

# **MAIN ADJUSTMENT BUDGET 2024/2025**



**Nama Khoi Local  
Municipality  
NC062**



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## LEGISLATIVE REQUIREMENT

28. Municipal adjustments budgets.—(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 programs already budgeted for;

( c ) may, within a prescribed framework, authorize unforeseeable and unavoidable expenditures 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 adjustment budget must be in a prescribed form.

(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 or frequency.

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

( a ) an explanation of how the adjustments budget affects the annual budget;

( b ) a motivation for any material changes to the annual budget;

( c ) an explanation of the impact of any increased spending on the annual budget and the annual budgets 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.

(7) Sections 22 (b), 23 (3) and 24 (3) apply in respect of an adjustments budget, and in such application, a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

## **PART 1 - ADJUSTED BUDGET**

### **Section 1**

#### **Report by the Mayor**

It gives me great pleasure to present the 2024/25 adjustment budget to the Council, for consideration.

The reason for tabling an adjustment budget to the Council is explained in the Executive Summary of the attached budget documents present. The adjustments were necessary due to changes in the capital budget as well as the fact that certain income and expenditure statements had to be adjusted to ensure that the municipality delivers sustainable and good quality services to the communities in the whole of our municipal boundaries.

The main adjustments proposed in this adjustment budget are:

Table B1 Adjustments Budget Summary -						
Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance						
Total Revenue (excluding capital transfers and contributions)	459,561,281	459,561,281	302,083,187	761,644,468	531,078,881	571,784,912
Total Expenditure	454,758,149	454,758,242	71,436,470	526,194,712	563,601,935	605,825,206
Surplus/(Deficit)	4,803,132	4,803,039	230,646,718	235,449,757	- 32,523,054	- 34,040,294
Transfers and subsidies - capital (monetary allocations)	26,322,000	50,765,000	10,000,000	60,765,000	18,914,000	43,016,000
Surplus/(Deficit) after capital transfers & contributions	31,125,132	55,568,039	240,646,718	296,214,757	- 13,609,054	8,975,706

## Operating Budget (B4 –Fin Perf RE)

### Revenue by Source and Expenditure by Type

Revenue was adjusted upwards by R302 083 187 and Expenditure was adjusted upwards by R71 436 470 the municipality has a deficit of R235 449 757 which includes the contribution settlement that was paid by De Beers. A detailed explanation of revenue and expenditure can be seen in Effects on Original Budget and a summary of the Adjustment Budget.

## Adjusted Capital Budget 2024 – 2025 (B5 – CAPEX)

Capital Expenditure and Funding Sources						
Description	2024-25				2025-26	2026-27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital expenditure & funds sources						
Capital expenditure	18,122,000	47,388,613	23,732,305	71,120,918	36,914,000	43,016,004
Transfers recognised - capital	26,322,000	50,765,000	10,000,000	60,765,000	34,551,252	40,262,687
Internally generated funds	1,800,000	6,623,613	3,732,305	10,355,918	2,362,748	2,753,317
Total sources of capital funds	28,122,000	57,388,613	13,732,305	71,120,918	36,914,000	43,016,004

The Capital Budget was adjusted upwards by R13 732 305 it includes the provision that was made for the approved rollover, and several capital items have been added to the capital budget, A Detailed explanation of revenue and expenditure can be seen in Effects on Original Budget as well as a summary of the Adjustment Budget

## **Cash Flow Budget (B7-CashFlow)**

<b>Cash Flow Statement Summary</b>						
	<b>2024-25</b>				<b>2025-26</b>	<b>2026-27</b>
<b>Cash flows</b>	<b>Original Budget</b>	<b>Prior Adjusted</b>	<b>Total Adjusts.</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>
Net cash from (used) operating	26,471,568	49,351,674	231,425,888	280,777,562	40,859,558	67,583,301
Net cash from (used) investing	- 28,122,000	- 52,565,000	- 18,555,918	- 71,120,918	- 36,914,000	- 43,016,004
Net cash from (used) financing	-	-	-	-	-	1
<b>Cash/cash equivalents at the year end</b>	<b>42,569,853</b>	<b>41,006,959</b>	<b>212,869,970</b>	<b>253,876,929</b>	<b>257,822,487</b>	<b>282,389,785</b>

Please note Cash Flow Statement is directly linked to the Statement of Financial Performance and the same adjustments are applicable, however, the collection rate is applicable to the Cash Flow Statement, and the cash and cash equivalents balance includes grants.

