674
allocations) (National / Provincial and District)		36,988	—					—	—	36,988	41,713	44,040
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		0						4,363	4,363	4,363		
Transfers and subsidies - capital (in-kind - all)		—						—	—	—	—	—
Surplus/(Deficit) before taxation		44,953	—	—	—	—	—	4,231	4,231	49,184	55,556	62,714
Taxation		—						—	—	—	—	—
Surplus/(Deficit) after taxation		44,953	—	—	—	—	—	4,231	4,231	49,184	55,556	62,714
Attributable to minorities		—						—	—	—	—	—
municipality		44,953	—	—	—	—	—	4,231	4,231	49,184	55,556	62,714
Share of surplus/ (deficit) of associates		—						—	—	—	—	—
Surplus/ (Deficit) for the year		44,953	—	—	—	—	—	4,231	4,231	49,184	55,556	62,714



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6.1.2

The above adjustment budget went through a process of extensive engagement with the entire Management Team from the 31st January to the 3rd of February 2022 and subsequently on the 10th of February 2022 to the 12th February 2022 n, which was necessitated by the new allocation in-kind of the new traffic truck amounting to R 4 million, from RMTC

As stipulated in the process plan above and consideration of the cost containment were taken into account which necessitated the increase and reductions as below.

Our Operating Expenditure Budget was at **R429 587 Million** increased by **R 4 Million** and Our Operating Revenue at **R440 530 Million** also thus giving us the surplus status of **R 7 834 million** which will be summarised further below as follows:

REVENUE

Operating Grants are: Equitable Share amounting to **R 169 million**, Extended Public Works Programme amounting to **R1 715 million**, and Finance Management Grant amounting to **R 2 850 million**

Other Operating Revenue: Property rates, service charges and investment revenue is based on interest of investment iro. Eskom guarantee and as such our revenue depicts a realistic expected revenue both in terms of previous year's outcome and audit actualisation,

Fines, Licence and Permits: This remain the same and the performance of these items will be monitored,

Other revenue: the budget for other revenue was R 8, 843 million and it has increased to R 4 .887 million, the increase of R4, 887 million for the revenue is not an adjustment to other revenue is for the error fixing as the system didn't calculate it correctly.

EXPENDITURE

The drivers of expenditure which are statutory in nature are Employee cost and remuneration of councillors and Bulk Purchases and operational expenditure.

R 158 403 Million is for employee related cost, inclusive of pensions, medical cost and allowances,

R 12 822 Million was budgeted for as per promulgated gazette on Upper Limits, but the was a reduction of **R 1 million to R11 882**, due that the was pro rata payment of the council remuneration,

R 34 Million which is non cash item/on straight line is budgeted according to our assets register even though we are not accounting for it monthly due to system challenges however prior year trends and register depicts that position at year end,

Finance charges is budgeted at **R1 .7 Million**,



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Bulk services is at R 129 Million which we have also budgeted for the repayment of current account of Eskom and transfer and grants at R 6 Million for the purposes of free basic services.

R73 881 Million for contracted services and on other expenditure is broken down as per commitments which has future budgetary implications and cut to the bone general operational expenses as listed below:

Other Expenditure On Schedule A4 & SA1	Adjustment Budget
Advertising	332,032.00
Audit fees	3,841,890.84
Bank charges	490,439.54
Bursaries	289,254.00
Entertainment	26,174.41
Fuel and oil	1,898,656.30
Insurance	6,162,806.31
Licence fees - vehicles	60,802.88
Licence fees - computers	1,707,828.79
Registration and Membership fees(Salga)	1,680,162.73
Printing and stationery	381,889.75
Skills development levies	1,248,707.71
Signage	250,000.00
Telephone cost and bulk SMS	1,811,287.16
Ward Committee stipens	1,578,775.36
Travel and subsistence	5,154,620.46
Municipal Activities	314,947.41
Conference and conventional cost	18,974.00
uniform	2,002,341.96
Seminar conference workshops and event: National	301,763.58
Communication :postage/stamps/franking machine	297,298.26
Mayor's carwash	816.20
Workmens's compensation fund	600,000.00
Operating leases: Community Assest	14,734.00
Commission Prepaid Electricity (cigitel)	1,668,423.99
Salary clearing control	332,260.59
Mayor's Responsibility	66,850.19
	-
	-
	-

32,533,738.42



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Contractors, Consultants and professional and outsourced Services

