

MASILONYANA LOCAL MUNICIPALITY



ADJUSTMENT BUDGET DOCUMENT

2025/2026

This report is prepared in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the Municipal Budget and Reporting Regulations and Government Gazette 32141, dated 17 April 2009

TABLE OF CONTENTS

FINANCIAL PERFORMANCE ASSESSMENT

1.INTRODUCTION.....	2
2.MAYOR’S FOREWORD.....	3
3.MUNICIPAL MANAGERS FOREWORD.....	3
4.EXECUTIVE SUMMARY.....	4
5.HIGH LEVEL OPERATING BUDGET ASSESSMENT	
5.1 Operating Revenue per Category.....	5-8
5.2 Operating Expenditure per Category.....	9-13
6. HIGH LEVEL CAPITAL BUDGET ASSESSMENT	
6.1 Capital Expenditure per Directorate.....	14
6.2 Capital Expenditure per Funding Source.....	14
7. RECOMMENDATIONS.....	15
8.MAYOR’S QUALITY CERTIFICATE.....	16

1. INTRODUCTION

1.1 Section 28(4) of the MFMA states that “only the Mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection 2 (b to g) may only be tabled within any prescribed limitations as to timing of frequency”.

2. MAYOR’S FOREWORD

To the Municipal Council

I hereby wish to submit to the municipal council an Adjustment Budget as per the MFMA.

As per section 28 of the Municipal Finance Management Act (MFMA), the mayor may submit an adjustment budget to the municipal council by 28th of February.

The submission of the adjustment budget forms part of the responsibility of the Mayor of Masilonyana Local Municipality as stipulated in section 28 (4) of the MFMA.

Ms. Dimakatso Elizabeth Modise
Mayor: Masilonyana Local Municipality

3. MUNICIPAL MANAGER’S FOREWORD

To the Mayor

I hereby wish to submit to the Mayor an Adjustment Budget as per the MFMA.

As per section 28 of the Municipal Finance Management Act (MFMA), the Municipal Manager may submit an adjustment budget to the mayor for tabling by 28th of February.

The submission of the adjustment budget forms part of the responsibility of the Mayor of Masilonyana Local Municipality as stipulated in section 28 (4) of the MFMA.

Mr Mojalefa Matlole
Municipal Manager: Masilonyana Local Municipality

4. Executive Summary

In terms section 28 of the MFMA determines that:

- (1) A municipality may revise an approved annual budget through an adjustments budget **[which is the case]**
- (2) An adjustment budget:
 - a. Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year **[which is the case]**;
 - 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 **[which is the case]**;
 - c. May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the Mayor of the municipality **[not applicable]**;
 - d. May authorise the utilisation of projected savings in one vote towards spending under another vote **[which is the case]**;
 - 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 **[not applicable]**;
 - f. May correct any errors in the annual budget **[which is the case]**;
 - g. May provide for any other expenditure within a prescribed framework **[not applicable]**
- (3) An adjustments budget must be in a prescribed form **[which is the case]**

(4) Only the Mayor may table an adjustments budget in the Municipal Council, but an adjustments budget in terms of subsection 2(b) to (g) may only be tabled within any prescribed limitations as to timing and frequency **[which will be the case]**

(5) When an adjustments budget is tabled, it must be accompanied by –

- a. An explanation how the adjustments budget affects the annual budget **[which will be the case];**
- b. A motivation of any material changes to the annual budget **[which will be the case];**
- c. An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years **[which will be the case];**
- d. Any other supporting documentation that may be prescribed **[which will be the case]**

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan **[which will not be the case]**

4.1 Regulation 23(1) of the Municipal Budget and Reporting Regulations determines that:

An adjustment budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in the Council, but not later than 28 February of the current year **[which will be the case]**

A municipality may revise an approved annual budget through an adjustments budget

The following were reasons/Assumption used for adjusting the original MTREF Budget for Masilonyana Local Municipality.

- Adjustment was done where revenue estimates were material under-collection during the last 6 month.
 - Where revenue was additional to revenue that were not anticipated in the annual budget, this were not included during original Budget and now part of the adjustment- Revenue not budgeted for.
 - Where there was no spending on the line items for the 6 months of reporting, then allocated towards spending under another vote.
 - Corrected any errors in the annual budget, it terms of Mscoa Funding and project link to items
 - Where expenditure was not budgeted for in MTREF Budget for 2025/2026 and Unauthorised expenditure will incur if the budget is not adjusted.
 - Reduction on employee related cost as it was not meeting the prescribed minimum pay rate of between 25-40 percent, it was up to 41% more than prescribed rate and needed to be in line with the prescribed rate. Pay rate in sitting at 39% of the total expenditure after adjustment.
- (a) Transfer and subsidies were also adjusted upwards only on DBSA Grant: Installation of bulk and domestic meters (Water and Electricity) initially captured as R23 000 000 and after Adjustment it is R23 800 000 as per the letter submitted from DBSA.

