Msukaligwa Local Municipality

2025-2026 ADJUSTMENT BUDGET

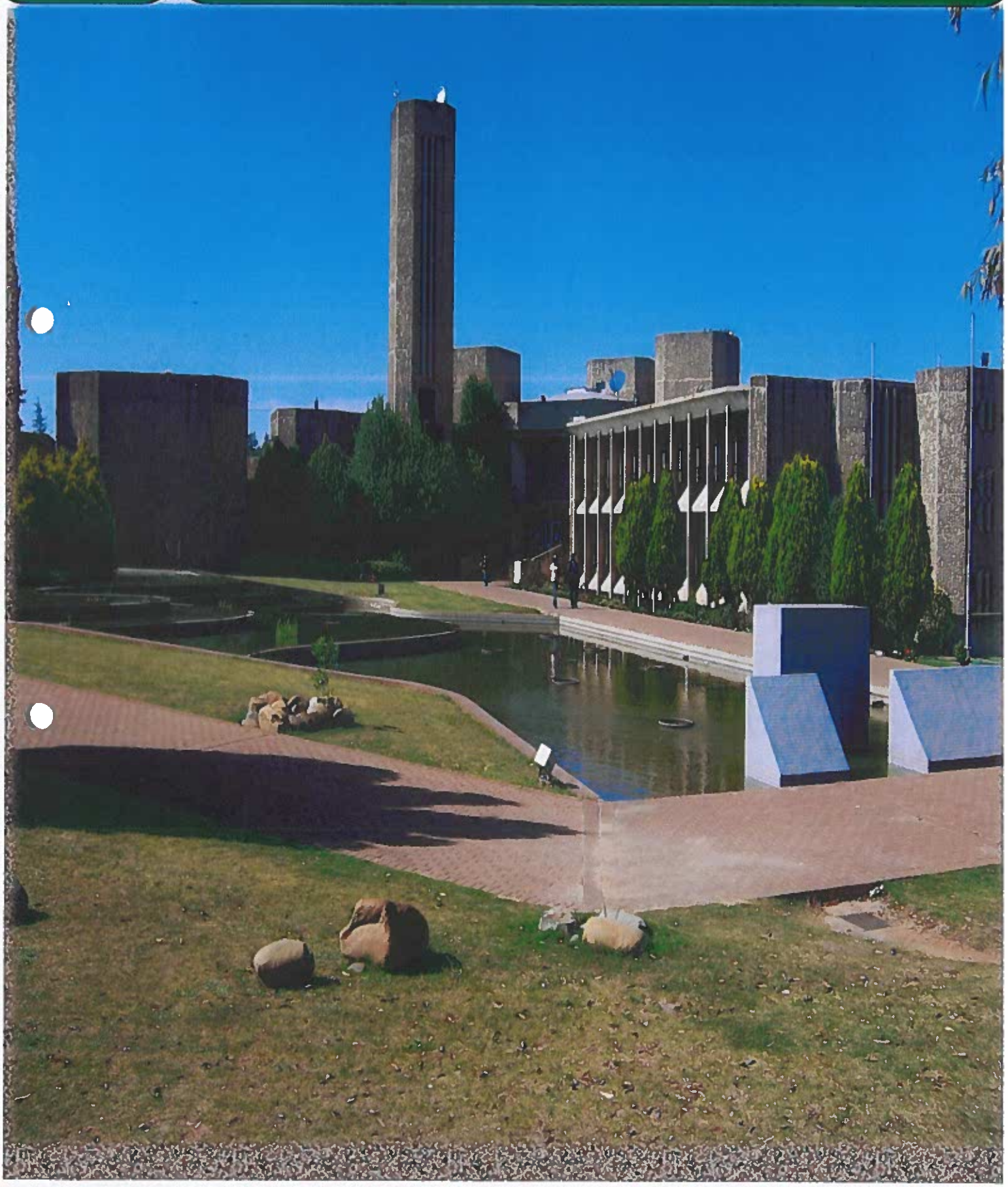


TABLE OF CONTENTS

1. PURPOSE
2. BACKGROUND
3. EXECUTIVE SUMMARY
4. DISCUSSION
5. RECOMMENDATIONS

1. PURPOSE

To table before Council for the approval of the adjustment budget for the financial year 2025/26 in terms section 28 of the MFMA in line with Government Gazette no 52381 dated 25 March 2025 read with Municipal Budget Reporting Regulation 23 of 17 April 2009 Government Gazette no 32141.

2. BACKGROUND

Section 72(1) of the Municipal Finance Management Act (MFMA) requires from the Accounting Officer of the Municipality, to submit a mid-year budget assessment report to the Executive Mayor before the 25th of January each year on the state of the municipality's budget based on the section 71 reports submitted; the municipality's service delivery performance during the first half of the financial year taking the service delivery targets and performance indicators as set in the Service Delivery and Budget Implementation Plan (SDBIP) into account. **Based on the above act, this will necessitate if there is a need for an adjustment budget**. Approved in terms of Council resolution no **LM997/01/2026**

The mid-year budget assessment report only dealt with the financial related matters (budgeted versus actual income and expenditure)..

Section 28 of the MFMA determines that:

"(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, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- *(d) May authorize the utilization of projected savings in one vote towards spending under another vote;*
- *(e) May authorize 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 format **[Schedules B1 to B10 attached as Appendix B to the Adjustments Budget Report]**.

(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 **[before 28 February each year]**.

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

- *(a) An explanation how the adjustments budget affects the annual budget;*
- *(b) A motivation of any material changes to the annual budget;*
- *(c) An explanation of the impact of any increased spending on the annual budget and the*

annual budget for the next two financial years; and

(d) Any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan."

The annual operating and capital budget have been evaluated and adjusted based on the above-mentioned legislative requirements. This report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the SDBIP. No taxes or tariffs are to be adjusted.

Section 54 of the MFMA requires the Executive Mayor to consider the Section 71 and 72 reports and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the SDBIP.

Section 23(1) of the Municipal Budget and Reporting Regulations determines that –

*"An adjustments 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."*

Section 78(1)(c) of the MFMA determines that:

"Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented."

Section 81(1)(b) of the MFMA determines that:

"The Chief Financial Officer of a municipality must advise the Accounting Officer on the exercise of powers and duties assigned to the Accounting Officer in terms of this Act."

Therefore, any expenditure incurred that is not credible, sustainable or relevant to basic service delivery (the mandate of a municipality) which do not relate to an approved budget within the limits of the amounts appropriated for the different votes in an approved budget (Section 15 of the MFMA), will be qualified as unauthorised, irregular or fruitless and wasteful expenditure by the Auditor-General. Over-expenditure of line items after the approval of the Adjustments Budget cannot be tolerated if the Council wants an unqualified audit opinion for the 2024/2025 financial year. The approval of any over-expenditure can therefore be condoned. Virements compliant with the approved Virement Policy and within the limits of the approved budget will have to take place.

The main adjustments budget monitoring issues will now be discussed through paragraphs 2 to 3 of this report. Appropriate recommendations as set out in paragraph 4 will follow as well as appropriate appendices to the report.

3. EXECUTIVE SUMMARY

Section 28 of the Municipal Finance Management Act deals with the Adjustment budget where the municipality can adjust downwards or/and upwards on revenue and expenditure if there are material changes in the estimates and may appropriate additional revenue based on DoRA allocation and authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality.

Table B1 Adjustment Budget Summary

MP302 Msukaligwa - Table B1 Adjustments Budget Summary -

Description	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
Financial Performance											
Property rates	258 951	–	–	–	–	–	–	–	258 951	270 863	282 781
Service charges	608 497	–	–	–	–	–	(16 188)	(16 188)	592 309	537 951	582 544
Investment revenue	5 471	–	–	–	–	–	990	990	6 461	5 722	5 974
Transfers recognised - operational	294 895	–	–	–	–	–	–	–	294 895	307 395	321 237
Other own revenue	158 940	–	–	–	–	–	(48 727)	(48 727)	110 213	166 251	173 566
Total Revenue (excluding capital transfers and contributions)	1 326 753	–	–	–	–	–	(63 924)	(63 924)	1 262 829	1 288 181	1 366 102
Employee costs	332 538	–	–	–	–	–	19 897	19 897	352 435	349 431	367 182
Remuneration of councillors	20 559	–	–	–	–	–	5 691	5 691	26 250	20 674	20 794
Depreciation & asset impairment	222 514	–	–	–	–	–	47	47	222 562	222 514	222 514
Finance charges	22 041	–	–	–	–	–	97 449	97 449	119 490	22 041	22 041
Inventory consumed and bulk purchases	577 253	–	–	–	–	–	161 805	161 805	739 058	568 946	446 617
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	207 563	–	–	–	–	–	16 345	16 345	223 908	106 031	106 031
Total Expenditure	1 382 469	–	–	–	–	–	301 235	301 235	1 683 704	1 269 637	1 185 210
Surplus/(Deficit)	(55 716)	–	–	–	–	–	(365 159)	(365 159)	(420 874)	(1 455)	180 892
Transfers and subsidies - capital (monetary allocations)	162 093	–	–	–	–	–	–	–	162 093	255 909	277 682
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574
Capital expenditure & funds sources											
Capital expenditure	162 093	–	–	–	–	–	32 871	32 871	194 964	255 909	277 682
Transfers recognised - capital	162 093	–	–	–	–	–	–	–	162 093	255 909	277 682
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	32 871	32 871	32 871	–	–
Total sources of capital funds	162 093	–	–	–	–	–	32 871	32 871	194 964	255 909	277 682
Financial position											
Total current assets	3 521 306	–	–	–	–	–	(2 852 676)	(2 852 676)	668 630	(40 228)	(65 107)
Total non current assets	8 283 087	–	–	–	–	–	(5 296 909)	(5 296 909)	2 986 179	127 530	149 302
Total current liabilities	3 376 767	–	–	–	–	–	(418 665)	(418 665)	2 958 102	128 910	(3 449)
Total non current liabilities	81 422	–	–	–	–	–	62 973	62 973	144 395	1 259	1 259
Community wealth/Equity	8 346 204	–	–	–	–	–	(7 793 892)	(7 793 892)	552 312	254 454	458 574
Cash flows											
Net cash from (used) operating	121 819	–	–	–	–	–	(272 656)	(272 656)	(150 837)	312 275	386 984
Net cash from (used) investing	(162 093)	–	–	–	–	–	(32 871)	(32 871)	(194 964)	(255 909)	(277 682)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	19 062	–	–	–	–	–	(321 774)	(321 774)	(302 712)	56 366	109 303
Cash backing/surplus reconciliation											
Cash and investments available	19 062	–	–	–	–	–	(321 774)	(321 774)	(302 712)	56 366	109 303
Application of cash and investments	259 349	–	–	–	–	–	1 510 043	1 510 043	1 769 392	(109 035)	(207 106)
Balance - surplus (shortfall)	(240 288)	–	–	–	–	–	(1 831 817)	(1 831 817)	(2 072 104)	165 401	316 408
Asset Management											
Asset register summary (WDV)	7 787 377	–	–	–	–	–	(4 801 199)	(4 801 199)	2 986 179	127 530	149 302
Depreciation	128 379	–	–	–	–	–	–	–	128 379	128 379	128 379
Renewal and Upgrading of Existing Assets	153 485	–	–	–	–	–	17 099	17 099	170 584	242 318	262 935
Repairs and Maintenance	10 498	–	–	–	–	–	(4 034)	(4 034)	6 464	5 268	5 268
Free services											
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	7 973	–	–	–	–	–	19 884	19 884	9 701	(10 200)	(10 063)
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–	–

4. DISCUSSION

The tables below illustrate the outcome of the original budget and changes made on the original budget.

TABLE B4 – Adjustment Budget Financial Performance (Revenue and Expenditure)

MP302 Msukaligwa - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		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
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	391 236	–	–	–	–	–	(43 778)	(43 778)	347 457	310 816	346 001
Service charges - Water	2	90 618	–	–	–	–	–	32 204	32 204	122 822	94 787	98 957
Service charges - Waste Water Management	2	67 901	–	–	–	–	–	(2 628)	(2 628)	65 273	71 021	74 146
Service charges - Waste Management	2	58 742	–	–	–	–	–	(1 986)	(1 986)	56 756	61 326	63 440
Sale of Goods and Rendering of Services		11 224	–					(6 787)	(6 787)	4 437	11 740	12 257
Agency services		–	–					–	–	–	–	–
Interest		–	–					–	–	–	–	–
Interest earned from Receivables		38 133	–					(8 998)	(8 998)	29 136	39 887	41 642
Interest earned from Current and Non Current Assets		5 471	–					990	990	6 461	5 722	5
Dividends		–	–					–	–	–	–	
Rent on Land		2	–					(0)	(0)	2	2	2
Rental from Fixed Assets		3 453	–					296	296	3 749	3 612	3 771
Licence and permits		98	–					(3)	(3)	94	102	107
Special rating levies		–	–					–	–	–	–	–
Operational Revenue		44 333	–					(42 798)	(42 798)	1 534	46 372	48 412
Non-Exchange Revenue												
Property rates	2	258 951	–	–	–	–	–	–	–	258 951	270 863	282 781
Surcharges and Taxes		–	–					–	–	–	–	–
Fines, penalties and forfeits		49 231	–					11 648	11 648	60 879	51 495	53 761
Licences or permits		–	–					66	66	66	–	–
Transfer and subsidies - Operational		294 895	–					–	–	294 895	307 395	321 237
Interest		12 466	–					(3 501)	(3 501)	8 965	13 039	13 613
Fuel Levy		–	–					–	–	–	–	–
Operational Revenue		–	–					1 351	1 351	1 351	–	–
Gains on disposal of Assets		–	–					–	–	–	–	–
Other Gains		–	–					–	–	–	–	–
Discontinued Operations		–	–					–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		1 326 753	–	–	–	–	–	(63 924)	(63 924)	1 262 829	1 288 181	1 366 102
Expenditure By Type												
Employee related costs		332 538	–	–	–	–	–	19 897	19 897	352 435	349 431	367 182
Remuneration of councillors		20 559	–					5 691	5 691	26 250	20 674	20 794
Bulk purchases - electricity		460 250	–	–	–	–	–	117 800	117 800	578 050	494 078	446
Inventory consumed		117 003	–	–	–	–	–	44 005	44 005	161 008	74 867	
Debt impairment		94 135	–					47	47	94 182	94 135	94 135
Depreciation and amortisation		128 379	–					–	–	128 379	128 379	128 379
Interest		22 041	–					97 449	97 449	119 490	22 041	22 041
Contracted services		124 809	–	–	–	–	–	7 892	7 892	132 701	62 628	62 628
Transfers and subsidies		–	–					–	–	–	–	–
Irrecoverable debts written off		552	–					(552)	(552)	–	552	552
Operational costs		82 202	–					9 005	9 005	91 208	42 851	42 851
Losses on disposal of Assets		–	–					–	–	–	–	–
Other Losses		–	–					–	–	–	–	–
Total Expenditure		1 382 469	–	–	–	–	–	301 235	301 235	1 683 704	1 289 637	1 185 210
Surplus/(Deficit)		(55 716)	–	–	–	–	–	(365 159)	(365 159)	(420 874)	(1 455)	180 892
Transfers and subsidies - capital (monetary allocations)		162 093	–					–	–	162 093	255 909	277 682
Transfers and subsidies - capital (in-kind - all)		–	–					–	–	–	–	–
Surplus/(Deficit) before taxation		106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574
Income Tax		–	–					–	–	–	–	–
Surplus/(Deficit) after taxation		106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574
Share of Surplus/Deficit attributable to Joint Venture												
Share of Surplus/Deficit attributable to Minorities		–	–					–	–	–	–	–
Surplus/(Deficit) attributable to municipality		106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574
Share of Surplus/Deficit attributable to Associate												
Intercompany/Parent subsidiary transactions		–	–					–	–	–	–	–
Surplus/ (Deficit) for the year	1	106 377	–	–	–	–	–	(365 159)	(365 159)	(258 782)	254 454	458 574

Reduction on revenue relates to underperformance on sales of electricity and recovery of doubtful debt where in the mid-year budget performance assessment there has been average 16% loss and no revenue generated as large on other planning and economic development.

Despite the decrease, it worth noting that the there has been an increase in traffic fine issued needs an upward adjustment of R 11 million, however Council need to come with strategies to collect on fined issued through speed cameras on section 341 fines.

Assessing the year-to-date performance on, it appears there is a need to adjust expenditure upward with an amount of **R 294 845 412** to ensure service delivery below is self-explanatory.

(i) Employee related costs
There has been new appointments made during the to reduce the vacancy rate, (R20 million)

(ii) Interest charges
Needs to be increased to cater for the unavoidable interest that will be charged by Eskom and DWS (R97 million).

(iii) Bulk Purchases
The increase is based on prior year's actual performance and year to and mid-year performance (R 117 million)