Accounting and Auditing	1,391,442.00
Audit Committee	-
Burial Services	53,559.60
Business and Financial Management	1,865,182.37
Catering Services	298,791.99
Drivers Licence Cards	329,343.88
Legal Advice and Litigation	1,536,579.98
Maintenance of Buildings and Facilities	1,330,043.00
Maintenance of Equipment	4,439,091.24
Maintenance of Unspecified Assets-VEHICLE	1,017,861.17
Medical Examinations	2,799,996.00
Occupational Health and Safety	230,736.00
Consultants and Professional Fees	1,225,394.70
Business and Advisory: Quality Control	5,366,422.56
Dumping Site	6,522,049.51
Research and Advisory	-
Security Services	11,000,000.00
Valuer and Assessors	1,941,178.95
Uniform	-
TOTAL	41,347,672.95



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ANNEXURE B

BUDGET CASH FLOW

LIM341 Musina - Table B7 Adjustments Budget Cash Flows

Description	Ref	Budget Year 2021/22									Budget Year+1 2022/23	Budget Year+2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavail.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H	I	J
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		22,192	—							22,192	23,320	24,258
Service charges		152,813	—							152,813	161,982	171,701
Other revenue		21,340	—							21,340	22,630	23,978
Transfers and Subsidies - Operational	1	174,429	—							174,429	184,895	195,988
Transfers and Subsidies - Capital	1	36,988	—							36,988	32,713	34,040
Interest		3,809	—							3,809	4,038	4,280
Dividends										—	—	—
Payments												
Suppliers and employees		(425,299)	—							(425,299)	(453,490)	(479,102)
Finance charges		(1,777)	—							(1,777)	(1,883)	(1,996)
Transfers and Grants	1	(4,073)	—							(4,073)	(4,317)	(4,576)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(19,578)	—	—	—	—	—	—	—	(19,578)	(30,112)	(31,429)
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		26,320	—							26,320	33,736	35,849
Decrease (increase) in non-current receivables										—	—	—
Decrease (increase) in non-current investments										—	—	—
Payments												
Capital assets		—	—							—	—	—
NET CASH FROM/(USED) INVESTING ACTIVITIES		26,320	—	—	—	—	—	—	—	26,320	33,736	35,849
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		(351)	—							(351)	(367)	(384)
Borrowing long term/ refinancing		(2,785)	—							(2,785)	(2,911)	(3,045)
Increase (decrease) in consumer deposits		(49)	—							(49)	(51)	(54)
Payments												
Repayment of borrowing		(3,000)	—							(3,000)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6,185)	—	—	—	—	—	—	—	(6,185)	(3,329)	(3,483)
NET INCREASE/ (DECREASE) IN CASH HELD		557	—	—	—	—	—	—	—	557	295	937
Cash/cash equivalents at the year begin:	2	12,667	—							12,667	13,225	13,520
Cash/cash equivalents at the year end:	2	13,224	—	—	—	—	—	—	—	13,224	13,520	14,487

The budget cash flow statement is the measurement in determining if the budget is funded. It shows the expected level of cash inflow versus cash outflow that is likely to result from the implementation of the budget.



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ANNEXURE C

LIM341 Musina - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
		A	A1	B	C	D	E	F	G	H		
R thousands												
Cash and Investments available												
Cash/cash equivalents at the year end	1	13,224	—	—	—	—	—	—	—	13,224	13,391	2,289
Other current investments > 90 days		1	—	—	—	—	—	—	—	1	129	12,167
Non current assets - Investments	1	11,203	—	—	—	—	—	—	—	11,203	11,707	12,246
Cash and Investments available:		24,428	—	—	—	—	—	—	—	24,428	25,227	26,702
Applications of cash and Investments												
Unspent conditional transfers		4,400	—	—	—	—	—	—	—	4,400	4,564	4,944
Unspent borrowing										—	—	—
Statutory requirements		1,850	—	—	—	—	—	—	—	1,850	1,961	2,079
Other working capital requirements	2	3,058	—	—	—	—	819	819	819	3,877	2,230	1,392
Other provisions		2,059	—	—	—	—	—	—	—	2,059	2,183	2,313
Long term investments committed		—	—	—	—	—	10,731	10,731	10,731	10,731	10,731	10,731
Reserves to be backed by cash/investments		—	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		11,367	—	—	—	—	—	—	—	11,550	11,550	22,917
Surplus(shortfall)		13,061	—	—	—	—	—	—	—	(11,550)	(11,550)	1,511
												3,458
												5,243

