



EXTRACT FROM THE COUNCIL MINUTES HELD ON 29 SEPTEMBER 2025

Item A6. 29.09.2025

ADJUSTMENT BUDGET FOR 2025/26 - 2027/2028 – SEPTEMBER 2025

S Stanley: Chief Financial Officer

(Ref.: 6/1/1/1)

PURPOSE OF REPORT

The purpose of the report is to submit the September adjustment budget for 2025/26 to Council for consideration.

BACKGROUND

The Final budget for the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) 2025/26 was tabled and approved by Council during a council meeting in May 2025 as per legislation. The tabled budget included the projected Revenue and Expenditure projections for the financial year. With the conclusion of the 2024/25 financial year, the total allocations received in terms of grant funding from Provincial government could not be spend due to the late promulgation of the Gazette and the finalisation of the supply chain management processes. The municipality was required to apply for roll-over and the funds was approved by Provincial government. The project is required to be included as part of the budget to enable spending. Additional review of other items is also included as per MFMA guidance.

The Medium-Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 29 September 2025.

LEGAL FRAMEWORK

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Section 23 of the Municipal Budgeting and Reporting Regulations (MBRR) stipulates as follows:

Municipal adjustments budgets (MFMA)

"28. (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 budget 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 financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.”*

In addition to section 28 of the MFMA, section 23 of the Municipal Budgeting and Reporting Regulations states as follows:

“23. Timeframes for tabling of adjustments budgets

- (a) *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 during the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.*
- (b) *Only one adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub-regulation (3) applies.*
- (c) *If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.*
- (d) *An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred within the period set in section 29(3) of the Act.*
- (e) *An adjustments budget referred to in section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate.*
- (f) *An adjustments budget contemplated in section 28(2)(G) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –*
(g) dealt with as part of the adjustments budget contemplated in sub-regulation (1); and
- (h) *A special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a) (i) of the Act.”*

MOTIVATION / EXPLANATION

An adjustments budget referred to in section 28(2) of the MFMA will be tabled for consideration to the municipal council.

Details relating to the changes/movements to the Approved budget as follows:

CAPITAL BUDGET

<u>Description</u>	<u>Approved Budget 2025/26</u>	<u>Amendments</u>	<u>Adjustment budget 2025/26</u>
Capital projects	R14 877 500	R1 026 774	R15 904 274
Total	R14 877 500	R1 026 774	R15 904 274
Funding			
CRR / Internal resources	R5 177 500	R578 791	R5 756 291
External borrowing	R9 200 000	0	R9 200 000
Grants	R500 000	R447 983	R947 983
Total	R14 877 500	R1 026 774	R15 904 274

Per department breakdown:

<u>Description</u>	<u>Approved Budget 2025/26</u>	<u>Amendments</u>	<u>Adjustment budget 2025/26</u>
CORPORATE SERVICES			
Fencing/Wall Head Office	R0	R105 000	R105 000
Computer Equipment	R260 000	-R105 000	R155 000
Sub-total	R260,000	R0	R260,000
COMMUNITY SERVICES			
Water Truck	R0	R653 774	R653 774
Chalet Upgrade	R0	R150 000	R150 000
Electrical DB Boxes	R0	R123 000	R123 000
Access Control - Resort Uilenkraalsmond	R0	R100 000	R100 000
Sub-total	0	R1 026 774	R1 026 774
Total	R14 877 500	R1 026 774	R15 904 274

Details:

Corporate services

Review of projects required to complete the Fencing project that was implemented in the 2024/25 financial year. Due to challenges experienced and reported with the service provider the project could not be concluded by year-end. ICT unit review the capital projects requirements and projections that less computer related equipment will be required for the financial year.

No additional cost on the municipal budget.

Community services

The water truck (Emergency fire services) relates to the unspent grant that was successfully retained from Provincial government. The shortfall on the project of R205 791 will be finance by internal resources.

The capital projects tabled for the Municipal resorts related to the following and needs to be urgently implemented to address the services delivery challenges –

Chalet Upgrade – This was a project that started in 2024/25, and funding is required to complete. This is a potential Revenue enhancement with additional capacity for holiday rentals being upgraded.

Electrical DB Boxes - This project is due to the risk of injury or other fire risk that exist if not addressed and needs urgent intervention.

Access Control - Resort Uilenkraalsmond – This is a project that could not be finalised in 2024/25 and needs to be complete as part of the upcoming holiday readiness program.

The nett result of the revised capital project is the additional funding from CRR projects that is reflected above. The sources is available as part of the municipal CRR reserves at year-end.

OPERATION BUDGET

Revenues

<u>Description</u>	<u>Approved Budget 2025/26</u>	<u>Amendments</u>	<u>Adjustment budget 2025/26</u>
Sewerage infrastructure service charges	R0	R750 000	R750 000
Roll-Over Infrastructure Grant	R0	R447 983	R447 983
General Service (water) and Interest on rentals, fire accounts, solid waste	R0	R29 000	R29 000

Details:

Revenue for sewerage infrastructure was not provisioned separately at Uilenkraalsmond resort, hence had to be taken into consideration for the new financial year.

A roll-over on grant funding for the water truck was approved by Provincial Treasury and needs to be recorded for this year to collect the new vehicle.

Provision for interest relating the different customer groups and services rendered is required as per the Provincial Treasury advisory instruction to improve reporting of financial information for the 2025/26 year.

Expenditures

<u>Description</u>	<u>Approved Budget 2025/26</u>	<u>Amendments</u>	<u>Adjustment budget 2025/26</u>
Corporate services			
Union representative (full time)	R0	R50 000	R50 000
Financial services			
Auditor General	R 3 500 000	R139 000	R3 639 000
Business and Advisory	R350 000	R200 000	R550 000
Community services			
Contracted Services (Repairs & Maintenance)	R6 504 760	-R2 000 000	R4 504 760
Non-Maintenance cost (Operational Costs)	R0	R2 000 000	R2 000 000
Contractors' maintenance Die Dam	R220 000	R180 000	R400 000
Contractors' maintenance Fire and Emergency Services	R75 000	R210 000	R285 000
Capital funding			
Grant Roll-over – surplus account	R544 909	R447 983	R992 892

Details:**Corporate services**

A virement was processed and provision for the new Full-time shop steward as per the SALGA agreement.

Financial services

Review of projected Auditor General cost, as well as other provision for Business and advisory services for project implementation.

Community services

Review of the alignment of the Kawyderskraal cost associated with Repairs and Maintenance and Operational cost to ensure accurate reporting. This is done as per instruction from the Auditor General as part of the 2023/24 audit outcomes. No effect on the Approved budget

Urgent budget provision was required for municipal resorts to ensure Summer readiness program can be implemented and preparation for upcoming holiday season.

Emergency (Fire) funding required to ensure preparations of summer project and review budget projections with project implementation requirements.

Capital funding

Alignment and inclusion of the unspent grant approved by Provincial government as part of the unspent grant process.

Detail relating to the above will be included as part of the Budget report tabled to Council. The schedules are included in the budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) – see Schedule B attached.

RESOLVED: (Proposed by Ald. J Niewoudt and seconded by Ald. A Franken)

- 1) Cognisance was taken of the presentation as presented at the Council Meeting.
- 2) The September Adjustment budget of Overberg District Municipality for the financial year 2025/26, and indicative for the projected outer years 2026/27 and 2027/28 was approved as set out in the following schedules:
 - i. Adjustment Budget Summary – Table B1;
 - ii. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table B2;
 - iii. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) - Table B2;
 - iv. Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3;
 - v. Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table B3;
 - vi. Budgeted Financial Performance (revenue and expenditure) – Table B4;
 - vii. Budgeted Capital Expenditure by vote and funding – Table B5;
 - viii. Budgeted Financial Position – Table B6;
 - ix. Budgeted Cash Flows Table B7;
 - x. Cash backed reserves/accumulated surplus reconciliation – Table B8;
 - xi. Asset Management – Table B9; and
 - xii. Basic service delivery measurement table B10

- 3.) The changes (if any) to the SDBIP were considered and approved by Council.

**CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD
ON 29 SEPTEMBER 2025.**

A handwritten signature in black ink, appearing to be 'R Bosman', written over a solid horizontal line.

**R BOSMAN
MUNICIPAL MANAGER**