Table B 5 Adjustment Capital Expenditure

MP302 Msukaligwa - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
Capital expenditure - Vote												
Multi-year expenditure *to be adjusted*	2											
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	–	–	–	–	–	–	–	–
Vote 3 - [NAME OF VOTE 3]		–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Sports and Recreation		–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Public Safety		–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Housing		–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Health		–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Electricity		–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Water Management		–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Waste Water Management		–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Waste Management		–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Road Transport		–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	3	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be adjusted*	2											
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	–	–	–	4 500	4 500	4 500	–	–
Vote 3 - [NAME OF VOTE 3]		–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Sports and Recreation		–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Public Safety		–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Housing		–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Health		–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Electricity		6 691	–	–	–	–	–	7 099	7 099	13 790	10 564	11 462
Vote 11 - Water Management		16 976	–	–	–	–	–	11 273	11 273	28 249	26 801	29 082
Vote 12 - Waste Water Management		114 239	–	–	–	–	–	–	–	114 239	180 358	195 703
Vote 13 - Waste Management		1 917	–	–	–	–	–	–	–	1 917	3 027	3 284
Vote 14 - Road Transport		22 270	–	–	–	–	–	10 000	10 000	32 270	35 159	38 151
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		162 093	–	–	–	–	–	32 871	32 871	194 964	255 909	277 682
Total Capital Expenditure - Vote		162 093	–	–	–	–	–	32 871	32 871	194 964	255 909	277 682
Capital Expenditure - Functional												
Governance and administration		–	–	–	–	–	–	4 500	4 500	4 500	–	–
Executive and council		–	–					–	–	–	–	–
Finance and administration		–	–					4 500	4 500	4 500	–	–
Internal audit		–	–					–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–					–	–	–	–	–
Sport and recreation		–	–					–	–	–	–	–
Public safety		–	–					–	–	–	–	–
Housing		–	–					–	–	–	–	–
Health		–	–					–	–	–	–	–
Economic and environmental services		22 270	–	–	–	–	–	10 000	10 000	32 270	35 159	38 151
Planning and development		–	–					–	–	–	–	–
Road transport		22 270	–					10 000	10 000	32 270	35 159	38 151
Environmental protection		–	–					–	–	–	–	–
Trading services		139 823	–	–	–	–	–	18 371	18 371	158 194	220 750	239 531
Energy sources		6 691	–					7 099	7 099	13 790	10 564	11 462
Water management		16 976	–					11 273	11 273	28 249	26 801	29 082
Waste water management		114 239	–					–	–	114 239	180 358	195 703
Waste management		1 917	–					–	–	1 917	3 027	3 284
Other		–	–					–	–	–	–	–
Total Capital Expenditure - Functional	3	162 093	–	–	–	–	–	32 871	32 871	194 964	255 909	277 682
Funded by:												
National Government		162 093	–					–	–	162 093	255 909	277 682
Provincial Government		–	–					–	–	–	–	–
District Municipality		–	–					–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–					–	–	–	–	–
Transfers recognised - capital	4	162 093	–	–	–	–	–	–	–	162 093	255 909	277 682
Borrowing		–	–					–	–	–	–	–
Internally generated funds		–	–					32 871	32 871	32 871	–	–

The Municipality, through its internally generated funding management, to secure resources for service delivery purposes amounting to R 34 080 000.

1. 8 Light delivery vehicles amount to R 5 085 108
2. 2 Earth moving equipment amounting to R 4 196 475
3. 1 Heavy delivery vehicles amounting to R 1 990 917
4. Computer equipment amounting to R 3 000 000
5. Office furniture amounting to R 1 500 000
6. Road resurfacing amounting to R 10 000 000
7. Refurbishment of 88kv 20mva Transformer R 7 098 881

Table B8 Cash Backed Reserves/accumulated Surplus

MP302 Msukaligwa - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		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
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	19 062	-	-	-	-	-	(321 774)	(321 774)	(302 712)	56 366	109 303
Other current investments > 90 days		0	-	-	-	-	-	(0)	(0)	-	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		19 062	-	-	-	-	-	(321 774)	(321 774)	(302 712)	56 366	109 303
Applications of cash and investments												
Unspent conditional transfers		811 216	-	-	-	-	-	(811 216)	(811 216)	-	-	-
Unspent borrowing									-	-		
Statutory requirements		(603 574)	-					629 488	629 488	25 914	(94 708)	(94 708)
Other working capital requirements	2	(19 239)	-					1 757 588	1 757 588	1 738 349	(14 327)	(112 398)
Other provisions		70 946	-					(65 817)	(65 817)	5 129	-	-
Long term investments committed		-	-					-	-	-	-	-
Reserves to be backed by cash/investments		-	-					-	-	-	-	-
Total Application of cash and investments:		259 349	-	-	-	-	-	1 510 043	1 510 043	1 769 392	(109 035)	(207 106)
Surplus(shortfall)		(240 286)	-	-	-	-	-	(1 831 817)	(1 831 817)	(2 072 104)	165 401	316 408

5. RECOMMENDATIONS

It is recommended that Council:

5.1 **NOTES** the adjustment budget report and the content thereof for the financial 2025/26:

5.2 **NOTES** That the 2025/26 adjustment budget is unfunded

5.3 **APPROVES** that the downward adjustment of overall revenue amounting to R -77 639 942.50.

5.4 **APPROVES** that the upward adjustment adjustment of overall expenditure amounting to R 211, 778, 898.70

5.5 **APPROVES** that the additional own Capital Funding amounting to R 34 080 000

5.6 **APPROVES** the accounting officer to follow all compliance process in relation to the Act and regulation for adjustment budget and report to the relevant stakeholders.

ANNEXURES

ANNEXURE A – Table B 2 Budget Financial Performance (Functional Classification)

MP302 Msukaligwa - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		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
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
Governance and administration		**611 925**	–	–	–	–	–	**(44 934)**	**(44 934)**	**566 990**	**640 902**	**669 413**
Executive and council		285 998	–	–	–	–	–	(12)	(12)	285 986	300 158	313 743
Finance and administration		325 927	–	–	–	–	–	(44 922)	(44 922)	281 004	340 744	355 670
Internal audit		–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**59 779**	–	–	–	–	–	**6 730**	**6 730**	**66 509**	**62 529**	**65 280**
Community and social services		1 218	–	–	–	–	–	(270)	(270)	948	1 274	1 330
Sport and recreation		344	–	–	–	–	–	(206)	(206)	138	360	[illegible]
Public safety		54 991	–	–	–	–	–	6 895	6 895	61 886	57 521	60 [illegible]
Housing		3 226	–	–	–	–	–	311	311	3 537	3 375	3 523
Health		–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**8 462**	–	–	–	–	–	**(1 451)**	**(1 451)**	**7 012**	**6 957**	**7 269**
Planning and development		8 013	–	–	–	–	–	(1 212)	(1 212)	6 800	6 487	6 778
Road transport		450	–	–	–	–	–	(238)	(238)	211	470	491
Environmental protection		–	–	–	–	–	–	–	–	–	–	–
Trading services		**808 508**	–	–	–	–	–	**(24 278)**	**(24 278)**	**784 230**	**833 522**	**901 634**
Energy sources		407 731	–	–	–	–	–	(46 709)	(46 709)	361 023	331 581	363 510
Water management		257 918	–	–	–	–	–	29 428	29 428	287 346	352 632	382 829
Waste water management		76 200	–	–	–	–	–	(3 184)	(3 184)	73 016	79 702	83 209
Waste management		66 659	–	–	–	–	–	(3 814)	(3 814)	62 845	69 608	72 085
Other		**172**	–	–	–	–	–	**9**	**9**	**182**	**180**	**188**
Total Revenue - Functional	2	**1 488 846**	–	–	–	–	–	**(63 924)**	**(63 924)**	**1 424 922**	**1 544 090**	**1 643 784**
Expenditure - Functional												
Governance and administration		**276 256**	–	–	–	–	–	**24 272**	**24 272**	**300 528**	**231 352**	**238 152**
Executive and council		82 346	–	–	–	–	–	4 557	4 557	86 902	69 467	70 660
Finance and administration		191 889	–	–	–	–	–	19 592	19 592	211 482	159 762	165 260
Internal audit		2 021	–	–	–	–	–	123	123	2 144	2 124	2 232
Community and public safety		**150 524**	–	–	–	–	–	**3 337**	**3 337**	**153 861**	**125 224**	**128 61[illegible]**
Community and social services		90 080	–	–	–	–	–	1 987	1 987	92 067	65 609	67 [illegible]
Sport and recreation		22 233	–	–	–	–	–	719	719	22 952	22 307	22 853
Public safety		33 013	–	–	–	–	–	316	316	33 329	31 894	32 943
Housing		5 185	–	–	–	–	–	315	315	5 500	5 408	5 677
Health		12	–	–	–	–	–	–	–	12	6	6
Economic and environmental services		**96 628**	–	–	–	–	–	**12 269**	**12 269**	**108 897**	**90 429**	**85 446**
Planning and development		12 747	–	–	–	–	–	775	775	13 522	10 952	11 375
Road transport		83 881	–	–	–	–	–	11 494	11 494	95 375	79 477	74 071
Environmental protection		–	–	–	–	–	–	–	–	–	–	–
Trading services		**858 568**	–	–	–	–	–	**261 356**	**261 356**	**1 119 924**	**842 140**	**732 509**
Energy sources		565 506	–	–	–	–	–	234 584	234 584	800 089	579 526	513 096
Water management		122 367	–	–	–	–	–	23 794	23 794	146 160	94 458	51 787
Waste water management		129 610	–	–	–	–	–	(11)	(11)	129 600	128 550	127 877
Waste management		41 085	–	–	–	–	–	2 990	2 990	44 075	39 606	39 749
Other		–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**1 381 976**	–	–	–	–	–	**301 235**	**301 235**	**1 683 211**	**1 289 144**	**1 184 717**
Surplus/ (Deficit) for the year		**106 870**	–	–	–	–	–	**(365 159)**	**(365 159)**	**(258 289)**	**254 946**	**459 067**

ANNEXURE B – Table B3 Adjustment Budget Financial Performance (Revenue and Expenditure by municipal Vote)

MP302 Msukaligwa - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		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
[insert departmental structure etc]			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		285 998	–	–	–	–	–	(12)	(12)	285 986	300 158	313 743
Vote 2 - Finance & Administration		325 927	–	–	–	–	–	(44 922)	(44 922)	281 004	340 744	355 670
Vote 3 - [NAME OF VOTE 3]		–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Sports and Recreation		284	–	–	–	–	–	(213)	(213)	71	297	310
Vote 5 - Public Safety		54 991	–	–	–	–	–	6 895	6 895	61 886	57 521	60 052
Vote 6 - Housing		3 226	–	–	–	–	–	311	311	3 537	3 375	3 523
Vote 7 - Health		–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Economic Development		4 834	–	–	–	–	–	(1 212)	(1 212)	3 621	3 037	3 171
Vote 9 - Community and Social Services		1 278	–	–	–	–	–	(262)	(262)	1 015	1 337	1 395
ote 10 - Electricity		407 731	–	–	–	–	–	(46 709)	(46 709)	361 023	331 581	363
Vote 11 - Water Management		257 918	–	–	–	–	–	29 428	29 428	287 346	352 632	382 829
Vote 12 - Waste Water Management		76 200	–	–	–	–	–	(3 184)	(3 184)	73 016	79 702	83 209
Vote 13 - Waste Management		66 659	–	–	–	–	–	(3 814)	(3 814)	62 845	69 608	72 085
Vote 14 - Road Transport		3 629	–	–	–	–	–	(238)	(238)	3 390	3 920	4 098
Vote 15 - Other		172	–	–	–	–	–	9	9	182	180	188
Total Revenue by Vote	2	**1 488 846**	–	–	–	–	–	**(63 924)**	**(63 924)**	**1 424 922**	**1 544 090**	**1 643 784**
Expenditure by Vote	1											
Vote 1 - Executive and Council		89 684	–	–	–	–	–	4 155	4 155	93 839	76 150	77 631
Vote 2 - Finance & Administration		185 932	–	–	–	–	–	20 078	20 078	206 010	154 532	159 817
Vote 3 - [NAME OF VOTE 3]		–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Sports and Recreation		13 326	–	–	–	–	–	98	98	13 424	13 172	13 303
Vote 5 - Public Safety		45 489	–	–	–	–	–	1 078	1 078	46 567	45 003	46 718
Vote 6 - Housing		5 185	–	–	–	–	–	315	315	5 500	5 408	5 677
Vote 7 - Health		12	–	–	–	–	–	–	–	12	6	6
Vote 8 - Planning and Economic Development		8 856	–	–	–	–	–	517	517	9 373	6 894	7 114
Vote 9 - Community and Social Services		98 987	–	–	–	–	–	2 609	2 609	101 596	74 743	76 681
Vote 10 - Electricity		565 506	–	–	–	–	–	234 584	234 584	800 089	579 526	513 096
Vote 11 - Water Management		122 367	–	–	–	–	–	23 794	23 794	146 160	94 458	51 787
Vote 12 - Waste Water Management		129 610	–	–	–	–	–	(11)	(11)	129 600	128 550	127 877
Vote 13 - Waste Management		41 085	–	–	–	–	–	2 990	2 990	44 075	39 606	39 749
ote 14 - Road Transport		75 296	–	–	–	–	–	10 990	10 990	86 286	70 425	64
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**1 381 336**	–	–	–	–	–	**301 196**	**301 196**	**1 682 532**	**1 288 474**	**1 184 013**
Surplus/ (Deficit) for the year	2	**107 510**	–	–	–	–	–	**(365 120)**	**(365 120)**	**(257 610)**	**255 617**	**459 771**

ANNEXURE C – B6 ADJUSTMENT BUDGET FINANCIAL POSITION

MP302 Msukaligwa - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
ASSETS												
Current assets												
Cash and cash equivalents		19 062	–					(321 774)	(321 774)	(302 712)	56 366	109 303
Trade and other receivables from exchange transactions	1	1 842 268	–	–	–	–	–	(1 488 892)	(1 488 892)	353 376	35 280	(28 079)
Receivables from non-exchange transactions	1	582 864	–	–	–	–	–	(356 954)	(356 954)	225 910	152 406	145 066
Current portion of non-current receivables	2	–	–					–	–	–	–	–
Inventory		31 775	–	–	–	–	–	(329 097)	(329 097)	(297 322)	(372 189)	(372 189)
VAT		1 034 526	–					(345 149)	(345 149)	689 378	87 908	80 793
Other current assets		10 810	–					(10 810)	(10 810)	–	–	–
Total current assets		3 521 306	–	–	–	–	–	(2 852 676)	(2 852 676)	668 630	(40 228)	(65 107)
Non current assets												
Investments		–	–					–	–	–	–	–
Investment property		164 639	–					7 465	7 465	172 104	–	–
Property, plant and equipment	3	8 118 005	–	–	–	–	–	(5 304 111)	(5 304 111)	2 813 894	127 530	149 302
Biological assets		–	–					–	–	–	–	–
Living and non-living resources		–	–					–	–	–	–	–
Heritage assets		175	–					(0)	(0)	175	–	–
Intangible assets		268	–					(263)	(263)	5	–	–
Trade and other receivables from exchange transactions		–	–					–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–					–	–	–	–	–
Other non-current assets		–	–					–	–	–	–	–
Total non current assets		8 283 087	–	–	–	–	–	(5 296 909)	(5 296 909)	2 986 179	127 530	149 302
TOTAL ASSETS		11 804 393	–	–	–	–	–	(8 149 584)	(8 149 584)	3 654 809	87 301	84 195
LIABILITIES												
Current liabilities												
Bank overdraft		–	–					–	–	–	–	–
Financial liabilities		–	–	–	–	–	–	–	–	–	–	–
Consumer deposits		21 660	–					(10 746)	(10 746)	10 914	–	–
Trade and other payables from exchange transactions		2 027 228	–	–	–	–	–	183 930	183 930	2 211 158	120 193	(12 549)
Trade and other payables from non-exchange transactions		811 216	–	–	–	–	–	(811 216)	(811 216)	–	–	–
Provisions		70 946	–					(65 817)	(65 817)	5 129	–	–
VAT		445 717	–					285 184	285 184	730 901	8 717	
Other current liabilities		–	–					–	–	–	–	
Total current liabilities		3 376 767	–	–	–	–	–	(418 665)	(418 665)	2 958 102	128 910	(3 449)
Non current liabilities												
Borrowing	1	3 905	–	–	–	–	–	(699)	(699)	3 206	1 259	1 259
Provisions	1	67 772	–	–	–	–	–	(5 481)	(5 481)	62 292	–	–
Long term portion of trade payables		–	–					–	–	–	–	–
Other non-current liabilities		9 745	–					69 152	69 152	78 897	–	–
Total non current liabilities		81 422	–	–	–	–	–	62 973	62 973	144 395	1 259	1 259
TOTAL LIABILITIES		3 458 189	–	–	–	–	–	(355 692)	(355 692)	3 102 497	130 169	(2 190)
NET ASSETS	2	8 346 204	–	–	–	–	–	(7 793 892)	(7 793 892)	552 312	(42 868)	86 385
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		8 346 204	–	–	–	–	–	(7 793 892)	(7 793 892)	552 312	254 454	458 574
Funds and Reserves		–	–	–	–	–	–	–	–	–	–	–
Other		–	–					–			–	–
TOTAL COMMUNITY WEALTH/EQUITY		8 346 204	–	–	–	–	–	(7 793 892)	(7 793 892)	552 312	254 454	458 574

ANNEXURE D – Table B7 Cash Flows

MP302 Msukaligwa - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		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
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		201 982	-					-	-	201 982	189 450	212 086
Service charges		550 876	-					(24 960)	(24 960)	525 916	398 114	550 353
Other revenue		67 653	-					(44 962)	(44 962)	22 691	70 765	73 879
Transfers and Subsidies - Operational	1	294 895	-					-	-	294 895	307 395	321 237
Transfers and Subsidies - Capital	1	162 093	-					-	-	162 093	255 909	[illegible]2
Interest		34 098	-					(14 173)	(14 173)	19 924	48 801	5 974
Dividends		-	-					-	-	-	-	-
Payments												
Suppliers and employees		(1 159 402)	-					(81 461)	(81 461)	(1 240 862)	(926 385)	(1 032 186)
Finance charges		(30 376)	-					(107 100)	(107 100)	(137 477)	(31 774)	(22 041)
Transfers and Subsidies	1	-	-					-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		121 819	-	-	-	-	-	(272 656)	(272 656)	(150 837)	312 275	386 984
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-	-					-	-	-	-	-
Decrease (increase) in non-current receivables		-	-					-	-	-	-	-
Decrease (increase) in non-current investments		-	-					-	-	-	-	-
Payments												
Capital assets		(162 093)	-					(32 871)	(32 871)	(194 964)	(255 909)	(27[illegible]682)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(162 093)	-	-	-	-	-	(32 871)	(32 871)	(194 964)	(255 909)	(27[illegible]682)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-					-	-	-	-	-
Borrowing long term/refinancing		-	-					-	-	-	-	-
Increase (decrease) in consumer deposits		-	-					-	-	-	-	-
Payments												
Repayment of borrowing		-	-					-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(40 274)	-	-	-	-	-	(305 527)	(305 527)	(345 802)	56 366	109 303
Cash/cash equivalents at the year begin:	2	59 336	-					(16 246)	(16 246)	43 090	-	-
Cash/cash equivalents at the year end:	2	19 062	-	-	-	-	-	(321 774)	(321 774)	(302 712)	56 366	109 303