The above high level outcome of funding compliance is illustrating a favourable balance of R1.5 million

- The drivers that makes our adjustment budget to remain funded are Balance sheet budgeting Items which are found on B6 and B7 supporting details,





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ANNEXURE D

ASSET REGISTER SUMMARY - PPE (WDV)		5	536,203	—	—	—	—	—	4,363	4,363	540,566	574,648	602,804	
<i>Roads Infrastructure</i>			115,695	—	—	—	—	—	—	—	—	115,695	124,003	130,079
<i>Storm water Infrastructure</i>			62,335	—	—	—	—	—	—	—	—	62,335	66,698	69,967
<i>Electrical Infrastructure</i>			968	—	—	—	—	—	—	—	—	968	1,036	1,087
<i>Water Supply Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Sanitation Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Solid Waste Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Rail Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Coastal Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Information and Communication Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Infrastructure</i>			178,998	—	—	—	—	—	—	—	—	178,998	191,737	201,133
<i>Community Assets</i>			134,437	—	—	—	—	—	—	—	—	134,437	143,848	150,896
<i>Heritage Assets</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Investment properties</i>			56	—	—	—	—	—	—	—	—	56	60	63
<i>Other Assets</i>			210,031	—	—	—	—	—	—	—	—	210,031	225,493	236,479
<i>Intangible Assets</i>			36	—	—	—	—	—	—	—	—	36	39	40
<i>Computer Equipment</i>			351	—	—	—	—	—	—	—	—	351	376	394
<i>Furniture and Office Equipment</i>			2,720	—	—	—	—	—	—	—	—	2,720	2,910	3,053
<i>Machinery and Equipment</i>			1,537	—	—	—	—	—	—	—	—	1,537	1,645	1,725
<i>Transport Assets</i>			8,037	—	—	—	—	—	—	—	—	8,037	12,400	8,600
<i>Land</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Zoo's, Marine and Non-biological Animals</i>			—	—	—	—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	536,203	—	—	—	—	—	4,363	4,363	540,566	574,648	602,804	
EXPENDITURE OTHER ITEMS														
<i>Depreciation & asset impairment</i>			32,325	—	—	—	—	—	—	—	—	32,325	34,427	36,113
<i>Repairs and Maintenance by asset class</i>		3	25,424	—	—	—	—	—	—	—	—	37,924	21,093	27,923
<i>Roads Infrastructure</i>			5,880	—	—	—	—	—	—	—	—	7,880	512	6,458
<i>Storm water Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Electrical Infrastructure</i>			3,195	—	—	—	—	—	—	—	—	3,195	3,349	3,510
<i>Water Supply Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Sanitation Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Solid Waste Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Rail Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Coastal Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Information and Communication Infrastructure</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Infrastructure</i>			9,076	—	—	—	—	—	—	—	—	11,076	3,961	9,968
<i>Community Facilities</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Sport and Recreation Facilities</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Community Assets</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Heritage Assets</i>			5,053	—	—	—	—	—	—	—	—	5,053	5,295	5,550
<i>Revenue Generating</i>			3,550	—	—	—	—	—	—	—	—	3,550	3,720	3,899
<i>Non-revenue Generating</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Investment properties</i>			3,550	—	—	—	—	—	—	—	—	3,550	3,720	3,899
<i>Operational Buildings</i>			5,866	—	—	—	—	—	—	—	—	16,366	6,148	6,442
<i>Housing</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Other Assets</i>			5,866	—	—	—	—	—	—	—	—	16,366	6,148	6,442
<i>Biological or Cultivated Assets</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Services</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Licences and Rights</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Intangible Assets</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Computer Equipment</i>			653	—	—	—	—	—	—	—	—	653	684	717
<i>Furniture and Office Equipment</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Machinery and Equipment</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Transport Assets</i>			1,226	—	—	—	—	—	—	—	—	1,226	1,285	1,347
<i>Land</i>			—	—	—	—	—	—	—	—	—	—	—	—
<i>Zoo's, Marine and Non-biological Animals</i>		6	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS to be adjusted			57,749	—	—	—	—	—	—	—	—	70,249	55,520	64,036
<i>Renewal and upgrading of Existing Assets as % of total</i>			40.0%	0.0%	—	—	—	—	—	—	—	40.0%	13.7%	20.9%
<i>Renewal and upgrading of Existing Assets as % of dep</i>			48.4%	0.0%	—	—	—	—	—	—	—	48.4%	14.5%	26.3%
<i>R&M as % of PPE</i>			4.7%	0.0%	—	—	—	—	—	—	—	7.0%	3.7%	4.6%
<i>Renewal and upgrading and R&M as % of PPE</i>			7.7%	0.0%	—	—	—	—	—	—	—	9.9%	4.5%	6.2%



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The above appear as the Summary of Assets Management for 2021/2022 Budget of Musina Local Municipality

Sustainability of Musina Local Municipality is derived from the following as forming part of budget.

- The budget allocation for the renewal and upgrading of existing assets
 Is at 60.6% of capital budget which is higher than what NATIONAL Treasury has set as requirement of at least 40% of the CAPITAL Budget
- The budgeted expenditure on Repairs and Maintenance is at 10.5% of the PPE which is in line with National Treasury requirement is set at least 8% per,
- Our Budget gives sustainability of long term financial obligation on a year on year basis growth is which will be expanded by an extensive plan of recovery and getting out of the unfunded status of budgeting.

6.2 ANNEXURE E

Herewith below find the FUNDING COMPLIANCE STATUS which illustrate funded budget on SB6

LIM341 Musina - Supporting Table SB6 Adjustments Budget - funding measurement - 28/02/2022

Description	Ref	MFMA section	2018/19			2019/20			2020/21			Medium Term Revenue and Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2022/23	Budget Year +2 2023/24					
R thousands															
Funding measures															
Cash/cash equivalents at the year end - R'000	1	18(1)b	33,184	1,453	12,667	13,224	—	13,224	13,520	14,457					
Cash + investments at the yr end less applications - R'000	2	18(1)b	(232,197)	(342,092)	(102,193)	13,061	(10,731)	1,510	3,502	5,243					
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	0	—	—	—	—	—					
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	(27,958)	(45,549)	39,016	44,953	—	49,184	55,557	53,054					
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	-0.02217346	1.2%	18.3%	0.0%	0.0%	0.0%	0.0%	0.0%					
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	2.3%	5.2%	20.5%	3.9%	0.0%	3.9%	3.9%	3.9%					
Capital payments % of capital expenditure	8	18(1);19	0.0%	0.0%	0.0%	82.3%	0.0%	0.0%	0.0%	0.0%					
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	-591.8%	3.4%	-2.3%	0.0%	0.0%	0.0%	0.0%	0.0%					
Grant % of Govt. legislated/gazetted allocations	10	18(1)a	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%					
Current consumer debtors % change - incr(decr)	11	18(1)a	N.A.	20.8%	-74.0%	9.1%	9.1%	9.1%	5.6%	5.2%					
Long term receivables % change - incr(decr)	12	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					
R&M % of Property Plant & Equipment	13	20(1)(vi)	99.5%	59.3%	53.4%	4.7%	0.0%	7.1%	3.7%	4.6%					
Asset renewal % of capital budget	14	20(1)(vi)	0.0%	0.0%	0.0%	37.7%	0.0%	37.7%	0.0%	0.0%					



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ANNEXURE D

Also below see the workings on the A Schedule depicting a funded model. SA10

Total Operating Revenue		304,831	294,137	345,114	384,580	427,060	427,060	345,968	437,554	462,341	477,673	
Total Operating Expenditure		403,869	358,685	397,282	379,312	416,560	416,560	212,440	429,587	448,477	468,658	
Operating Performance Surplus/(Deficit)		(99,037)	(64,548)	(52,167)	5,268	10,500	10,500	133,528	7,967	13,864	9,015	
Cash and Cash Equivalents (30 June 2012)												
Revenue												
% Increase in Total Operating Revenue			(3.5%)	17.3%	11.4%	11.0%	0.0%	(19.0%)	2.5%	5.7%	3.3%	
% Increase in Property Rates Revenue			8.6%	27.7%	0.7%	0.0%	0.0%	(25.7%)	6.0%	4.4%	4.5%	
% Increase in Electricity Revenue			27.9%	19.7%	20.4%	0.0%	0.0%	(48.9%)	6.0%	4.3%	4.5%	
% Increase in Property Rates & Services Charges			(3.7%)	19.7%	16.9%	0.0%	0.0%	(35.4%)	6.0%	4.4%	4.5%	
Expenditure												
% Increase in Total Operating Expenditure			(11.2%)	10.8%	(4.5%)	9.8%	0.0%	(49.0%)	3.1%	4.4%	4.5%	
% Increase in Employee Costs			(15.9%)	3.3%	10.4%	0.0%	0.0%	(36.5%)	2.7%	6.0%	3.9%	
% Increase in Electricity Bulk Purchases			36.9%	(3.3%)	0.5%	10.5%	0.0%	(74.3%)	6.0%	4.4%	4.5%	
Average Cost Per Budgeted Employee Position (Remuneration)			347 191,915	234 986,6316					253 021,877			
Average Cost Per Councillor (Remuneration)			44 267,92004	48 2749,99					53 4230,4583			
R&M % of PPE	99.5%	59.3%	53.4%	66.6%	114.2%	9.9%			15.7%	17.3%	17.1%	
Asset Renewal and R&M as a % of PPE	62.0%	34.0%	36.0%	42.0%	70.0%	9.0%			7.0%	8.0%	8.0%	
Debt Impairment % of Total Billable Revenue	2.3%	5.2%	20.5%	3.9%	3.9%	3.9%	0.0%		3.9%	3.9%	3.9%	
Capital Revenue												
Internally Funded & Other (R'000)			—	—	5,269	10,469	10,469	10,469	7,967	3,000	—	
Borrowing (R'000)			—	—	—	—	—	—	—	—	—	
Grant Funding and Other (R'000)			23,607	18,147	24,684	33,843	38,215	38,215	36,988	41,713	44,040	
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding			100.0%	100.0%	100.0%	86.5%	78.5%	78.5%	82.3%	93.3%	100.0%	
Capital Expenditure												
Total Capital Programme (R'000)			26,551	77,864	88,452	50,112	48,684	48,684	48,684	44,955	44,713	44,040
Asset Renewal			(473)	(471)	(1,988)	15,647	15,647	15,647	15,647	15,120	15,846	16,607
Asset Renewal % of Total Capital Expenditure			(2.0%)	(2.6%)	(6.0%)	40.0%	32.1%	32.1%	32.1%	33.6%	35.4%	37.7%
Cash												
Cash Receipts % of Rate Payer & Other			139.7%	91.3%	98.2%	90.8%	98.3%	98.3%	87.7%	82.4%	83.6%	84.7%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)									0			
Capital Charges to Operating			0.6%	0.5%	1.6%	0.4%	0.4%	0.4%	0.0%	1.1%	0.4%	0.4%
Borrowing Receipts % of Capital Expenditure			(591.8%)	3.4%	(2.3%)	0.0%	0.0%	0.0%	0.0%	(35.0%)	(97.0%)	0.0%
Reserves												
Surplus/(Deficit)			(171,123)	(331,087)	(477,511)	5,387	13,528	13,528	13,527	1,858	2,475	3,728
Free Services												
Free Basic Services as a % of Equitable Share			3.4%	1.3%	2.6%	2.7%	2.7%	2.5%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	2.7%	2.5%	2.4%	2.4%		2.2%	2.2%	2.3%
High Level Outcome of Funding Compliance												
Total Operating Revenue			304,831	294,137	345,114	384,580	427,060	427,060	345,968	437,554	462,341	477,673
Total Operating Expenditure			403,869	358,685	397,282	379,312	416,560	416,560	212,440	429,587	448,477	468,658
Surplus/(Deficit) Budgeted Operating Statement			(99,037)	(64,548)	(52,167)	5,268	10,500	10,500	133,528	7,967	13,864	9,015
Surplus/(Deficit) Considering Reserves and Cash Backing			(171,123)	(331,087)	(477,511)	5,387	13,528	13,528	13,527	1,858	2,475	3,728
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓

The above High level outcome of funding compliance is illustrating a favourable balance of a funded budget as shown by red tick below.

- The above status which is a favourable in Nature depicts a Funded Budget.
- The above scenario was made possible and it will be on the budgeted supported by an extensive plan detailed with time frames illustrating how we going to get out of this financial quagmire.
- The drivers that pushed our budget to be funded are Balance sheet Budgeting items which are found on B6,B7 and B8 supporting details as adjusted

ANNEXURE E


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LIM341 Musina - Table B1 Adjustments Budget Summary

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	1	2	3	4	5	6	7	8	G	H	
R thousands	A	A1	B	C	D	E	F				
Financial Performance											
Property rates	22,698	—	—	—	—	—	—	—	22,698	23,698	24,765
Service charges	189,125	—	—	—	—	—	—	—	189,125	197,343	206,224
Investment revenue	1,244	—	—	—	—	—	—	—	1,244	1,299	1,358
Transfers recognised - operational	174,429	—	—	—	—	—	—	—	174,429	187,781	190,783
Other own revenue	50,057	—	—	—	—	—	2,977	2,977	53,034	52,203	54,543
Total Revenue (excluding capital transfers and contributions)	437,553	—	—	—	—	—	2,977	2,977	440,530	462,322	477,674
Employee costs	158,392	—	—	—	—	—	—	—	158,392	166,282	172,804
Remuneration of councillors	12,822	—	—	—	—	—	(1,000)	(1,000)	11,822	12,822	12,822
Depreciation & asset impairment	34,265	—	—	—	—	—	—	—	34,265	35,772	37,382
Finance charges	1,777	—	—	—	—	—	—	—	1,777	1,855	1,938
Materials and bulk purchases	138,162	—	—	—	—	—	—	—	138,162	144,242	150,713
Transfers and grants	6,073	—	—	—	—	—	—	—	6,073	6,340	6,625
Other expenditure	78,097	—	—	—	—	—	4,109	4,109	82,206	81,166	85,799
Total Expenditure	429,588	—	—	—	—	—	3,109	3,109	432,697	448,479	468,083
Surplus/(Deficit)	7,965	—	—	—	—	—	(132)	(132)	7,833	13,843	9,591
Transfers and subsidies - capital (monetary allocations) (National / Provincial / Departmental Agencies, Households, Non-profit Institutions, etc.)	36,988	—	—	—	—	—	—	—	36,988	41,713	44,040
Surplus/(Deficit) after capital transfers & contributions	44,953	—	—	—	—	—	4,363	4,363	4,363	—	—
Share of surplus/ (deficit) of associates	—	—	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	44,953	—	—	—	—	—	4,231	4,231	49,184	55,556	53,631
Capital expenditure & funds sources											
Capital expenditure	44,955	44,955	—	—	—	—	—	—	44,955	44,713	44,040
Transfers recognised - capital	36,988	36,988	—	—	—	—	—	—	36,988	41,713	44,040
Borrowing	—	—	—	—	—	—	—	—	—	—	—
Internally generated funds	7,967	7,967	—	—	—	—	—	—	7,967	3,000	—
Total sources of capital funds	44,955	44,955	—	—	—	—	—	—	44,955	44,713	44,040
Financial position											
Total current assets	146,265	146,265	—	—	—	—	—	—	146,265	154,051	162,334
Total non current assets	367,814	367,814	—	—	—	—	—	—	367,814	388,946	406,739
Total current liabilities	86,492	86,492	—	—	—	—	—	—	86,492	96,173	101,693
Total non current liabilities	22,645	22,645	—	—	—	—	—	—	22,645	23,664	24,753
Community wealth/Equity	557,318	512,385	—	—	—	—	4,231	4,231	516,598	567,921	565,996
Cash flows											
Net cash from (used) operating	(19,578)	(19,578)	—	—	—	—	—	—	(19,578)	(30,241)	(31,429)
Net cash from (used) investing	26,320	26,320	—	—	—	—	—	—	26,320	33,736	35,849
Net cash from (used) financing	(6,185)	(6,185)	—	—	—	—	—	—	(6,185)	(3,329)	(3,483)
Cash/cash equivalents at the year end	13,224	13,224	—	—	—	—	—	—	13,224	13,391	2,289
Cash backlog/surplus reconciliation											
Cash and investments available	24,428	24,428	—	—	—	—	—	—	24,428	25,227	26,702
Application of cash and investments	11,387	88,448	—	—	—	—	(65,531)	(65,531)	22,917	21,769	21,459
Balance - surplus (shortfall)	13,081	(64,020)	—	—	—	—	65,531	65,531	1,511	3,458	5,243
Asset Management											
Asset register summary (MDV)	536,203	536,203	—	—	—	—	—	—	536,203	574,648	602,804
Depreciation & asset impairment	32,325	32,325	—	—	—	—	—	—	32,325	34,427	36,113
Renewal and Upgrading of Existing Assets	15,647	15,647	—	—	—	—	—	—	15,647	5,000	9,488
Repairs and Maintenance	25,424	25,424	—	—	—	—	—	—	25,424	27,523	27,523



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The above report by the CFO is attached as the narrative of the adjustment budget of 2021/2022 as funded, is submitted for your consideration and approval.

Signature..... *Luyshane* Date: 23/02/2022

Municipal Manager

Signature..... *[Signature]* Date: 23/02/2022

Comments