## **Section 2 - Budget Related Resolutions**

### **ADJUSTMENT BUDGET 2024/2025**

The resolution tabled at Council for consideration with approval of the adjustments budget is:

#### **RECOMMENDATION:**

- a) That the adjustments budget of Nama Khoi Local Municipality for the financial year 2024/2025 as set out in the schedules contained in section 4 be approved:
  - Table B1 Adjustments Budget Summary
  - Table B2 Adjustments Budget Financial Performance (by standard classification);
  - B3 Adjustments Budget Financial Performance (by municipal vote);
  - Table B4 Adjustments Budget Financial Performance (revenue by source); and
  - Table B5 Adjustments Budget Capital Expenditure (by municipal vote and funding source)
  - Table B6 – Adjustments Budgeted Financial Position
  - Table B7 – Adjustments Budgeted Cash Flows
  - Table B8 – Adjustments Cash backed reserves/accumulated surplus reconciliation
  - Table B9 – Adjustments Budget Asset Management
  - Table B10 – Adjustments Budget Basic service delivery measurement
  - And Supporting Sheets and Annexures

## **Section 3 – Executive Summary**

### **Introduction**

The b-Schedule attached must be populated via the Municipality Financial System, it was populated.

The Council needs to take note that adjustments were made in accordance with Sec 28 of the MFMA and Section 72 of the MFMA.

This report will be submitted to the Treasury for assessment and it is most probable that the municipality will be required to make some corrections, however, no changes will be made to figures but rather to the MSCOA requirements.

The Council needs to take note that the municipality received a Settlement Agreement from De Beers and also qualified to have 1/3 of the ESKOM debt written off this had a positive impact on the budget and resulted in the Budget being funded.

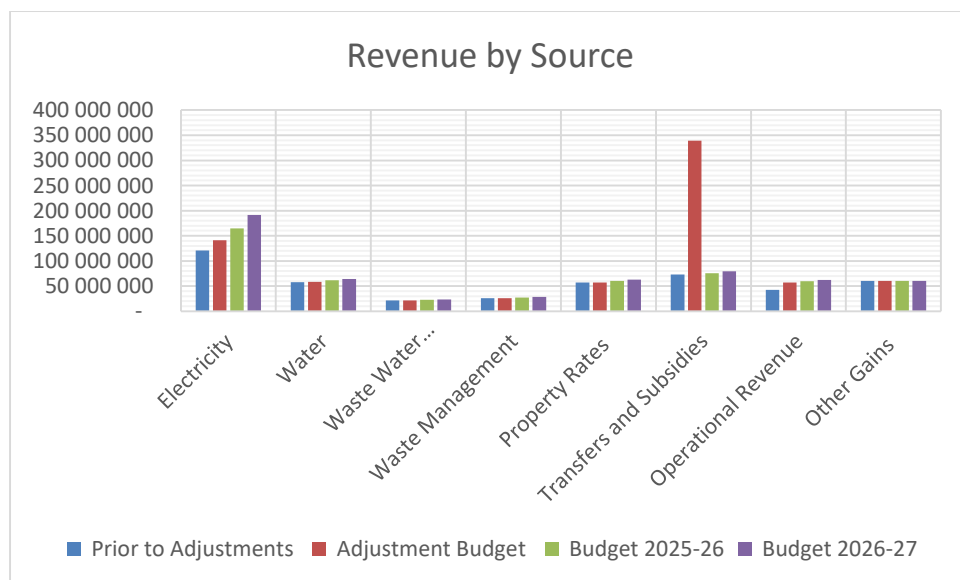
## Effect of the adjustment budget

The overall changes made to the 2024-25 budget can be best illustrated in the charts below.