5.HIGH LEVEL OPERATING BUDGET ASSESSMENT

The municipality's total approved budget amounts to R450. million on income and R.449 million on expenditure (Operating Budget), and a capital budget of R43 million and this resulted in a budgeted operating surplus of R1m for MTREF 2025/2026 this budget was considered unfunded after assessment from NT based on the fact that the funded budget is not based on surplus only but the municipality considered Debt impairment and municipality need to use budget tool with assistance from NT to arrive with funded budget but this will be done on the 2026/2027 budget years.

2025/2026 Adjustment Budget

The municipality's total approved budget amounts to R451. million on income and R.448 million on expenditure (Operating Budget), and a capital budget of R43 million and this resulted in a budgeted operating surplus of R3m

- **R451 713 245.** is allocated to the operating revenue budget, ensuring day-to-day service delivery
- **R448 656 857** is allocated to the operating expenditure budget, also ensure day-to-day delivery
- **R43 114 000** is dedicated to capital investment in key infrastructure projects.

Income Statement	Budgets		
	Year - 2026	Year - 2027	Year - 2028
RevenueBySource			
Service charges - Electricity	(63 455 334.00)	(75 103 391.65)	(87 094 883.27)
Service charges - Water	(41 625 028.00)	(48 037 259.87)	(53 532 365.31)
Service charges - Waste Water Management	(23 682 972.00)	(24 896 945.98)	(25 573 000.00)
Service charges - Waste Management	(11 976 931.00)	(12 624 144.72)	(12 984 573.52)
Sale of Goods and Rendering of Services	(14 257 937.00)	(15 817 050.49)	(16 471 814.42)
Agency services	-	-	-
Interest	-	-	-
Interest earned from Receivables	(2 088 000.00)	(1 567 500.00)	(512 500.00)
Interest earned from Current and Non Current Assets	-	-	-
Dividends	-	-	-
Rent on Land	-	-	-
Rental from Fixed Assets	(109 516.00)	(114 662.62)	(117 529.57)
Licence and permits	-	-	-
Operational Revenue	-	-	-
Property rates	(93 037 515.00)	(103 376 857.72)	(112 105 988.54)
Surcharges and Taxes	-	-	-
Fines, penalties and forfeits	-	-	-
Licences or permits	(308 012.00)	(321 872.91)	(329 919.73)
Transfer and subsidies - Operational	(201 172 000.00)	(181 238 000.00)	(189 402 000.00)
Interest	-	-	-
Fuel Levy	-	-	-
Operational Revenue	-	-	-
Gains on disposal of Assets	-	-	-
Other Gains	-	-	-
Discontinued Operations	-	-	-
TOTAL REVENUE (excluding capital transfers and	(451 713 245.00)	(463 097 685.96)	(498 124 574.36)
Expenditure By Type			
Employee related costs	166 697 534.00	180 743 762.00	185 309 228.00
Remuneration of councillors	8 339 059.00	8 714 315.00	8 932 175.00
Bulk purchases - electricity	43 100 000.00	36 679 500.00	37 596 488.00
Inventory consumed	34 227 817.00	46 218 069.00	47 373 519.00
Debt impairment	32 594 795.00	34 061 561.00	33 306 412.29
Depreciation and amortisation	47 713 999.00	49 861 129.05	52 104 879.78
Interest	6 264 000.00	6 545 880.00	6 709 528.00
Contracted services	56 728 940.00	33 904 042.00	34 751 652.40
Transfers and subsidies	-	-	-
Irrecoverable debts written off	7 203 600.00	7 527 762.00	7 715 956.04
Operational costs	45 787 113.00	41 736 158.00	42 969 496.00
Losses on disposal of Assets	-	-	-
Other Losses	-	-	-
TOTAL EXPENDITURE	448 656 857.00	445 992 178.05	456 769 334.51
Surplus/(Deficit)	(3 056 388.00)	(17 105 507.91)	(41 355 239.85)
Transfers and subsidies - capital (monetary allocations)	(43 114 000.00)	(64 238 000.00)	(66 003 000.00)
Transfers and subsidies - capital (in-kind)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(46 170 388.00)	(81 343 507.91)	(107 358 239.85)

6. HIGH LEVEL CAPITAL BUDGET ASSESSMENT

The following Project were not budgeted for due to Municipality not receiving the grant on 2025/2026 financial year and therefore needed to be excluded from the budget. Capital budget was adjustment downward due to this reason.

Reginal Bulk Infrastructure Grant

Project Name	Project Value	Budget 2025/26
Winburg Refurbishment of the Water Treatment Works	R33,630,000.00	R4,535,840.76
Clear Bulk Water Supply from Sedibeng to Winburg	R340,078,098.00	R10,000,000.00

7.RECOMMENDATIONS.

It is recommended that the adjustment budget be approved by Council base on the above reasons and assumptions.



MAYOR QUALITY CERTIFICATE

I, **Dimakatso Elizabeth Modise** the Mayor of Masilonyana Local Municipality, hereby certify that Adjustment Budget has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: Dimakatso Elizabeth Modise

Mayor of: Masilonyana Local Municipality

Signature:

Date:

