



Postal Address:
Musina Local Municipality
Private Bag X611
Musina
0900

Physical Address:
21 Irwin Street
Musina
0900

Information Center
(015) 534 6100
info@musina.gov.za
www.musina.gov.za

REPORT ON THE 2nd ADJUSTMENT BUDGET FOR THE 2022/2023, 2023/24 AND 2024/25 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK (MTREF)

Report by the Chief Financial Office

1. 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 2022/23MTREF budgets to account for the income and expenditure that were under budgeted or over budgeted.

2. 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.

3. 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.

4. 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.
- 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.



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

BACKGROUND:

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget:-
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
 - (f) may correct any errors in the annual budget; and
 - (g) May provide for any other expenditure within a prescribed framework.
- (3) An adjustments budget must be in a prescribed form.
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b)

DISCUSSION:

- (a) The municipal council approved its February adjustment budget. Since then, the National Department of Cooperative Governance issued a letter dated the 12th of June 2023 to the municipality for Funding Allocation from the Municipal Disaster Response Grant for flood intervention measures.
- (b) The total allocation is R3 554 132.62 which should be spent within Six (6) months in line with the disaster grant framework.
- (c) The specific projects targeted for this allocation are as follows:-
 - Ward 4, Musina Nancefield Ext 5: Skoonplaas: Building surface run-off capacity of the natural stream. Improve stream slope for improved drainage capability. Clear and grub dense vegetation



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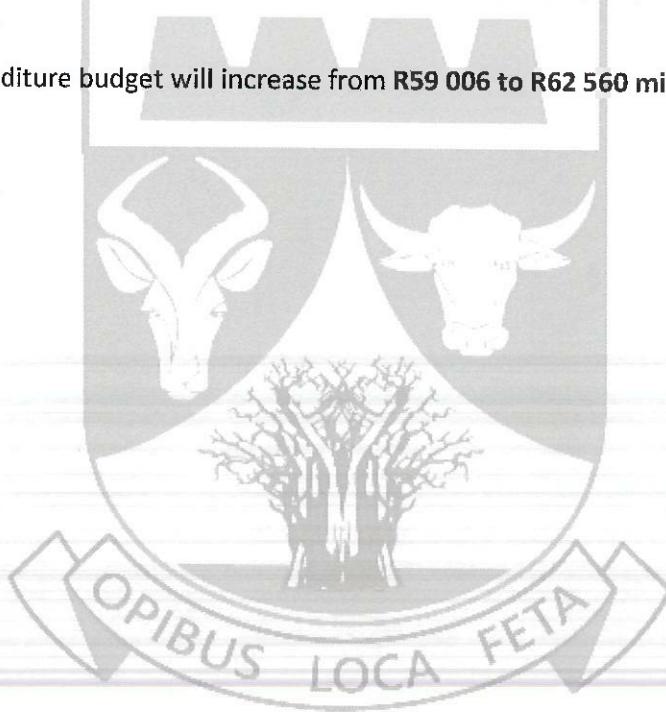
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along 950m unlined open channel, remove large street and shrubs grown in the channel, widen the side of the channel, improve existing channel slope, replace informal pipe culvert with portal culverts where Harry Townsend street crosses the storm water drainage structure (**R2 030 509.21**).

- Ward 11, Tshikotoni Village: Reinstate eroded fill material to minor bridge abutment structure. Expose abutment foundation, Rip and re compact the foundation. Mass fill and grid compact. Building wearing course. Slope protection through riprap and stone pitching (**R419 168.91**).
- Ward 12, Masisi Access Road: Rebuild eroded structural gravel layers to unsurfaced wearing base coarse. Install portal culverts, signs, slope protection (riprap or stone pitching to slope sides (**R1 104 454.50**).

(d) This allocation will increase the municipality's revenue budget (Capital) from **R558 267 million** to **R561 821 million**.

(e) The capital expenditure budget will increase from **R59 006** to **R62 560 million**.





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6. ADJUSTMENT ANNEXURES

ADJUSTMENT FINANCIAL PERFORMANCE

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
		3 A	4 A1	5 B	6 C	7 D	8 E	9 F	10 G	11 H		
R thousands	1											
Revenue By Source												
Property rates	2	25,814	—	—	—	—	—	—	—	25,814	26,650	27,849
Service charges - electricity revenue	2	162,074	—	—	—	—	—	—	—	162,074	169,657	177,071
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	15,498	2,000	—	—	—	—	—	—	17,498	15,497	16,195
Rental of facilities and equipment		558								558	583	488
Interest earned - external investments		527								527	550	574
Interest earned - outstanding debtors		2,966	2,510							5,476	3,097	3,236
Dividends received										—	—	—
Fines, penalties and forfeits		3,870								3,870	4,039	5,625
Licences and permits		2,436								2,436	2,546	2,546
Agency services										—	—	—
Transfers and subsidies		199,191								199,191	218,979	241,353
Other revenue	2	38,108	70,000	—	—	—	—	—	—	108,108	38,993	35,249
Gains		—								—	—	—
Total Revenue (excluding capital transfers and contributions)		451,044	74,510	—	—	—	—	—	—	525,554	480,590	510,186
Expenditure By Type												
Employee related costs		162,265	5,772	—	—	—	—	—	—	168,037	169,235	176,180
Remuneration of councilors		12,823								12,823	13,387	13,976
Debt impairment		38,307	3,000							41,307	39,992	42,792
Depreciation & asset impairment		27,942	3,000	—	—	—	—	—	—	30,942	29,172	31,485
Finance charges		—	499							499	—	—
Bulk purchases		121,518	8,482	—	—	—	—	—	—	130,000	126,227	138,762
Other purchases		3,493	—							3,493	3,625	4,265
Contracted services		38,078	2,825	—	—	—	—	—	—	40,903	41,753	44,632
Transfers and subsidies		—	3,723							3,723	—	—
Other expenditure		41,615	93	—	—	—	—	—	—	41,708	47,468	51,125
Losses										—	—	—
Total Expenditure		446,041	27,394	—	—	—	—	—	—	473,435	470,859	503,217
Surplus/(Deficit)		5,003	47,116	—	—	—	—	—	—	52,119	9,731	6,969
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32,713	—							3,554	3,554	36,267
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										—	—	—
Transfers and subsidies - capital (in-kind - all)										—	—	—
Surplus/(Deficit) before taxation		37,716	47,116	—	—	—	—	3,554	3,554	88,387	63,771	63,320
Taxation										—	—	—
Surplus/(Deficit) after taxation		37,716	47,116	—	—	—	—	3,554	3,554	88,387	63,771	63,320
Attributable to minorities										—	—	—
Surplus/(Deficit) attributable to municipality		37,716	47,116	—	—	—	—	3,554	3,554	88,387	63,771	63,320
Share of surplus/ (deficit) of associates										—	—	—
Surplus/ (Deficit) for the year		37,716	47,116	—	—	—	—	3,554	3,554	88,387	63,771	63,320



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ADJUSTMENT CAPITAL EXPENDITURE

LIM341 Musina - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2022/23										Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Net or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands		A	A1	B	C	D	E	F	G	H			
Capital expenditure - Vote													
Multi-year expenditure to be adjusted	2	—	—	—	—	—	—	—	—	—	—	—	—
Vote 1 - Executive and Council		—	—	—	—	—	—	—	—	—	—	—	—
Vote 2 - Municipal Manager		—	—	—	—	—	—	—	—	—	—	—	—
Vote 3 - Financial Services		—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—
Vote 5 - Technical Services		—	—	—	—	—	—	—	—	—	—	—	—
Vote 6 - Community Services		—	—	—	—	—	—	—	—	—	—	—	—
Vote 7 - Planning and Development		—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	3	—	—	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be adjusted													
Vote 1 - Executive and Council	2	—	—	—	—	—	—	—	—	—	—	—	—
Vote 2 - Municipal Manager		—	300	—	—	—	—	—	—	—	300	—	—
Vote 3 - Financial Services		2,400	7,000	—	—	—	—	—	—	—	9,400	3,000	—
Vote 4 - Corporate Services		—	4,200	—	—	—	—	—	—	—	4,200	—	—
Vote 5 - Technical Services		3,351	3,157	—	—	—	—	—	—	—	6,508	22,213	44,040
Vote 6 - Community Services		26,211	6,638	—	—	—	—	—	3,654	3,654	36,401	19,500	—
Vote 7 - Planning and Development		5,751	—	—	—	—	—	—	—	—	5,751	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total	37,713	21,293	—	—	—	—	—	—	3,654	3,654	62,560	44,713	44,040
Total Capital Expenditure - Vote	37,713	21,293	—	—	—	—	—	—	3,654	3,654	62,560	44,713	44,040
Capital Expenditure - Functional													
Governance and administration													
Executive and council	2,400	1,900	—	—	—	—	—	—	—	—	4,300	3,132	3,270
Finance and administration	1,000	1,900	—	—	—	—	—	—	—	—	1,400	1,566	1,635
Internal audit	—	—	—	—	—	—	—	—	—	—	2,900	1,566	1,635
Community and public safety													
Community and social services	4,751	1,260	—	—	—	—	—	—	—	—	6,011	4,960	5,178
Sport and recreation	4,751	200	—	—	—	—	—	—	—	—	4,951	4,960	5,178
Public safety	—	1,060	—	—	—	—	—	—	—	—	1,060	—	—
Housing	—	—	—	—	—	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services													
Planning and development	29,562	11,133	—	—	—	—	—	—	—	—	40,695	30,236	31,567
Road transport	28,562	7,007	—	—	—	—	—	—	—	—	35,569	29,192	30,477
Environmental protection	1,000	4,126	—	—	—	—	—	—	—	—	5,126	1,044	1,090
Trading services													
Energy sources	1,000	7,000	—	—	—	—	—	—	—	—	3,554	11,354	11,044
Water management	1,000	7,000	—	—	—	—	—	—	—	—	8,000	11,044	11,539
Waste water management	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Functional	3	37,713	21,293	—	—	—	—	—	—	3,554	62,560	49,372	51,554
Funded by:													
National Government	32,713	4,683	—	—	—	—	—	—	—	—	—	—	—
Provincial Government	—	—	—	—	—	—	—	—	—	—	—	—	—
District Municipality	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	32,713	4,683	—	—	—	—	—	3,554	3,554	40,950	44,152	46,104
Borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	5,000	16,610	—	—	—	—	—	—	—	21,610	5,220	5,450
Total Capital Funding	37,713	21,293	—	—	—	—	—	—	3,554	3,554	62,560	49,372	51,554



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The above report by the CFO is attached as the narrative of the 2ND Adjustment Budget of 2022/2023 as funded, is submitted for your consideration and approval.

Signature.....  Date: 28/06/2023

Municipal Manager

Signature.....  Date: 28/06/2023

Comments

