



**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

---



**MUSINA LOCAL MUNICIPALITY FINANCIAL FUNDING PLAN**

**2026-2027**

**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

---

## **MUSINA LOCAL MUNICIPALITY FINANCIAL FUNDING LONG TERM PLAN (2026\_2027) (2027\_2028) (2028\_2029) and (2029-2030)**

### **1. INTRODUCTION**

Financial Management is the cornerstone of any organisation. Controls and policies must be in place to achieve sound financial management. Over the first year of the 5-year plan, financial regulations and policies must be reviewed to ensure all legal, internal control and social requirements are met. Implementing the projects included in the 5-year plan will require large capital investment, which in turn requires effective management and control.

Musina Local Municipality has recognised that credible IDP must be linked to a workable financial plan, which includes a multiyear budget.

#### Financial Strategies Overview

The following section sets out general financial strategies that should guide the Municipality in practicing fiscal prudence management. The financial plan would require of us to be conservative when estimating our revenues but accounting for the unforeseen when estimating our expenditure, include a general consideration, which will apply to the detailed financial resources (capital and operational) and revenue raising. Other considerations are:

- Financial Management
- Operational Financing
- Cost Effectiveness
- Financial Issues

### **2. GENERAL CONSIDERATIONS**

- ✓ Social Responsibilities

All aspects of matters relating to financial matters will take cognizance of Council's social responsibilities including transformation and empowerment

**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

---

such as in Budget related policy in respect of honesty, accountability, compassion, respect and fairness in discharging the contents of those policies.

- ✓ Investor attraction

In order for the finance department to deliver on these strategies it is. Like the IDP, the funding action plan will be subject to a regular review and comparison of actual performance to predetermined performance measures.

### 3. **FINANCIAL REOURCES**

Financial resources which we are wholly going to be interested in tapping in coupled with available sources for both capital projects and operational purposes are as follows:

**Capital Expenditure:**

- National Government Funding
- Provincial Funding
- Infrastructure Funding
- Own Funding (linked with the IDP projects) because they are key drivers of socio economic activities...

**Operational expenditure:**

- Own Funding
- Grants

### 4. **POSITIVE CASHFLOW**

Musina Local Municipality main sources of revenue are from property rates, Municipal services such as electricity, refuse removal and Grants. The short-term objective of the municipality is to access all available revenue and to identify additional sources of revenue to extend Councils tax base.



**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

- Revenue enhancement strategy adherence and quarterly target reviews from MTREF 2026/2027
- Implementation of the Funding Recovery Plan.
- Set monthly cash flow projections.
- Analysis of actual cash spending against the monthly cash projections

## Cash flows

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	33,783	33,783	33,783	33,783	47,799	49,376	50,956
Service charges		74,789	-	-	256,442	289,259	289,259	289,259	379,070	387,281	397,170
Other revenue		98,838	-	-	109,162	138,495	138,495	138,495	49,135	50,750	52,371
Transfers and Subsidies - Operational	1	4,756	-	-	241,840	241,840	241,840	241,840	237,236	237,115	250,038
Transfers and Subsidies - Capital	1	-	12,024	-	35,242	70,242	70,242	70,242	44,649	49,045	50,640
Interest		-	-	-	10,388	10,388	10,388	10,388	9,927	10,255	10,583
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(132,581)	(266,031)	(348,793)	(511,151)	(532,538)	(532,538)	(315,101)	(679,231)	(679,450)	(699,361)
Finance charges		-	-	-	(1,888)	(3,467)	(3,467)	(3,467)	(3,625)	(3,735)	(3,848)
Transfers and Subsidies	1	-	-	-	(3,000)	(3,000)	(3,000)	(3,000)	(6,710)	(5,024)	(5,072)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>45,882</b>	<b>(254,007)</b>	<b>(348,793)</b>	<b>170,817</b>	<b>245,003</b>	<b>245,003</b>	<b>462,439</b>	<b>78,249</b>	<b>95,613</b>	<b>103,477</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		1,525	-	-	135,291	145,291	145,291	145,291	159,769	162,827	154,389
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		10,731	2,438	3,321	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(42,237)	(48,416)	(79,863)	(132,681)	(168,632)	(168,632)	(168,632)	(216,412)	(182,048)	(190,367)
Retention (Capital)		-	-	-	-	-	-	-	(10,247)	(8,090)	(1,363)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(29,981)</b>	<b>(45,980)</b>	<b>(76,542)</b>	<b>2,609</b>	<b>(23,341)</b>	<b>(23,341)</b>	<b>(23,341)</b>	<b>(66,890)</b>	<b>(27,311)</b>	<b>(37,341)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(437)	(362)	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(437)</b>	<b>(362)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>15,384</b>	<b>(300,349)</b>	<b>(425,334)</b>	<b>173,426</b>	<b>221,661</b>	<b>221,661</b>	<b>439,097</b>	<b>11,359</b>	<b>68,302</b>	<b>66,136</b>
Cash/cash equivalents at the year begin:	2	(4,877)	38,662	9,824	9,824	9,824	9,824	9,824	3,893	15,252	83,554
Cash/cash equivalents at the year end:	2	<b>10,508</b>	<b>(261,687)</b>	<b>(415,511)</b>	<b>183,250</b>	<b>231,485</b>	<b>231,485</b>	<b>448,921</b>	<b>15,252</b>	<b>83,554</b>	<b>149,690</b>