### Revenue by Source Budget 2024-2025 (Annexure A -B4FINPERF RE)

Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -						
Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue By Source	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Service charges - Electricity	120,610,505	120,610,505	20,610,457	141,220,962	164,432,674	191,335,428
Service charges - Water	57,879,354	57,879,354	796,310	58,675,664	61,316,069	64,075,292
Service charges - Waste Water Management	21,428,961	21,428,961	218,710	21,647,671	22,621,815	23,639,798
Service charges - Waste Management	25,847,033	25,847,033	-	25,847,033	27,010,150	28,225,607
Sale of Goods and Rendering of Services	3,922,066	3,922,066	282,145	4,204,211	4,393,399	4,591,102
Agency services	93,786	93,786	-	93,786	98,006	-
Interest earned from Receivables	22,299,427	22,299,427	-	22,299,427	23,302,901	24,351,532
Interest earned from Current and Non Current Assets	4,425,355	4,425,355	11,793,589	16,218,944	16,948,796	17,711,491
Rent on Land	1,252,978	1,252,978	-	1,252,978	1,309,362	1,368,283
Rental from Fixed Assets	3,399,035	3,399,035	-	3,399,035	3,551,991	3,711,830
Licence and permits	1,664,099	1,664,099	2,189,945	3,854,044	4,027,475	4,208,711
Operational Revenue	408,205	408,205	144,709	552,914	577,795	603,796
Property rates	57,426,530	57,426,530	-	57,426,530	60,010,725	62,711,207
Fines, penalties and forfeits	603,022	603,022	4,787	607,809	635,161	663,743
Transfer and subsidies - Operational	73,321,000	73,321,000	266,042,535	339,363,535	75,665,000	79,203,000
Interest	4,391,925	4,391,925	-	4,391,925	4,589,562	4,796,092
Other Gains	60,588,000	60,588,000	-	60,588,000	60,588,000	60,588,000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>459,561,281</b>	<b>459,561,281</b>	<b>302,083,187</b>	<b>761,644,468</b>	<b>531,078,881</b>	<b>571,784,912</b>

### Original Budget 2024-25 against Adjusted Budget



### **The conclusion from the chart and table above**

**Service Charges Electricity** - The adjustment is based on the performance of the first 7 months, the municipality has also taken into account the extra income that will be collected from Kleinzee.

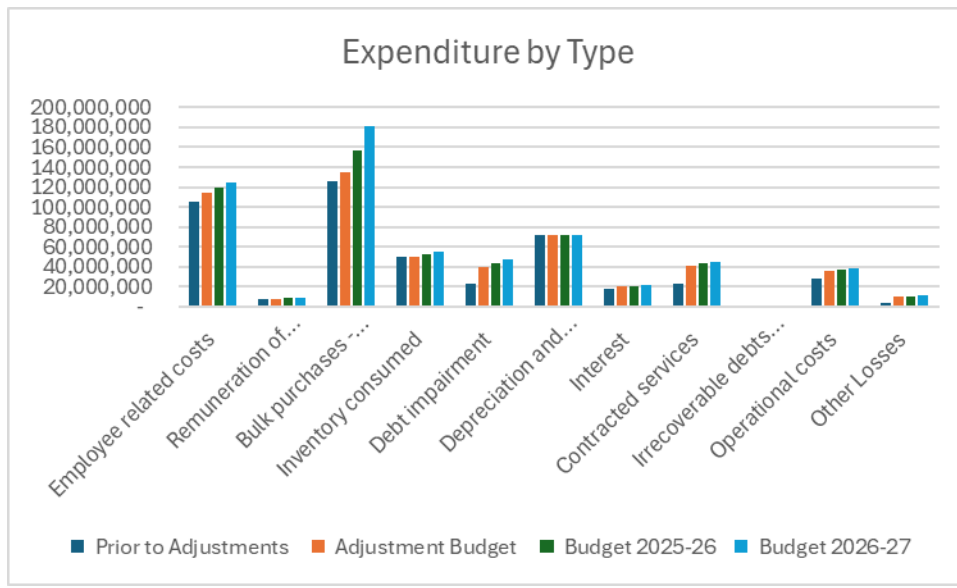
**Interest earned from current and non-current assets** – adjustment was made in terms of the interest that will be derived from the De Beers contribution as well as the performance of the first 6 months.

**License and permits** - adjustments were based on the performance of the first 6 months

**Transfer and subsidies operational** – De Beers settlement contribution was brought into the budget.

### **Expenditure By Type 2024-2025 (Annexure A -B4FINPERF RE)**

Expenditure By Type	2024-25				2025-26	2026-27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Employee related costs	105,612,784	105,612,850	8,896,253	114,509,103	119,136,552	124,497,705
Remuneration of councillors	7,282,094	7,282,102	379,327	7,661,429	8,197,729	8,771,573
Bulk purchases - electricity	125,880,000	125,880,000	9,120,000	135,000,000	156,195,000	180,717,615
Inventory consumed	50,096,000	50,096,000	125,000	50,221,000	52,480,945	54,842,589
Debt impairment	22,200,000	22,200,000	16,800,000	39,000,000	42,900,000	47,190,000
Depreciation and amortisation	72,391,567	72,391,567	-	72,391,567	72,391,567	72,391,567
Interest	17,225,338	17,225,338	2,557,438	19,782,776	20,673,002	21,603,288
Contracted services	22,215,720	22,215,730	19,143,782	41,359,512	43,220,694	45,165,633
Irrecoverable debts written off	1,000,000	1,000,000	-	1,000,000	1,100,000	1,210,000
Operational costs	27,434,094	27,434,103	8,111,026	35,545,129	37,144,661	38,816,171
Other Losses	3,420,552	3,420,552	6,303,644	9,724,196	10,161,785	10,619,065
<b>Total Expenditure</b>	<b>454,758,149</b>	<b>454,758,242</b>	<b>71,436,470</b>	<b>526,194,712</b>	<b>563,601,935</b>	<b>605,825,206</b>



### The conclusion from the charts and table above

**Employee cost** - Adjustments were made to make provision for the vacancy list as per the attached list and also to make corrections that were identified in the Mid-Year Assessment.

**Bulk purchases** – Adjustment was made based on the performance of the first 6 months' obligation to ESKOM.

**Debt Impairment** - Adjustment was made in line with the declining collection rate of the municipality

**Contracted services:** Adjustments were made to make provision for the consultancy services the municipality will acquire such as the assets verification and transfers of the Kleinsee town, various services to be done via the EPC contract, investigations of the UIF and W expenditure registers, and consultancy services Town revitalization projects.

**Interest**-Based on the interest the municipality paid during the first 6 months, the amount will decline once ESKOM debt write-off reconciliation has been concluded.

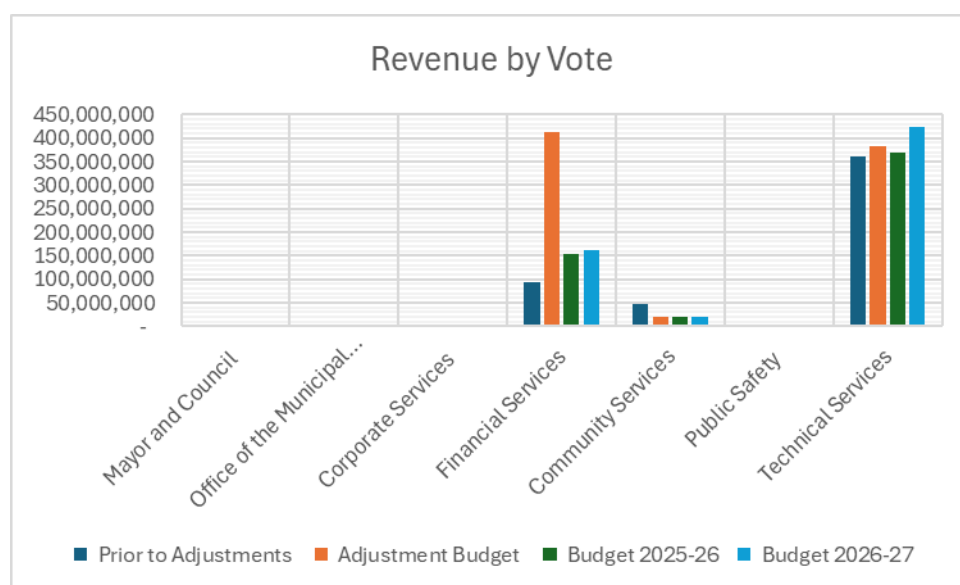
**Operational Cost** – adjustment was made for licenses in terms of ICT services, indigent supports was adjusted upwards and several other operational requirements were adjusted to ensure service delivery can be improved.

**Losses:** the municipality made provision for the water as per the Mid-Year Assessment results.

**Original Revenue By Vote against Adjusted Revenue by Vote 2024-25 (Annexure A – B3FinPerfV) (Please note it includes Capital Transfers)**

Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -						
Vote Description	Budget Year 2024/25				Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	2025/26	2026/27
<b>Revenue by Vote</b>					<b>Adjusted Budget</b>	<b>Adjusted Budget</b>
Vote 1 - EXECUTIVE MAYOR AND COUNCIL (10: IE)	388,156	388,156	-	388,156	405,623	423,876
Vote 2 - MUNICIPAL MANAGER (11: IE)	1,707,595	1,707,595	-	1,707,595	499,087	521,546
Vote 3 - CORPORATE SERVICES (13: IE)	3,230,501	3,230,501	229,821	3,460,322	3,616,036	3,778,757
Vote 4 - FINANCIAL SERVICES (15: IE)	94,696,445	94,696,445	317,496,302	412,192,747	153,680,894	161,721,418
Vote 5 - COMMUNITY SERVICES COMM DEV (16: IE)	46,372,341	46,372,341	-	27,745,371	18,626,970	19,541,228
Vote 6 - COMMUNITY SERVICES PUBL SAFETY (17: IE)	1,851,555	1,851,555	2,027,134	3,878,689	4,053,230	4,133,208
Vote 7 - INFRASTRUCTURE, ENG AND TECHNICAL (18: IE)	337,636,688	362,079,688	20,075,301	382,154,989	368,196,783	423,696,611
<b>Total Revenue by Vote</b>	<b>485,883,281</b>	<b>510,326,281</b>	<b>312,083,187</b>	<b>822,409,468</b>	<b>549,992,881</b>	<b>614,800,912</b>

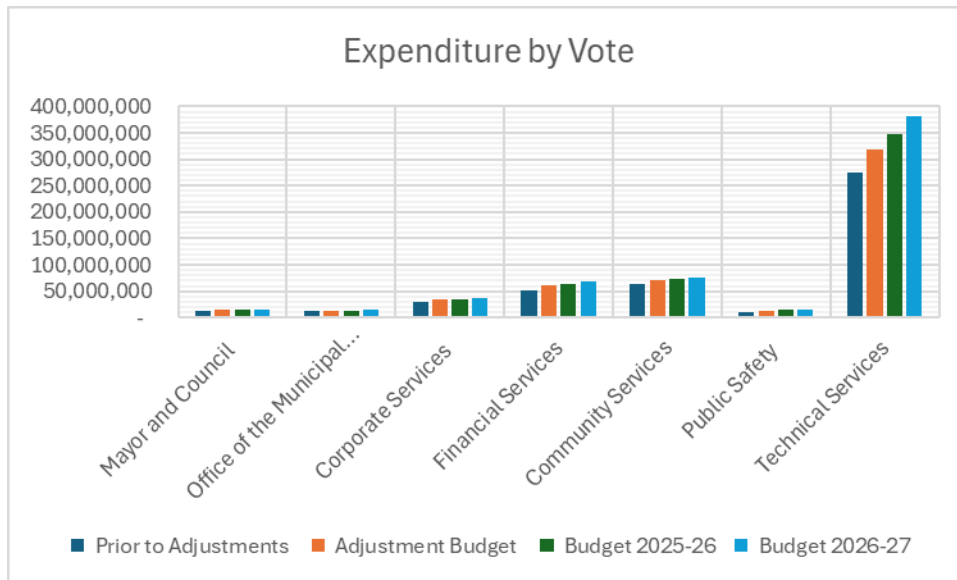
**Original Revenue by Vote against Adjusted Revenue by Vote**



**Original Expenditure by Vote against Adjusted Expenditure by Vote 2024-25 (Annexure A – B3FinPerfV)**

Expenditure by Vote	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 1 - EXECUTIVE MAYOR AND COUNCIL (10: IE)	12,914,388	12,914,408	1,316,435	14,230,843	15,062,771	15,945,544
Vote 2 - MUNICIPAL MANAGER (11: IE)	11,596,959	11,596,971	1,332,404	12,929,375	13,511,197	14,119,204
Vote 3 - CORPORATE SERVICES (13: IE)	30,030,344	30,030,353	3,695,190	33,725,543	35,075,353	36,485,907
Vote 4 - FINANCIAL SERVICES (15: IE)	50,595,496	50,595,500	11,542,119	62,137,619	64,599,102	67,506,066
Vote 5 - COMMUNITY SERVICES COMM DEV (16: IE)	63,968,799	63,968,819	8,071,018	72,039,837	74,194,484	76,522,710
Vote 6 - COMMUNITY SERVICES PUBL SAFETY (17: IE)	11,489,116	11,489,121	1,994,341	13,483,462	14,090,216	14,724,277
Vote 7 - INFRASTRUCTURE, ENG AND TECHNICAL (18: IE)	274,163,047	274,163,070	43,484,963	317,648,033	347,068,812	380,521,498
<b>Total Expenditure by Vote</b>	<b>454,758,149</b>	<b>454,758,242</b>	<b>71,436,470</b>	<b>526,194,712</b>	<b>563,601,935</b>	<b>605,825,206</b>

**Original Expenditure by Vote against Adjusted Expenditure by Vote 2024-25 (Annexure A – B3FinPerf**



### CAPITAL BUDGET PER VOTE 2024-25 (Annexure A – C5-CAPEX)

Adjustment Capital Expenditure						
Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Capital Expenditure - Functional</b>						
Finance and administration	1,800,000	1,800,000	-	1,800,000	2,362,748	2,753,317
Water management	-	-	1,627,305	1,627,305	-	-
Waste water management	26,322,000	55,588,613	12,105,000	67,693,613	34,551,252	40,262,687
<b>Total Capital Expenditure - Functional</b>	<b>28,122,000</b>	<b>57,388,613</b>	<b>13,732,305</b>	<b>71,120,918</b>	<b>36,914,000</b>	<b>43,016,004</b>
<b>Funded by:</b>						
National Government	26,322,000	50,765,000	10,000,000	60,765,000	34,551,252	40,262,687
Transfers recognised - capital	26,322,000	50,765,000	10,000,000	60,765,000	34,551,252	40,262,687
Internally generated funds	1,800,000	6,623,613	3,732,305	10,355,918	2,362,748	2,753,317
<b>Total Capital Funding</b>	<b>28,122,000</b>	<b>57,388,613</b>	<b>13,732,305</b>	<b>71,120,918</b>	<b>36,914,000</b>	<b>43,016,004</b>

### **Notes on Capital Budget**

The municipal management made provision for the approved rollover of Water Services Infrastructure Grants

The municipality also adjusted for several projects to be funded from its own funds, this relates to prior year projects that had a co-funded component.

