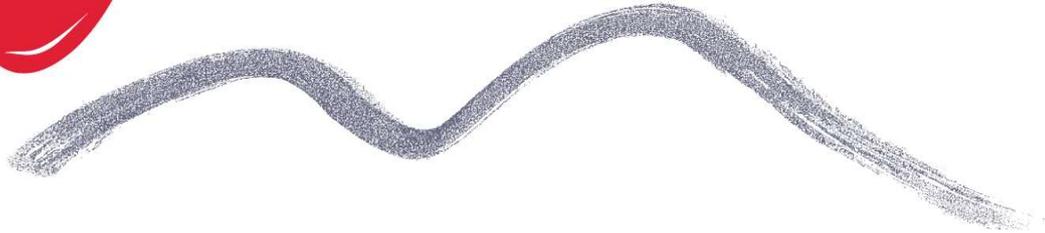




WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase



Medium Term Revenue and Expenditure Framework

Adjustments Budget
2025/2026 to 2027/2028

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.
Allocations – Money received from Provincial or National Government or other municipalities.
AFS – Annual Financial Statements.
Budget – The financial plan of the Municipality.
Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.
Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.
Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.
CFO – Chief Financial Officer
DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.
Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.
GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.
GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.
IDP – Integrated Development Plan. The main strategic planning document of the Municipality
KPI's – Key Performance Indicators. Measures of service output and/or outcome.
MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.
MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.
NT – National Treasury
Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.
Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.
Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.
R&M – Repairs and maintenance on property, plant and equipment.
SCM – Supply Chain Management.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, expenditure without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers.

Vote – One of the main segments into which a budget is divided. In Witzenberg Municipality the following votes and responsible senior manager was approved:

- Budget & Treasury Office – Director: Financial services
- Civil Services - Director: Technical services
- Community & Social Services – Director: Community services
- Corporate Services – Director: Corporate services
- Electro Technical Services - Director: Technical services
- Executive & Council – Municipal Manager
- Housing– Director: Community services
- Planning - Director: Technical services
- Public Safety– Director: Community services
- Sport & Recreation– Director: Community services

PART 1 – ADJUSTMENTS BUDGET

Section 1 – Mayor’s Report

Speaker
Aldermen
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials

Introduction

It is my privilege to present to you the Annual Adjustments Budget for the 2025 / 2026 financial year.

This adjustment budget seeks to adjust revenues and expenditure based upon the mid-year assessment report and any relevant information. The budget also incorporates amendments to grant allocations as envisaged in adjusted government gazettes.

The reason for the tabling of this adjustment budget is fully disclosed in the executive summary of this report.

The Adjustment Budget is drafted in terms of the requirements of the section 28 of the Municipal Finance Management Act (MFMA)

Tabling

Honourable Speaker, I recommend that the adjustments budget be approved.

**COUNCILLOR T ABRAHAMS
EXECUTIVE MAYOR**

Section 2 – Resolutions

ADJUSTMENTS MTREF 2025/2026

The resolutions tabled at Council for consideration with approval of the adjustments budget will be:

RECOMMENDATION:

- a) That the adjustment budget of Witzenberg Municipality for the financial year 2025/2026 as set out in the budget documents attached be approved:
 - i. Table B1 - Budget summary;
 - ii. Table B2 - Adjustments Budget Financial Performance (by standard classification);
 - iii. Table B3 - Budgeted Financial performance (Revenue and Expenditure) by Vote;
 - iv. Table B4 - Adjustments Budget Financial Performance (revenue by source); and
 - v. Table B5 - Budgeted Capital Expenditure by Vote, standard classification and funding.

- (b) That the monthly and quarterly financial targets of the service delivery and budget implementation plan be adjusted to correspond with the approved adjustments budget figures.

Section 3 – Executive Summary

3.1 Introduction

Adjustments to both the operating and capital budget are required to make provision for adjustments in expected expenditure and certain capital projects for the financial year.

