
NQUTHU MUNICIPALITY



BUDGET ADJUSTMENT 2025-26

NARRATION FOR ADJUSTMENTS

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1.1. MAYORS' REPORT

The 2025/2026 MTREF was approved by Council on 28 May 2025 in accordance with Section 24(1) of the Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003). In terms of section 28 of the MFMA a municipality may revise an approved annual budget through an adjustments budget. Only the Mayor may table an adjustments budget in the municipal council. The consideration for the adjustment budget is drawn from internal and external budgetary impacts thereby covering the contents of the Section 72 report extending to include the feedback on assessment of S72 submission by Provincial Treasury.

Additionally, consideration of inputs were included from the National Treasury through the Government Gazette no.54100 issued on 06 February 2026 regarding the increase of conditional allocations to provinces in terms of DORA section 6(4), 7(4) and 8(4) of the Act. The municipality will receive the allocation pertaining to Municipal Disaster Recovery Grant amounting to R23 million rands. The mid-year assessment give rise to the need for the adjustment budget. The below-listed areas underpin the decision to revise the annual budget.

1. New allocations of cash backed reserves/investment to fund capex or opex.

There are no new allocations of cash backed accumulated funds to support both capital and operational expenditure.

2. Multi -year fund shifting in capital projects

No multi-year funds will be shift in the capital program

3. Unforeseen and unavoidable expenditure

In terms of regulation 23(6)(b), a special adjustments budget must be tabled in the municipal council when a mayor tables the annual report in terms of section 127(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the MFMA.

The municipality did not table for approval an adjustments budget in relation to the unauthorised expenditure in respect of expenditure incurred during the 2024/25 financial year in line with section 28(2)(g) of the MFMA, read with regulation 23(6) of the MBRR.

4. Allocation and grant adjustment

The municipality received an additional grant funding from the amended gazetted DORA notice No. 54100 issued on 06 February 2026 relating to Municipal Disaster Recovery Grant amounting to R23 million rands. There are no roll-over applications submitted in the current year.

The municipality is mindful of the opportunity brought by the adjustment budget in terms of authoring the unforeseen and unavoidable expenditure (MBRR Regulation 71), the adjustment budget allows council to provide ex post authorisation for unforeseen and unavoidable expenditure in terms of section 29 of the MFMA. The mayor therefore recommend the municipal council to approve the funded adjustment budget, the mayor further recommend that the council approve the revision to the SDBIP where applicable.

1.2. RESOLUTIONS

Adjustment budget is tabled before council for consideration by the council. Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations Schedule- B for consideration by council:

- The Council approves and adopts the adjustment budget for 2025/2026 financial year and the two outer years with the proposed amendments.

1.3. EXECUTIVE SUMMARY

The fundamental purpose of this report is to comply with section 21 and section 22 of the Municipal Budget and Reporting Regulations, by submitting to the Council for the approval of the adjustment budget in a format specified in Schedule A and in line with funding requirements of section 22. The executive summary provides a high-level overview of the adjusted budgeted financial performance of the municipality. This section highlights the adjustments made to the approved annual budget. Additional information is provided to augment the B-schedule tables.

Essentially the focus is made on completing all capital infrastructure projects funded internally. The municipality reviewed and acted on all long outstanding capital project with an aim to finalise such projects and advertise subsequent phases where projects are constructed in phases.

1.4. ADJUSTMENT BUDGET TABLES

BUDGET FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE) - TABLE B4

Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	Adjusted Budget	Adjusted Budget
R thousands	1											
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	37 183	37 183	-	-	-	-	(1 027)	(1 027)	36 156	39 277	41 708
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	2 377	2 377	-	-	-	-	93	93	2 470	2 503	2 631
Sale of Goods and Rendering of Services		236	236	-	-	-	-	6	6	241	224	229
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		0	0	-	-	-	-	-	-	0	0	0
Interest earned from Receivables		1 171	1 171	-	-	-	-	(2)	(2)	1 170	1 234	1 296
Interest earned from Current and Non Current Assets		8 150	8 150	-	-	-	-	(1 430)	(1 430)	6 720	8 210	7 501
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 043	1 043	-	-	-	-	(279)	(279)	765	1 099	1 155
Special rating levies		-	-	-	-	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		25 331	25 331	-	-	-	-	358	358	25 689	455	460
Non-Exchange Revenue	2											
Property rates		62 160	62 160	-	-	-	-	(4 021)	(4 021)	58 140	65 455	68 793
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 463	4 463	-	-	-	-	(387)	(387)	4 076	4 699	4 931
Licences or permits		1 068	1 068	-	-	-	-	(314)	(314)	775	1 195	1 313
Transfer and subsidies - Operational		215 536	215 423	-	-	-	-	-	-	215 423	203 105	212 282
Interest		0	0	-	-	-	-	-	-	0	0	0
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		0	0	-	-	-	-	-	-	0	0	0
Other Gains		0	0	-	-	-	-	-	-	0	0	0
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		358 739	358 626	-	-	-	-	(7 003)	(7 003)	351 623	327 454	342 299
Expenditure By Type												
Employee related costs		124 644	124 644	-	-	-	-	528	528	125 172	125 639	132 836
Remuneration of councillors		15 974	15 974	-	-	-	-	(572)	(572)	15 402	16 915	17 896
Bulk purchases - electricity		40 870	40 870	-	-	-	-	-	-	40 870	41 583	41 785
Inventory consumed		2 046	2 046	-	-	-	-	-	-	2 046	55	57
Debt impairment		-	-	-	-	-	-	17 415	17 415	17 415	0	0
Depreciation and amortisation		37 000	37 000	-	-	-	-	-	-	37 000	0	0
Interest		0	0	-	-	-	-	300	300	300	0	0
Contracted services		51 147	51 219	-	-	-	-	-	-	51 219	46 531	45 746
Transfers and subsidies		5 454	5 454	-	-	-	-	-	-	5 454	5 710	5 870
Irrecoverable debts written off		15 000	15 000	-	-	-	-	(6 128)	(6 128)	8 872	341	348
Operational costs		40 933	40 861	-	-	-	-	46	46	40 907	38 886	40 576
Losses on disposal of Assets		0	0	-	-	-	-	-	-	0	0	0
Other Losses		0	0	-	-	-	-	-	-	0	0	0
Total Expenditure		333 068	333 068	-	-	-	-	11 590	11 590	344 658	275 660	285 114
Surplus/(Deficit)		25 671	25 558	-	-	-	-	(18 593)	(18 593)	6 965	51 794	57 185
Transfers and subsidies - capital (monetary allocations)		37 961	37 961	-	-	-	-	23 000	23 000	60 961	41 010	42 778
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Share of Surplus/Deficit attributable to Associates		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963

1.4.1. REVENUE BY SOURCE NARRATION

Property rates – were adjusted from R62.1 million rands to R58.1 million rands. The municipality charges 10 equal instalments for property rates, journals are passed where errors are identified. The review of budget indicate a need for downward adjustment as remaining billing period is two months.

Service charges (electricity) – shows a downward adjustment of R1 million twenty seven thousand rands. The service charges are dependent on billable accounts supported by meter readings, the trends in the past supported the original budget and variance is studied hence the downward adjustment.

Service charges – (refuse) – an upward adjustment of R93 thousand rands is added. Monthly billing of refuse shows a need to adjust the budget upward for the remaining billing period of 5 months.

Rendering of services - an upward movement of R6 thousand rands is made for rendering of services.

Interest earned from Current and Non-Current Assets – a downward adjustment of R1 430 million rands is made due to steady growth of investment balances coupled with withdrawal made and anticipated.

Fines penalties – are reduced by R387 thousand rands due to court determination effect as the variance arise from issued fines against the reviewed figures granted by court hence the need for adjustment.

Licence and permits - are reduced by R314 thousand rands due to a noted decrease in collection of budget projections that were based on past year trends hence the need for adjustment.

1.4.2. EXPENDITURE BY TYPE NARRATION

Employee related costs – employee costs are adjusted upward from the original budget by an amount of R418 thousand, the adjusted budget stands at R125.1 million rands from original budget of R124.6 million. The increase is informed by the compliance with the bargaining council’s collective agreement. The staff establishment was approved before the start of the financial year.

Remuneration of councillors – the original budget is adjusted downward by R572 thousand rands. The decrease is based on the determination of upper limits of the salaries, allowances and benefits of councillors.

Bulk purchases – electricity – the original budget of R40 million rands remains unchanged.

Inventory consumed – inventory consumed initial remains unchanged. The journals will be processed where the incorrect capturing happened in a view to align transactions with the inventory recon.

Contracted services –review of contracted services remains unchanged.

Transfer and subsidies – this line items remains unchanged.

Irrecoverable debts written off - the budget is adjusted downward by R6.1 million rands. The review indicate a lesser appetite by municipality to write off debts. The municipality enforces strict collection measures.

1.4.3. CAPITAL EXPENDITURE AND FUNDS SOURCES

Table SB17 shows monthly capital expenditure functional classification. The municipality plans to spend R2 million rands at minimum for capital expenditure monthly.

Nquthu Local Municipality Budget Adjustment Narrations 25-26

Choose name from list - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (functional classification) -																		
Description	Ref	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28		
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		
R thousands																		
Capital Expenditure - Functional																		
<i>Governance and administration</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Executive and council		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance and administration		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 095	25 133	19 452	20 292		
Community and social services		1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	22 168	19 452	20 291		
Sport and recreation		247	247	247	247	247	247	247	247	247	247	247	247	2 965	0	0		
Public safety		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<i>Economic and environmental services</i>		2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	30 544	6 485	6 765		
Planning and development		29	29	29	29	29	29	29	29	29	29	29	29	348	0	0		
Road transport		2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	30 197	6 485	6 765		
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<i>Trading services</i>		34	34	34	34	34	34	34	34	34	34	34	35	414	3 242	3 382		
Energy sources		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Waste management		34	34	34	34	34	34	34	34	34	34	34	34	414	3 242	3 382		
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Capital Expenditure - Functional		4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 675	56 092	29 179	30 439		

The capital expenditure original budget figure of R55.5 million rands is increased to R56 million rands. There is one new allocations from amended DORA in February 2026.

Nquthu Local Municipality Budget Adjustment Narrations 25-26

Choose name from list - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Office Of The Municipal Manager	2	0	0	-	-	-	-	-	-	0	0	0
Vote 2 - Planning and Economic Development		0	0	-	-	-	-	-	-	0	0	0
Vote 3 - Budget and Treasury		348	348	-	-	-	-	-	-	348	3 242	3 382
Vote 4 - Corporate and Community Service		0	0	-	-	-	-	0	0	0	0	0
Vote 5 - Technical Services		50 191	51 930	-	-	-	-	-	-	51 930	25 936	27 055
Vote 6 - Council And General		0	0	-	-	-	-	-	-	0	0	0
Vote 7 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	50 539	52 278	-	-	-	-	0	0	52 278	29 178	30 437
Single-year expenditure to be adjusted												
Vote 1 - Office Of The Municipal Manager	2	0	0	-	-	-	-	-	-	0	0	0
Vote 2 - Planning and Economic Development		348	348	-	-	-	-	-	-	348	-	0
Vote 3 - Budget and Treasury		0	0	-	-	-	-	-	-	0	0	0
Vote 4 - Corporate and Community Service		0	0	-	-	-	-	-	-	0	0	0
Vote 5 - Technical Services		4 705	3 465	-	-	-	-	-	-	3 465	1	1
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Community & Social Services		0	0	-	-	-	-	-	-	0	0	0
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		5 053	3 814	-	-	-	-	-	-	3 814	1	2
Total Capital Expenditure - Vote		55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439
Capital Expenditure - Functional												
Governance and administration												
Executive and council		0	0	-	-	-	-	-	-	0	0	0
Finance and administration		0	0	-	-	-	-	-	-	0	0	0
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		26 372	25 133	-	-	-	-	0	0	25 133	19 452	20 292
Community and social services		23 407	22 168	-	-	-	-	-	-	22 168	19 452	20 291
Sport and recreation		2 965	2 965	-	-	-	-	-	-	2 965	0	0
Public safety		0	0	-	-	-	-	0	0	0	0	0
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		28 805	30 544	-	-	-	-	-	-	30 544	6 485	6 765
Planning and development		348	348	-	-	-	-	-	-	348	0	0
Road transport		28 457	30 197	-	-	-	-	-	-	30 197	6 485	6 765
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		414	414	-	-	-	-	-	-	414	3 242	3 382
Energy sources		0	0	-	-	-	-	-	-	0	0	0
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		414	414	-	-	-	-	-	-	414	3 242	3 382
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439
Funded by:												
National Government		32 250	32 250	-	-	-	-	-	-	32 250	29 178	30 436
Provincial Government		0	0	-	-	-	-	-	-	0	0	0
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (money allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	32 250	32 250	-	-	-	-	-	-	32 250	29 178	30 436
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		23 342	23 842	-	-	-	-	0	0	23 842	1	2
Total Capital Funding		55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439

Nquthu Local Municipality Budget Adjustment Narrations 25-26

There are no borrowings that the municipality has applied or considered in this financial year. Expenditure funded from internally generated funds covers infrastructural and non-infrastructural projects that are not covered by MIG grant. The table below shows the list of internally funded capital projects in the current year.

Table:1 Internally Funded Projects (2025/26)

Table:1 Internally funded projects (25-26)		
Adjustment Project Name	Excluding VAT	Including VAT
Nquthu buy back centre	R 66 028,00	R 75 932,20
Mantuli Gravel road Phase II	R 6 763 861,00	R 7 778 440,15
Kwabiya Hall	R 2 853 959,00	R 3 282 052,85
Nquthu Taxi Rank	R 3 527 489,00	R 4 056 612,35
NHLABAMKHOSI HALLS	R 573 695,00	R 659 749,25
Bhekukhanya Creche	R 73 466,00	R 84 485,90
Biya Road	R 2 853 959,00	R 3 282 052,85
Mbokodo Hall	R 4 460 098,00	R 5 129 112,70
Ntabeni Road	R 2 407 397,00	R 2 768 506,55
Cemeteries	R 404 208,00	R 464 839,20
Mpolweni/Mnqunyeneni Access Road	R 4 123 270,00	R 4 741 760,50
Eziphunzini Bridge	R 3 254 034,00	R 3 742 139,10
Munywana Creche	R 2 852 913,00	R 3 280 849,95
Thokoza Creche	R 1 521 739,00	R 1 749 999,85
Mbizane road	R 3 802 279,00	R 4 372 620,85
	R 39 538 395,00	R 45 469 154,25

1.4.4. FINANCIAL POSITION SUMMARY

Overall, the financial position reflects a surplus figure. The surplus and deficit adjustment increases this line item by R9.9 million rands. The total community wealth shifts from R889.7 to R899.5 million rands.

Choose name from list - Supporting Table SB2 Supporting detail to 'Financial Position Budget' -												
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	4 A1	5 B	6 C	7 D	8 E	9 F	10 G	11 H		
CHANGES IN NET ASSETS												
Accumulated surplus/(Deficit)												
Accumulated surplus/(Deficit) - opening balance		776 519	776 519	-	-	-	-	83 786	83 786	860 305	21 603	22 500
GRAP adjustments		(23)	(23)	-	-	-	-	(208)	(208)	(230)	(27)	(27)
Restated balance		776 496	776 496	-	-	-	-	83 578	83 578	860 074	21 576	22 473
Surplus/(Deficit)		63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Transfers to/from Reserves		-	-	-	-	-	-	(28 409)	(28 409)	(28 409)	(24 552)	(75 078)
Depreciation offsets		(0)	(0)	-	-	-	-	-	-	(0)	(0)	(0)
Other adjustments		49 645	49 645	-	-	-	-	(49 645)	(49 645)	-	438	37 683
Accumulated Surplus/(Deficit)	1	889 773	889 660	-	-	-	-	9 930	9 930	899 591	90 266	85 041
Reserves												
Housing Development Fund		152	152	-	-	-	-	10	10	162	-	8 786
Capital replacement		-	-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-	-
Total Reserves	2	152	152	-	-	-	-	10	10	162	-	8 786
TOTAL COMMUNITY WEALTH/EQUITY	2	889 925	889 812	-	-	-	-	9 941	9 941	899 753	90 266	93 827

Nquthu Local Municipality Budget Adjustment Narrations 25-26

1.4.5. ADJUSTMENT BUDGET SUMMARY - TABLE B1

Choose name from list - Table B1 Adjustments Budget Summary -

Description	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	62 160	62 160	-	-	-	-	(4 021)	(4 021)	58 140	65 455	68 793
Service charges	39 560	39 560	-	-	-	-	(935)	(935)	38 626	41 780	44 339
Investment revenue	8 150	8 150	-	-	-	-	(1 430)	(1 430)	6 720	8 210	7 501
Transfers recognised - operational	215 536	215 423	-	-	-	-	-	-	215 423	203 105	212 282
Other own revenue	33 333	33 333	-	-	-	-	(618)	(618)	32 715	8 904	9 385
Total Revenue (excluding capital transfers and contributions)	358 739	358 626	-	-	-	-	(7 003)	(7 003)	351 623	327 454	342 299
Employee costs	124 644	124 644	-	-	-	-	528	528	125 172	125 639	132 836
Remuneration of councillors	15 974	15 974	-	-	-	-	(572)	(572)	15 402	16 915	17 896
Depreciation & asset impairment	37 000	37 000	-	-	-	-	17 415	17 415	54 415	0	0
Finance charges	0	0	-	-	-	-	300	300	300	0	0
Inventory consumed and bulk purchases	42 916	42 916	-	-	-	-	-	-	42 916	41 638	41 842
Transfers and subsidies	5 454	5 454	-	-	-	-	-	-	5 454	5 710	5 870
Other expenditure	107 080	107 080	-	-	-	-	(6 081)	(6 081)	100 999	85 758	86 669
Total Expenditure	333 068	333 068	-	-	-	-	11 590	11 590	344 658	275 660	285 114
Surplus/(Deficit)	25 671	25 558	-	-	-	-	(18 593)	(18 593)	6 965	51 794	57 185
Transfers and subsidies - capital (monetary allocations)	37 961	37 961	-	-	-	-	23 000	23 000	60 961	41 010	42 778
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963
Capital expenditure & funds sources											
Capital expenditure	55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439
Transfers recognised - capital	32 250	32 250	-	-	-	-	-	-	32 250	29 178	30 436
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	23 342	23 842	-	-	-	-	0	0	23 842	1	2
Total sources of capital funds	55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439
Financial position											
Total current assets	202 537	202 537	-	-	-	-	(42 659)	(42 659)	159 877	58 879	61 978
Total non current assets	799 814	800 314	-	-	-	-	793	793	801 106	29 179	30 439
Total current liabilities	111 751	111 751	-	-	-	-	(29 290)	(29 290)	82 461	(2 208)	(1 411)
Total non current liabilities	875	875	-	-	-	-	913	913	1 788	0	0
Community wealth/Equity	889 925	889 812	-	-	-	-	9 941	9 941	899 753	90 266	93 827
Cash flows											
Net cash from (used) operating	107 190	107 190	-	-	-	-	(30 450)	(30 450)	76 740	86 983	87 116
Net cash from (used) investing	(101 890)	(101 890)	-	-	-	-	14 087	14 087	(87 803)	(117 420)	(82 388)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	76 695	76 695	-	-	-	-	(13 529)	(13 529)	63 167	32 730	37 458
Cash backing/surplus reconciliation											
Cash and investments available	135 856	135 856	-	-	-	-	(33 797)	(33 797)	102 058	77 520	81 801
Application of cash and investments	28 353	28 344	-	-	-	-	11 705	11 705	40 049	(2 292)	7 286
Balance - surplus (shortfall)	107 503	107 512	-	-	-	-	(45 502)	(45 502)	62 009	79 812	74 515
Asset Management											
Asset register summary (WDV)	609 594	609 594	-	-	-	-	60 219	60 219	669 813	1	1
Depreciation	37 000	37 000	-	-	-	-	-	-	37 000	0	0
Renewal and Upgrading of Existing Assets	3 313	3 313	-	-	-	-	-	-	3 313	0	0
Repairs and Maintenance	8 006	8 006	-	-	-	-	-	-	8 006	6 828	7 183
Free services											
Cost of Free Basic Services provided	1 140	1 140	-	-	-	-	56	56	1 197	1 204	1 275
Revenue cost of free services provided	3 469	3 469	-	-	-	-	(0)	(0)	3 469	3 653	3 839
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

There are four revenue items adjusted. The details and reasoning behind the adjustments of all the revenue items are supported under Table B4 analysis.

In essence five adjustments were effected in relation to expenditure items and details thereto are covered under table B4.

1.4.6. BUDGET FINANCIAL POSITION - TABLE B6

The total current assets budget is adjusted significantly downward by R42.6 million rands, from the original budget amount of R202.5 million rands to a adjusted figure of R159.8 million rands. The main attributing factor to the adjustment is to align VAT and receivables from non-exchange transactions to actual trends observed in the first half of the financial year. There are no additions to investment since the start of the financial year hence the slight increase in the adjustment of cash and cash equivalent figure amounting to R2.8 million rands to align the budget with the investment register.

The total non-current assets budget is adjusted upward by R793 thousand rands. The adjustment aims align budget with audited AFS opening balances and anticipated additions to investment property of R13.5 million rands.

Total current liabilities – trade and other payables budget is increased by R7.2 million rands from the original budget amount of R49.7 million rands, the adjustment aims to cover shortfalls noted on trade and other payables from exchange transactions, trade and other payables from non-exchange transactions, provisions. The VAT line item is decreased significantly by R36.9 million rands. Table B6 below details the adjustments related to financial position of the municipality.

Nquthu Local Municipality Budget Adjustment Narrations 25-26

Choose name from list - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		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
		A	A1	B	C	D	E	F	G	H		
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		51 849	51 849	-	-	-	-	2 817	2 817	54 665	4 175	4 720
Trade and other receivables from exchange transactions	1	10 218	10 218	-	-	-	-	109	109	10 326	(18 641)	(19 823)
Receivables from non-exchange transactions	1	84 007	84 007	-	-	-	-	(36 614)	(36 614)	47 393	73 345	77 080
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		1 369	1 369	-	-	-	-	21 993	21 993	23 362	0	0
VAT		55 029	55 029	-	-	-	-	(30 952)	(30 952)	24 077	0	0
Other current assets		66	66	-	-	-	-	(11)	(11)	54	0	0
Total current assets		202 537	202 537	-	-	-	-	(42 659)	(42 659)	159 877	58 879	61 978
Non current assets												
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		39 384	39 384	-	-	-	-	13 541	13 541	52 925	(0)	(0)
Property, plant and equipment	3	760 348	760 848	-	-	-	-	(12 741)	(12 741)	748 108	29 179	30 439
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		79	79	-	-	-	-	-	-	79	0	0
Intangible assets		3	3	-	-	-	-	(8)	(8)	(5)	(0)	(0)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		0	0	-	-	-	-	-	-	0	0	0
Total non current assets		799 814	800 314	-	-	-	-	793	793	801 106	29 179	30 439
TOTAL ASSETS		1 002 350	1 002 850	-	-	-	-	(41 867)	(41 867)	960 984	88 058	92 417
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities		20	20	-	-	-	-	-	-	20	-	-
Consumer deposits		1 803	1 803	-	-	-	-	91	91	1 894	0	0
Trade and other payables from exchange transactions		49 725	49 725	-	-	-	-	7 223	7 223	56 948	(2 208)	(1 411)
Trade and other payables from non-exchange transactions		0	0	-	-	-	-	49	49	49	0	0
Provisions		13 054	13 054	-	-	-	-	321	321	13 375	(0)	(0)
VAT		47 149	47 149	-	-	-	-	(36 973)	(36 973)	10 176	(0)	(0)
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		111 751	111 751	-	-	-	-	(29 290)	(29 290)	82 461	(2 208)	(1 411)
Non current liabilities												
Borrowing	1	(20)	(20)	-	-	-	-	-	-	(20)	-	-
Provisions	1	896	896	-	-	-	-	913	913	1 808	(0)	(0)
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		0	0	-	-	-	-	-	-	0	0	0
Total non current liabilities		875	875	-	-	-	-	913	913	1 788	0	0
TOTAL LIABILITIES		112 626	112 626	-	-	-	-	(28 377)	(28 377)	84 249	(2 208)	(1 411)
NET ASSETS	2	889 724	890 224	-	-	-	-	(13 489)	(13 489)	876 735	90 266	93 827
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		889 773	889 660	-	-	-	-	9 930	9 930	899 591	90 266	85 041
Funds and Reserves		152	152	-	-	-	-	10	10	162	-	8 786
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		889 925	889 812	-	-	-	-	9 941	9 941	899 753	90 266	93 827

1.4.7. FUNDED POSITION

1.4.7.1. ADJUSTMENT BUDGET CASH FLOW - TABLE B7

The municipal adjustment budget is funded. Original budget for receipts under cash flow from operating activities totals to R107.1 million rands and two downward adjustments were made on transfers and subsidies – capital as suppliers and employees amounting to R14.1 million rands and R16.3 million rands respectively. The adjustment is made to ensure stricter expense control measures.

Nquthu Local Municipality Budget Adjustment Narrations 25-26

Cashflow from investing activities are adjusted downward by an amount of R14 million rands which indicate reduced asset expansion projections.

Cashflow from financing activities reflects no transactions, this is because the municipality has no borrowings in the current financial year to finance capital expenditure. Table B7 below gives full indication of transactions relating to cash flow of the municipality.

ADJUSTMENT BUDGET CASH FLOW - TABLE B7

Choose name from list - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		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	A1	B	C	D	E	F	G	H	+1 2026/27	+2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		35 404	35 404	-	-	-	-	-	-	35 404	0	0
Service charges		33 949	33 949	-	-	-	-	-	-	33 949	0	0
Other revenue		31 683	31 683	-	-	-	-	-	-	31 683	0	0
Transfers and Subsidies - Operational	1	221 926	221 926	-	-	-	-	-	-	221 926	196 545	202 200
Transfers and Subsidies - Capital	1	75 066	75 066	-	-	-	-	(14 105)	(14 105)	60 961	80 620	82 388
Interest		6 862	6 863	-	-	-	-	-	-	6 863	(510)	(301)
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(297 701)	(297 701)	-	-	-	-	(16 345)	(16 345)	(314 046)	(189 672)	(197 172)
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		107 190	107 190	-	-	-	-	(30 450)	(30 450)	76 740	86 983	87 116
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		(101 890)	(101 890)	-	-	-	-	14 087	14 087	(87 803)	(117 420)	(82 388)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 890)	(101 890)	-	-	-	-	14 087	14 087	(87 803)	(117 420)	(82 388)
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		5 300	5 300	-	-	-	-	(16 363)	(16 363)	(11 063)	(30 437)	4 728
Cash/cash equivalents at the year begin:	2	71 395	71 395	-	-	-	-	2 835	2 835	74 230	63 167	32 730
Cash/cash equivalents at the year end:	2	76 695	76 695	-	-	-	-	(13 529)	(13 529)	63 167	32 730	37 458

Cash and cash equivalent at the year-end amount shows a final figure of R63.1 million rands which is adjusted from original budget of R76.9 million rands. All facts considered the cash and cash equivalent balance after all adjusted line items is funded.

PART 2 – SUPPORTING DOCUMENTATION

2.1. ADJUSTMENT BUDGET ASSUMPTION

When preparing the 2025/2026 budget estimates, the following assumptions were taken into consideration:

1. The average CPI index for the period 01 July 2024 to 28 February 2025.
2. The bulk electricity service provider will be allowed a maximum 11.80% inflation increase.
3. The employee related costs and councillor allowances will be allowed in line with gazette.
4. Critical positions will be filled and strategic positions in the management will be filled.
5. The interest rates will remain at 8% for outstanding debtors.
6. The collection rate is assumed to gradually increase in line with CPI or remain still.
7. The Provincial Treasury circular on preparation, submission and publication of the 2025/26 medium term revenue and expenditure framework (MTREF) budget is considered.

The adjustment budget assumptions could not diverge from the annual budget assumptions thus remaining unchanged. However, the revenue and expenditure projected and budgeted for at the beginning of the financial year has been revised. Table B4 and Table B1 provide extensive details on revised figures and reasoning thereof.

2.2. ADJUSTMENTS TO BUDGET FUNDING

Significant adjustments to budget funding was concluded on the following revenue and expenditure line items, and the reasons thereof are detailed under Table B4.

Nquthu Local Municipality Budget Adjustment Narrations 25-26

Choose name from list - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>(Insert departmental structure etc)</i>	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
		A	A1	B	C	D	E	F	G	H		
R thousands												
Revenue by Vote	1											
Vote 1 - Office OfThe Municipal Manager		37 961	37 961	-	-	-	-	-	-	37 961	41 010	42 778
Vote 2 - Planning and Economic Development		25 274	25 274	-	-	-	-	(260)	(260)	25 014	482	506
Vote 3 - Budget and Treasury		262 824	262 824	-	-	-	-	(5 298)	(5 298)	257 526	264 770	276 023
Vote 4 - Corporatb and Community Service		7 037	6 924	-	-	-	-	(587)	(587)	6 338	2 878	3 071
Vote 5 - Technical Services		63 604	63 604	-	-	-	-	22 141	22 141	85 745	59 324	62 700
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Corporatb Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	396 700	396 587	-	-	-	-	15 997	15 997	412 584	368 464	385 077
Expenditure by Vote	1											
Vote 1 - Office OfThe Municipal Manager		19 356	19 356	-	-	-	-	424	424	19 780	20 836	18 929
Vote 2 - Planning and Economic Development		20 413	20 413	-	-	-	-	434	434	20 848	19 302	20 196
Vote 3 - Budget and Treasury		91 518	91 518	-	-	-	-	11 761	11 761	103 279	37 011	39 219
Vote 4 - Corporatb and Community Service		71 130	71 130	-	-	-	-	(1 192)	(1 192)	69 938	70 233	73 629
Vote 5 - Technical Services		94 591	94 591	-	-	-	-	882	882	95 474	90 676	93 483
Vote 6 - Council And General		17 739	17 739	-	-	-	-	(572)	(572)	17 167	18 743	19 776
Vote 7 - Community & Social Services		16 302	16 302	-	-	-	-	(82)	(82)	16 220	16 835	17 741
Vote 8 - Corporatb Services		2 019	2 019	-	-	-	-	(66)	(66)	1 953	2 024	2 141
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	333 068	333 068	-	-	-	-	11 590	11 590	344 658	275 660	285 114
Surplus/(Deficit) for the year	2	63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963

2.3. ADJUSTMENT TO EXPENDITURE ON ALLOCATION AND GRANT PROGRAMMS

Grant register extract below shows the expenditure recognised, there are no adjustment to expenditure allocation on grant programmes. The adjusted DORA notice No. 54100 issued on 06 February 2026 included a new allocations for Nquthu Municipality in relation to Municipal Disaster Recovery Grant amounting to R23 million rands.

Choose name from list - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2025/26							Budget Year	Budget Year
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
R thousands		A	A1	8	9	10	11	12		
				B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		23 539	23 539	-	-	-	-	23 539	17 100	17 878
Expanded Public Works Programme Integrated Grant		1 639	1 639	-	-	-	-	1 639	0	0
Integrated National Electrification Programme Grant	3	20 000	20 000	-	-	-	-	20 000	15 000	15 678
Local Government Financial Management Grant		1 900	1 900	-	-	-	-	1 900	2 100	2 200
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		4 493	4 380	-	-	-	-	4 380	-	-
Capacity Building and Other	4	4 493	4 380	-	-	-	-	4 380	-	-
Other transfers and grants [insert description]	5	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		187 504	187 504	-	-	-	-	187 504	186 005	194 404
Equitable Share		187 504	187 504	-	-	-	-	187 504	186 005	194 404
Total Operating Transfers and Grants	6	215 536	215 423	-	-	-	-	215 423	203 105	212 282
Capital Transfers and Grants										
National Government:		37 961	37 961	-	-	23 000	23 000	60 961	41 010	42 778
Municipal Disaster Recovery Grant		-	-	-	-	23 000	23 000	23 000	-	-
Municipal Infrastructure Grant		37 961	37 961	-	-	-	-	37 961	41 010	42 778
Integrated National Electrification Programme Grant		0	0	-	-	-	-	0	0	0
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		0	0	-	-	-	-	0	0	0
Infrastructure		0	0	-	-	-	-	0	0	0
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	37 961	37 961	-	-	23 000	23 000	60 961	41 010	42 778
TOTAL RECEIPTS OF TRANSFERS & GRANTS		253 497	253 384	-	-	23 000	23 000	276 384	244 115	255 060

2.4. ADJUSTMENT TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

There are allocations and grants in the form of free basic services and rebates for property rates that were considered by the municipality in the original budget. The electricity free basic energy is limited to 50kwh per household per month and refuse is confined within the approved tariff for households or indigent households. The property rates exemptions, reductions and rebates and impermissible values are aligned to Section 17 of MPRA. The adjustment is made on refuse FBS line item amounting to R 56 thousand rands to align budget with the approved indigent register.

Choose name from list - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget A	Prior Adjusted 6 A1	Accum. Funds 7 B	Multi-year capital 8 C	Unfore. Unavoid. 9 D	Nat. or Prov. Govt 10 E	Other Adjusts. 11 F	Total Adjusts. 12 G	Adjusted Budget 13 H	Adjusted Budget	Adjusted Budget
R thousands												
Cash transfers to other municipalities												
[insert description]	1	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to Entities/Other External Mechanisms												
[insert description]	2	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organs of State												
[insert description]	3	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organisations												
[insert description]	4	0	0	-	-	-	-	-	-	0	0	0
[insert description]												
[insert description]												
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		0	0	-	-	-	-	-	-	0	0	0
Groups of Individuals												
[insert description]		87	87	-	-	-	-	-	-		87	88
[insert description]												
[insert description]												
Total Non-Cash Grants To Groups Of Individuals:		87	87	-	-	-	-	-	-		87	88
TOTAL CASH TRANSFERS	5	87	87	-	-	-	-	-	-	0	87	88
Non-cash transfers to other municipalities												
[insert description]	1	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to Entities/Other External Mechanisms												
[insert description]	2	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organs of State												
[insert description]	3	-	-	-	-	-	-	-	-	-	-	-
[insert description]												
[insert description]												
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organisations												
[insert description]	4	258	258	-	-	-	-	-	-	258	278	297
[insert description]												
[insert description]												
Total Non-Cash Grants To Organisations		258	258	-	-	-	-	-	-	258	278	297
Groups of Individuals												
[insert description]		5 109	5 109	-	-	-	-	-	-		5 344	5 485
[insert description]												
[insert description]												
Total Non-Cash Grants To Groups Of Individuals:		5 109	5 109	-	-	-	-	-	-		5 344	5 485
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		5 367	5 367	-	-	-	-	-	-	258	5 623	5 782
TOTAL NON-CASH TRANSFERS	5	5 367	5 367	-	-	-	-	-	-	258	5 623	5 782
TOTAL TRANSFERS		5 454	5 454	-	-	-	-	-	-	258	5 710	5 870

2.5. ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

An upward adjustment is made to senior managers basic salaries and wages, UIF, leave payment due to anticipated implementation of gazette No. 53882 on upper limits on total remuneration packages for municipal managers and managers reporting to municipal manager.

Other adjustments are noted from employee benefits whereby downward adjustments include staff salaries and wages, pension & UIF, housing allowance as well as post-retirement obligations. The upward adjustment is supported by actual expenditure to date and covers the following items medical aid contributions, overtime, performance bonus and other benefits & allowances.

Choose name from list - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

Summary of remuneration	Ref	Budget Year 2025/26									
		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	% change
R thousands											
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		14 129	14 129				(467)	(467)	13 663	-3.3%	
Pension and UIF Contributions		-	-				-	-	-		
Medical Aid Contributions		-	-				-	-	-		
Motor Vehicle Allowance		-	-				-	-	-		
Cellphone Allowance		1 694	1 694				(96)	(96)	1 598		
Housing Allowances		-	-				-	-	-		
Other benefits and allowances		150	150				(10)	(10)	141		
Sub Total - Councillors		15 974	15 974				(572)	(572)	15 402	-3.6%	
% increase									(0)		
Senior Managers of the Municipality											
Basic Salaries and Wages		3 997	3 997				2 262	2 262	6 258	56.6%	
Pension and UIF Contributions		11	11				-	-	11	0.0%	
Medical Aid Contributions		0	0				-	-	0	0.0%	
Overtime		-	-				-	-	-		
Performance Bonus		-	-				-	-	-		
Motor Vehicle Allowance		0	0				-	-	0	0.0%	
Cellphone Allowance		-	-				491	491	491	#DIV/0!	
Housing Allowances		62	62				(62)	(62)	0		
Other benefits and allowances		2	2				0	0	2		
Payments in lieu of leave		128	128				72	72	200		
Long service awards		-	-				-	-	-		
Post-retirement benefit obligations	5	0	0				-	-	0	0.0%	
Entertainment		-	-				-	-	-		
Scarcity		-	-				-	-	-		
Acting and post related allowance		-	-				-	-	-		
In kind benefits		-	-				-	-	-		
Sub Total - Senior Managers of Municipality		4 200	4 200				2 762	2 762	6 962	65.8%	
% increase									0		
Other Municipal Staff											
Basic Salaries and Wages		87 554	87 554				(2 652)	(2 652)	84 901	-3.0%	
Pension and UIF Contributions		12 502	12 502				(486)	(486)	12 016	-3.9%	
Medical Aid Contributions		2 378	2 378				1 217	1 217	3 595	51.2%	
Overtime		1 913	1 913				(82)	(82)	1 831	-4.3%	
Performance Bonus		6 321	6 321				74	74	6 395		
Motor Vehicle Allowance		4 210	4 210				369	369	4 579	8.8%	
Cellphone Allowance		0	0				-	-	0	0.0%	
Housing Allowances		687	687				(450)	(450)	237		
Other benefits and allowances		1 835	1 835				(134)	(134)	1 701		
Payments in lieu of leave		-	-				-	-	-		
Long service awards		497	497				0	0	497	0.0%	
Post-retirement benefit obligations	5	2 548	2 548				(90)	(90)	2 458	-3.5%	
Entertainment		-	-				-	-	-		
Scarcity		-	-				-	-	-		
Acting and post related allowance		0	0				-	-	0		
In kind benefits		-	-				-	-	-		
Sub Total - Other Municipal Staff		120 444	120 444				(2 234)	(2 234)	118 210	-1.9%	
% increase											
Total Parent Municipality		140 618	140 618				(44)	(44)	140 574	0.0%	

2.6. ADJUSTMENT TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The separate report is done by the Performance Management Unit with full context and details to this subject.

2.7. ADJUSTMENT TO CAPITAL EXPENDITURE

Choose name from list - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (functional classification) -

Description	Ref	Budget Year 2025/26											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Capital Expenditure - Functional																
<i>Governance and administration</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Executive and council		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance and administration		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 094	2 095	25 133	19 452	20 292
Community and social services		1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	1 847	22 168	19 452	20 291
Sport and recreation		247	247	247	247	247	247	247	247	247	247	247	247	2 965	0	0
Public safety		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	30 544	6 485	6 765
Planning and development		29	29	29	29	29	29	29	29	29	29	29	29	348	0	0
Road transport		2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	2 516	30 197	6 485	6 765
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		34	34	34	34	34	34	34	34	34	34	34	35	414	3 242	3 382
Energy sources		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		34	34	34	34	34	34	34	34	34	34	34	34	414	3 242	3 382
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional		4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 674	4 675	56 092	29 179	30 439

2.8. OTHER SUPPORTING DOCUMENTS

Cash backed reserves/accumulated surplus reconciliation - Table B8

Table B8 highlights additional information from cash backed reserves or accumulated surplus reconciliation, thereby outlining the decrease in cash and investments as adjusted by -R33.7 million rands. The cash and cash equivalents as well as the other current investments are part of the attributes to the downward adjustment.

Choose name from list - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		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	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	76 695	76 695	-	-	-	-	(13 529)	(13 529)	63 167	32 730	37 458
Other current investments > 90 days		59 160	59 160	-	-	-	-	(20 269)	(20 269)	38 891	44 790	44 343
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		135 856	135 856	-	-	-	-	(33 797)	(33 797)	102 058	77 520	81 801
Applications of cash and investments												
Unspent conditional transfers		0	0	-	-	-	-	49	49	49	0	0
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(7 959)	(7 959)	-	-	-	-	(5 903)	(5 903)	(13 862)	(84)	(89)
Other working capital requirements	2	23 106	23 098	-	-	-	-	17 228	17 228	40 326	(2 208)	(1 411)
Other provisions		13 054	13 054	-	-	-	-	321	321	13 375	(0)	(0)
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		152	152	-	-	-	-	10	10	162	-	8 786
Total Application of cash and investments:		28 353	28 344	-	-	-	-	11 705	11 705	40 049	(2 292)	7 286
Surplus(shortfall)		107 503	107 512	-	-	-	-	(45 502)	(45 502)	62 009	79 812	74 515

Table B2 Adjustments Budget Financial Performance (functional classification) Table B2 highlights adjustment budget financial performance by functional classification.

Choose name from list - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		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	A1	B	C	D	E	F	G	H		
Revenue - Functional	1, 4											
Government and administration		301 691	301 691	-	-	-	-	17 433	17 433	319 124	306 896	319 983
Executive and council		37 961	37 961	-	-	-	-	-	-	37 961	41 010	42 778
Finance and administration		263 730	263 730	-	-	-	-	17 433	17 433	281 163	265 886	277 205
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2 011	4 249	-	-	-	-	(435)	(435)	3 814	2 157	2 291
Community and social services		25	2 263	-	-	-	-	12	12	2 275	38	39
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1 986	1 986	-	-	-	-	(447)	(447)	1 539	2 119	2 252
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		25 017	25 017	-	-	-	-	(41)	(41)	24 976	220	241
Planning and development		25 017	25 017	-	-	-	-	(41)	(41)	24 976	220	241
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		67 980	65 629	-	-	-	-	(960)	(960)	64 669	59 192	62 562
Energy sources		65 245	62 894	-	-	-	-	(1 027)	(1 027)	61 867	56 312	59 535
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2 735	2 735	-	-	-	-	67	67	2 803	2 880	3 027
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	396 700	396 587	-	-	-	-	15 997	15 997	412 584	368 464	385 077
Expenditure - Functional												
Government and administration		173 377	173 377	-	-	-	-	10 633	10 633	184 010	122 730	126 449
Executive and council		33 804	33 804	-	-	-	-	143	143	33 947	35 820	37 575
Finance and administration		136 656	136 656	-	-	-	-	10 344	10 344	147 000	83 386	87 989
Internal audit		2 917	2 917	-	-	-	-	146	146	3 063	3 524	886
Community and public safety		39 359	39 359	-	-	-	-	(359)	(359)	39 000	38 198	39 987
Community and social services		22 384	22 384	-	-	-	-	(200)	(200)	22 183	20 234	20 989
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		16 975	16 975	-	-	-	-	(159)	(159)	16 816	17 964	18 998
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		34 745	34 745	-	-	-	-	452	452	35 196	34 818	36 557
Planning and development		20 433	20 433	-	-	-	-	452	452	20 885	19 335	20 231
Road transport		14 311	14 311	-	-	-	-	-	-	14 311	15 483	16 326
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		85 587	85 587	-	-	-	-	865	865	86 452	79 914	82 121
Energy sources		68 757	68 757	-	-	-	-	865	865	69 622	62 902	64 165
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		1 963	1 963	-	-	-	-	-	-	1 963	2 199	2 327
Waste management		14 867	14 867	-	-	-	-	-	-	14 867	14 813	15 629
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	333 068	333 068	-	-	-	-	11 590	11 590	344 658	275 660	285 114
Surplus/ (Deficit) for the year		63 632	63 519	-	-	-	-	4 407	4 407	67 926	92 804	99 963

Asset Management - Table B9

Choose name from list - Table B9 Asset Management -												
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	A1	B	C	D	E	F	G	H		
TOTAL CAPITAL EXPENDITURE to be adjusted	4	55 592	56 092	-	-	-	-	0	0	56 092	29 179	30 439
ASSET REGISTER SUMMARY - PPE (WDV)	5	609 594	609 594	-	-	-	-	60 219	60 219	669 813	1	1
Roads infrastructure		211 458	211 458	-	-	-	-	(6 096)	(6 096)	205 362	0	0
Storm water infrastructure		57 330	57 330	-	-	-	-	10 899	10 899	68 230	(0)	(0)
Electrical infrastructure		24 635	24 635	-	-	-	-	18 478	18 478	43 112	-	0
Water Supply infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste infrastructure		1 507	1 507	-	-	-	-	(51)	(51)	1 456	-	-
Rail infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		294 930	294 930	-	-	-	-	23 230	23 230	318 160	-	0
Community Assets		250 846	250 846	-	-	-	-	11 275	11 275	262 121	-	-
Heritage Assets		79	79	-	-	-	-	-	-	79	0	0
Investment properties		39 384	39 384	-	-	-	-	13 541	13 541	52 925	(0)	(0)
Other Assets		(7 777)	(7 777)	-	-	-	-	3 311	3 311	(4 467)	0	0
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		3	3	-	-	-	-	(8)	(8)	(5)	(0)	(0)
Computer Equipment		1 210	1 210	-	-	-	-	699	699	1 909	0	0
Furniture and Office Equipment		1 663	1 663	-	-	-	-	1 196	1 196	2 859	0	0
Machinery and Equipment		7 820	7 820	-	-	-	-	(113)	(113)	7 706	0	0
Transport Assets		15 546	15 546	-	-	-	-	(634)	(634)	14 912	0	0
Land		5 892	5 892	-	-	-	-	7 722	7 722	13 613	(0)	(0)
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	609 594	609 594	-	-	-	-	60 219	60 219	669 813	1	1

Basic service delivery measurement - Table B10

The original budgets for cost of free basic services provided to customers is adjusted to cover the refuse free basic services in line with the approved indigent register.

Choose name from list - Table B10 Basic service delivery measurement -


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
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		880	880	-	-	-	-	-	-	880	930	988
Refuse (removed once a week for indigent households)		260	260	-	-	-	-	-	56	56	274	288
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-	-	-
Total cost of FBS provided		1 140	1 140	-	-	-	-	-	56	56	1 197	1 275
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)												
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 469	3 469	-	-	-	-	(0)	(0)	3 469	3 653	3 839
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of subsidised services provided		3 469	3 469	-	-	-	-	(0)	(0)	3 469	3 653	3 839

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Mpumelelo. B. Jiyane, the municipal manager of Nquthu Municipality, hereby certify that the:

25/26 Adjusted Budget Supporting Documentation

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name	<u>Mr. Mpumelelo B. Jiyane</u>
Designation	<u>Municipal Manager of Nquthu Municipality (KZN 242)</u>
Signature:	 _____
Date	<u>27/02/2026</u>