## 5. FINANCIAL MANAGEMENT

It is most important that the Musina Local Municipality maintains a strong finance department an Audit Steering Committee and Internal Audit Function that will be responsible for monitoring financial and other controls. The Budget and Treasury office is committed to sound financial management and as indicated earlier the creation of a sound economic base.

**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

---

Financial management policies and procedures for the entire municipality as required by legislation will have to thoroughly adhere to and maintained.

Cost containment and Financial recovery Plan is also a key plan to assist us in attaining the positive spins of taking the financial resources afloat and getting out of the quagmire we finding ourselves in.

Staff will be encouraged to adhere to value for money principles in carrying out their work. On the issue of audit reports, both internal and external measures will be put in place to ensure that any material of fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be addressed accordingly. Budget and Treasury Office recognises the need to maintain a positive cash flow at all times and will be investigating various avenues to improve cash flow. Strong positive cash flow will result in additional revenue in the form of interest earned. It will continue implementation of the credit control policies and revenue enhancement strategy as approved by council will be prioritised in order to maximise revenue.

**6. REDUCTION OF NON CORE EXPENDITURE & ASSET MANAGEMENT.**

There was comprehensive and concerted effort taken by management to reduce the non-core expenditure items but not reducing the effort of provincial goals which is based on the uplifting of the lives of our people below is the key drivers which are in the explicit in the 2026/27 budget.

- Determine the current status at beginning of year 2/Prior Implementation of Funding Plan
- Establish the Targets to Be achieved over the Funding Plan period
- Identify the Non-Core Expenditure where Reduction as per the Targets Set will be performed such as Travelling, Accommodation, overtime, catering and entertainment expenses,

**7. COST EFFECTIVENESS / CASH AND SHORT TERM LIQUIDITY**

In any organisation it is necessary to strive for cost effectiveness and Municipalities are no different. It is Council's intention to pursue the shared services concept wherever possible. The sharing of services will enable the Municipality to minimize total costs on these services, baseline assessments and setting targets.

**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

---

- As planning tool for MTERF our status has not yet improved where we can afford to measure possibility to generate own funds.
- We anticipate the position to improve in the 2026/27 financial year.
- However expectations should be limited to trying to reduce prior year's debts, which includes but not limited to, Dept. Transport, AG, and suppliers in excess of over 90 days.
- In the MTERF we expect by 2 outer years to have improved the status, where we can be able to have surplus budget to be used to fund own projects.
- With that we can strive to create and have Capital Replacement Reserves(CRR)
- With CRR created over years we can be able to ring-fence it annually and utilise it specifically to fund own capital projects
- To ensure that specific needs of the municipality are met through sustainability and review of cash management Policy to recognise debtor's balances as cash over a given period of time.

## 8. COLLECTION RATE

The implementation of the funding plan requires a team effort. A team approach requires the involvement of the Council, Municipal Manager and Chief Financial Officer in implementing these funding plan strategies and the **YEAR 1 2026 municipality has a collection rate of 86%, YEAR 2-Collection rate will increase by 1.5% and YEAR 3 –Collection rate will increase by 2%**. It is crucial that individuals to whom the responsibilities have been allocated according to the action plan be held accountable for the outcome of these strategies. The progress made towards achieving these strategies should be measurable, and reviews quarterly and it is essential that these strategies be included in the performance appraisals of individuals.

The budgeted cash flow statement is the first measurement in determining if the budget is credible and funded or unfunded, and our budget show the expected level of cash inflow versus outflow that is likely to result from the implementation of creditors repayment plan for all the prior year debts, which does not limit us to exchange the effects thereof, with the implementation of revenue enhancement the municipality is anticipating a positive the cash available at year end as we improve the status of our books at the end of MTREF.

As depicted above the cost to review the staff structure will remain intact and but not limited to budget organogram but warm bodies so as to allow a swift move when the need arise to either appoint either due to resignations of pension or need as it arise,

**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

of key will be that Human resources will update bi annually the age gaps and analysis to ascertain that we fill core functions holistically and across.

And the funding plan as a living document will be assessed through the service delivery plan and by monitoring adherence to the council Financial Recovery PLAN and key components of expenditure linked to revenue enhancement strategy.

**FOCUS AREAS**

- Establish the Targets to be achieved over the Funding Plan period.
- Issuing Monthly Consumer Statements.
- Implementation of credit control and debt collection Procedures.
- Develop a Plan on a Targeted Approach on Top 100 Debtors
- Implementation of the Top 100 Debtors Plan.
- Test the Accuracy of Billing over government Debt.
- Enter into Arrangements over payment of Government Debt
- Monitor Adherence to On Debtor Payment Arrangements made.
- Establishment of a functional revenue steering Committee.

**9. TRADE PAYABLES**

The plan is to fund operating expenses from normal revenue streams. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings. As indicated earlier it is Budget and Treasury office intention to maintain a strong economic base through good working capital management including setting aside of adequate provisions for working capital. It is anticipated that these reserves will be based on the same principles as currently apply to contributions to existing statutory funds.

- Determine the current status at beginning of year 2/Prior Implementation of Funding Plan
- Establish the Targets to be achieved over the Funding Plan period
- Determine the Top 10 Creditors
- Enter into payment Arrangements with the Top 10 Creditors
- Enter into payment Arrangements with Other Creditors where applicable
- Ensure that Current Accounts are paid within 30 Days of Invoice Receipt
- Ensure that Orders are only approved where there is actual Cash on hand to settle (This will ensure that Creditors can be paid within 30 Days)



**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

## 10. Summary of Budget Funding Tool

No	Filter	Focus Area	Activity	YEAR 1	YEAR 2	YEAR 3	Frequency	Start Date	Due Date	Responsible for Monitoring/Reporting		POC
										Responsible Designation   Main City, District Manager, ZEP Manager, Etc.	Responsible Designation   CO, Finance Manager, Expenditure Manager, Etc.	
1	Positive Cashflow	Revenue Assessment	Determine the Current Cashflow status at beginning of year 2/3/4th Implementation of Funding Plan	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Setting of Targets	Established the Targets to be achieved over the Funding Plan period	Minimize a positive bank balance at year end	Minimize a positive bank balance at year end	Minimize a positive bank balance at year end	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Monthly Cashflow Plan	Set Monthly Annual Cash Projections	Adhere to 95% accuracy in monthly cash projections to account	Adhere to 95% accuracy in monthly cash projections to account	Adhere to 95% accuracy in monthly cash projections to account	Monthly	2024/07/01	2027/06/30	Budget Manager	CEO	Cash flow analysis report
2	Cash and short term liquidity	Revenue Assessment	Determine the Current Cashflow status at beginning of year 2/3/4th Implementation of Funding Plan	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Setting of Targets	Established the Targets to be achieved over the Funding Plan period	Maintain a cash coverage ratio of at least 1.1 throughout the funding period	Maintain a cash coverage ratio of at least 1.1 throughout the funding period	Maintain a cash coverage ratio of at least 1.1 throughout the funding period	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Cash Coverage Ratio	Improve the Cash coverage ratio	Increase the cash coverage to 1 Month Target/Implement the cash coverage of 100% of the funding period	Increase the cash coverage to 2 months	Increase the cash coverage to 3 months	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
3	Collection Rates	Setting of Targets	Established the Targets to be achieved over the Funding Plan period	Track and collect a cash coverage ratio of at least 1.1 throughout the funding period	Maintain a cash coverage ratio of at least 1.1 throughout the funding period	Maintain a cash coverage ratio of at least 1.1 throughout the funding period	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Monthly Customer Interaction	Improve Monthly Customer Interaction	Meet monthly customer interaction to 100% of active accounts	Meet monthly customer interaction to 100% of active accounts	Meet monthly customer interaction to 100% of active accounts	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Customer Account
		Debt control and debt collection Procedures	Implementation of debt control and debt collection Procedures	Decreased delinquency that exceeds the municipality's debt control agreement with debtors. Monitor the progress of payment	Decreased delinquency that exceeds the municipality's debt control agreement with debtors. Monitor the progress of payment	Decreased delinquency that exceeds the municipality's debt control agreement with debtors. Monitor the progress of payment	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Debt Control/Collection Report
		Top 100 Debtors (Excluding Organ Of State)	Develop a Plan to Target Approach On Top 100 Debtors	Develop and implement a strategy to collect from the Top 100 debtors	Develop and implement a strategy to collect from the Top 100 debtors	Develop and implement a strategy to collect from the Top 100 debtors	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Progress report on the top 100 debtors
		Top 100 Debtors (Excluding Organ Of State)	Implementation of the Top 100 Debtors Plan	Reduce Outstanding customer debt by 10% at the end of the year	Reduce Outstanding customer debt by 10% at the end of the year	Reduce Outstanding customer debt by 10% at the end of the year	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Progress report on the top 100 debtors
		Government Debt Arrears	Track the Arrears of Billings from government Debtors	Complete 100% verification of government debt billing monthly on monthly basis	Complete 100% verification of government debt billing monthly on monthly basis	Complete 100% verification of government debt billing monthly on monthly basis	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Billing Report
		Government Debt Collection	Apply strict credit control measures over payment of Government Debt	Meet monthly debt recovery including overdue accounts, arrears, and follow up on arrears	Meet monthly debt recovery including overdue accounts, arrears, and follow up on arrears	Meet monthly debt recovery including overdue accounts, arrears, and follow up on arrears	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Customer Agreement
		Government Debt Collection	Monitor adherence to the Debtors Payment Commitment book	Monitor adherence rate of 100% on payment of government debt on commitment	Monitor adherence rate of 100% on payment of government debt on commitment	Monitor adherence rate of 100% on payment of government debt on commitment	Monthly	2024/07/01	2027/06/30	Revenue Manager	CEO	Debtors Book
		Revenue Enforcement Committee	Establishment of a Revenue Enforcement Committee	Ensure that there is a Revenue Enforcement Committee to deal with delinquent	N/A	N/A	Close Off Activity	2024/08/01	2025/12/31	CEO	CEO	Final report of establishment of the committee and progress for meeting bill
		4	Reduction in Non Core Expenditure	Revenue Assessment	Determine the current status at beginning of year 2/3/4th Implementation of Funding Plan	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Complete cash flow status on quarterly basis	Quarterly	2024/07/01	2027/06/30	CEO
5	Trade Payables	Setting of Targets	Established the Targets to be achieved over the Funding Plan period	Minimize reported expenses such as arrears on existing expenses	Minimize reported expenses such as arrears on existing expenses	Minimize reported expenses such as arrears on existing expenses	Quarterly	2024/07/01	2027/06/30	CEO	CEO	Funding Plan
		Payment Arrangements	Enter into payment Arrangements with the Top 100 Creditors (When applicable)	Enter into payment arrangements with all major creditors by end of Q2	Enter into payment arrangements with all major creditors by end of Q2	Enter into payment arrangements with all major creditors by end of Q2	Monthly	2024/07/01	2027/06/30	Manager Etc	CEO	Customer Agreement
		Payment Arrangements	Enter into payment Arrangements with Other Creditors where applicable	Enter into payment arrangements with all major creditors by end of Q2	Enter into payment arrangements with all major creditors by end of Q2	Enter into payment arrangements with all major creditors by end of Q2	Monthly	2024/07/01	2027/06/30	Manager Etc	CEO	Customer Agreement
6	Other	Physical Asset Management	Implementation of Physical Asset Management	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Quarterly	2024/07/01	2027/06/30	Revenue Manager	CEO	Quarterly valuation of Physical Assets Report
		Physical Asset Management	Implementation of Physical Asset Management	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Quarterly	2024/07/01	2027/06/30	Revenue Manager	CEO	Quarterly valuation of Physical Assets Report
		Physical Asset Management	Implementation of Physical Asset Management	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Reduce quantity valuation of assets and maintenance of assets and valuation of assets	Quarterly	2024/07/01	2027/06/30	Revenue Manager	CEO	Quarterly valuation of Physical Assets Report

The municipality has prepared the budget funding tool with activities that will be updated and sent to the Provincial Treasury on monthly basis.

**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

---

**Recommendations**

A funded budget will require that as an institution we keep the financial discipline and prudent management of our limited resources.

**Conclusion**

Council approve the municipal budget funding plan for implementation to move from an unfunded budget to fully funded.