Operational budget

In summary the operating budget has been adjusted as follow:

Operational Revenue Budget

Dept.	Ref	Description	Fund	Amount
Sewerage	a	Industrial Effluent	Own	-R21 000 000
Social	b	Operation Grant	Belgium	R56 000
Housing	c	Operation Grant	RSEP	-R700 000
Housing	c	Operation Grant	Deeds	-R238 000
Housing	c	Operational Grant_IUSP	Housing	-R2 147 000
Traffic	d	Operational Grant_Safety	CWDM	R75 000
Finance	e	Reversal of Impairment	Own	R30 000 000
Electricity	f	Service Charges Electricity	Own	R35 200 000
Operational Budget Revenue Adjustments				R41 246 000,00

* All Grant Revenue inclusive of Surcharges & Taxes

Reasons for Adjustments to Operating Revenue Budget

- Client has arranged for alternative irrigation of Industrial Effluent on Municipal Property and has recently upgraded their own treatment works.
- Adjustment to Belgium Grant allocation in terms of agreement
- Adjustments in terms of Extraordinary Provincial Gazette
- Cape Winelands contribution to Community Safety
- Accounting: Reversal of Debt Impairment previously provided for and subsequent write off
- Expected Increase in billing from Large Power User

Operational Expenditure Budget

Dept.	Ref	Description	Fund	Amount
Electricity	a	Bulk Purchases	Own	R35 183 680
Social	b	Typical Workstreams Projects	Belg	R56 000
Stormwater	c	Typical Work Streams EPWP Project	Own	R400 000
LED	d	Security Service	Own	R111 420
Waste	d	Security Service	Own	R200 000
IT	e	Printing	Own	R200 000
Cemetries	f	Maintenance of Cemeteries	Own	R47 418
Roads	g	Unplanned Maintenance Contractors	Own	R300 000
Roads	h	Unplanned Maintenance Materials	Own	R200 000
Roads	i	Unplanned Maintenance Road Marking	Own	R200 000
Waste	m	Typical Work Streams EPWP Project	Belg	R790 000
LED	c	Typical Work Streams Compilation of Plan	Own	R350 000
Housing	j	Maintenance of Informal Settlements	RSEP	-R700 000
Housing	j	Legal Advice & Litigation Title Deeds	Deeds	-R238 000

Dept.	Ref	Description	Fund	Amount
Housing	j	Project Link Support_IUSPG	House	-R2 147 000
Traffic	k	Uniforms & Protective Clothing	CWD	R75 000
	l	Irrecoverable Debt Written Off	OWN	R30 000 000
Operational Budget Expenditure Adjustment				R65 028 518,00

Reasons for Adjustments to Operating Expenditure Budget:

- a) Initial Budget projection for Bulk Purchases is too low.
- b) Adjustment to Belgium Grant allocation in terms of agreement
- c) Additional Funds required for the continued employment of EPWP
- d) Additional Funds required for Security Services
- e) Additional Funds required for printing
- f) Funds required for the outsourcing of the maintenance of cemeteries
- g) Funds required for road reinstatement for pipe bursts,
- h) Funds required for repair of storm water infrastructure
- i) Anticipated shortfall on road marking
- j) Adjustments in terms of Extraordinary Provincial Gazette
- k) Cape Winelands contribution to Community Safety
- l) Accounting: Reversal of Debt Impairment previously provided for and subsequent write off
- m) Funds unspent at beginning of financial year.

Capital budget

In summary the Capital budget has been adjusted as follow:

Total Capital Adjustments by funding source:

Funding Source	Adjustment
Own	R 10 610 000

Detailed Capital Adjustments

Dept.	Ref	Description	Funding	Amount
LED	a	Electronic Roller Shutter Door	Own	-R10 000
Storm Water	b	High Pressure drain jetting machine	Own	R620 000
Cemeteries & Sport	c	Purchase of land for Cemetery & Sport field - ODB	Own	R7 000 000
Administration	d	Purchase of Office Building	Own	R3 000 000
Total Capital Budget Adjustment				R10 610 000,00

Reasons for Capital Budget Adjustments can be summarised as follow:

- a) Saving
- b) Insurance Replacement
- c) Very limited cemetery space available. The development of sport facilities is an existing need within the IDP. The purchase of the land is the initial step in sourcing government funding for future upgrades.
- d) Limited office space available to service the community. Additional office space will result in savings from lease rentals.

3.2 Provision of basic services

The provision of basic services will be improved by the approval of the adjustment budget.

3.3 Effect of the adjustment budget

3.3.1 *Service delivery and budget implementation plan*

Except for the adjustment of the monthly revenue and expenditure targets, the impact to the SDBIP in terms of target adjustments is highlighted in SDBIP report.

3.3.2 *Service delivery agreements*

None

3.3.3 *Medium term revenue and expenditure framework*

The impact to the outer years is minimal.

3.3.4 *Long term financial sustainability*

The approval of the adjustment budget will have no material effect on the long-term financial sustainability of the municipality.

3.4 Adjustment highlights

The adjustments budget seeks to comply with section 28 of the MFMA. Therefore, all adjustments are discussed according to the sub-sections of Section 28(2) of the MFMA.

3.4.1 Correction of expenditure.

3.4.2 Appropriation of additional revenues

Provincial grant allocation adjustments have been provided for in the budget

3.4.3 Authorisation of unforeseen and unavoidable expenditure

No material items.

3.4.4 Utilisation of project savings between votes

No material items.

3.4.5 Correction of errors in annual budget

No material items.

3.4.6 Roll-over of unspent funds

No material items

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Adjustments to budget assumptions

Revenue

There are no changes to the budget assumptions for operating revenue. The billing for service charges remains in line with projected budget estimates.

Expenditure

None

Section 5 – Adjustments to budget funding

5.1 Summary of the impact of the adjustments budget

5.1.1 *Funding of operating and capital expenditure*

The Budget remains funded by realistic anticipated revenues and cash backed accumulated reserves

5.1.2 *Financial plans*

No amendments.

5.1.3 *Reserves*

The only reserve that is cash backed at this stage is the capital replacement reserve.

5.1.4 *Financial sustainability of the municipality*

The financial sustainability of the municipality remains positive as the municipality is enjoying a positive bank balance whilst the cost coverage ratio and liquidity ratios remains within acceptable norms

5.2 Expenditure funded in accordance with MFMA section 18

No additional new loans included in the budget.

5.3 Adjustments to collection levels estimated

The year-to-date collection rate as at 31 December 2025 is 88%, which is above the collection rate of 78% for the comparative prior year figure.

5.4 Adjustments to the monetary investments

No major adjustments.

5.5 Adjustments to contributions and donations in cash or in-kind

Summarised in

5.6 Adjustments related to proceeds from the sale of assets

None

5.7 Adjustments related to proceeds from the lease of assets, where the period of the lease is three years or more;

None

5.8 Adjustments related to the planned use of previous years' cash backed accumulated surplus

None

5.9 Adjustments related to new proposed loans to be raised in the budget year

None

Section 6 – Adjustments to expenditure on allocations and grant programmes

Disclosure on expenditure on allocations and grant programmes is included in supporting table SB7. Small adjustments were made to SB7 in order to align it to adjusted National & Provincial Government Gazettes

Section 7 – Adjustments to allocations or grants made by the municipality**Section 8 – Adjustments to councillors and board member's allowances and employee benefits**

None.

Section 9 – Adjustments to service delivery and budget implementation plan**9.1 Quarterly service delivery targets and performance indicators in the SDBIP**

No adjustments were made to any non-financial indicators.

9.2 Key financial indicators

No adjustments were made to the key financial indicators.

9.3 Monthly targets for revenue, expenditure and cash flow

No major adjustments

Section 10 Municipal Manager's quality certification

Quality Certificate

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the budget and supporting documentations are consistent with the Integrated Development Plan of the municipality.

Print name Mr D NASSON

Municipal Manager of Witzenberg Municipality

Signature _____

Date _____