The municipality made provision for several pumps that will be implemented to ensure service delivery can improve.

## Adjusted Cash Flow Budget 2024-25

Table B7 Adjustments Budget Cash Flows -						
Description	Budget Year 2024/25				Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	55,018,426	55,018,426	618,184	55,636,610	88,387,230	92,364,655
Service charges	205,263,509	205,263,509	- 246,175	205,017,334	247,893,450	276,601,611
Other revenue	4,095,843	4,095,843	8,615,956	12,711,799	13,283,827	13,779,182
Transfers and Subsidies - Operational	79,315,372	79,315,372	285,721,163	365,036,535	75,665,000	79,203,000
Transfers and Subsidies - Capital	26,322,000	50,765,000	- 14,443,000	36,322,000	18,914,000	43,016,000
Interest	4,425,355	4,425,355	7,500,000	11,925,355	12,461,995	13,022,784
<b>Payments</b>						
Suppliers and employees	- 330,743,599	- 332,306,493	- 53,782,802	- 386,089,295	- 395,072,942	- 428,800,643
Finance charges	- 17,225,338	- 17,225,338	- 2,557,438	- 19,782,776	- 20,673,002	- 21,603,288
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>26,471,568</b>	<b>49,351,674</b>	<b>231,425,888</b>	<b>280,777,562</b>	<b>40,859,558</b>	<b>67,583,301</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-
<b>Payments</b>						
Capital assets	- 28,122,000	- 52,565,000	- 18,555,918	- 71,120,918	- 36,914,000	- 43,016,004
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>- 28,122,000</b>	<b>- 52,565,000</b>	<b>- 18,555,918</b>	<b>- 71,120,918</b>	<b>- 36,914,000</b>	<b>- 43,016,004</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Short term loans	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	1
Increase (decrease) in consumer deposits	-	-	-	-	-	-
<b>Payments</b>						
Repayment of borrowing	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>- 1,650,432</b>	<b>- 3,213,326</b>	<b>212,869,970</b>	<b>209,656,644</b>	<b>3,945,558</b>	<b>24,567,298</b>
Cash/cash equivalents at the year begin:	44,220,285	44,220,285	-	44,220,285	253,876,929	257,822,487
Cash/cash equivalents at the year end:	42,569,853	41,006,959	212,869,970	253,876,929	257,822,487	282,389,785

## Adjustments from the Original Budget

Please note Cash Flow Statement is directly linked to the Statement of Financial Performance and the same adjustments are applicable, however, the collection rate applies to the Cash Flow Statement, and the cash and cash equivalents balance includes grants.

The cash and cash equivalents balance includes the De Beers settlement agreement.

**Table B8 Cash-backed reserves/accumulated surplus reconciliation –**

Table B8 Cash backed reserves/accumulated surplus reconciliation -						
Description	Budget Year 2024/25		Total Adjusts.	Adjusted Budget	Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted			Adjusted Budget	Adjusted Budget
Cash and investments available						
Cash/cash equivalents at the year end	2,591,911	50,685,262	203,191,667	253,876,929	257,822,487	282,389,785
Other current investments > 90 days	- 10,692,000	- 32,505,412	- 8,853,293	- 41,358,705	- 10,277,552	- 35,134,909
Cash and investments available:	- 8,100,089	18,179,850	194,338,374	212,518,224	247,544,935	247,254,876
Applications of cash and investments						
Unspent conditional transfers	15,679,256	25,458,598	- 16,484,817	8,973,781	8,973,781	8,973,781
Other working capital requirements	- 49,800,030	- 37,160,129	230,229,301	193,069,172	216,570,623	203,396,689
Reserves to be backed by cash/investments	230,077	230,077	-	230,077	230,077	230,077
Total Application of cash and investments:	- 33,890,697	- 11,471,454	213,744,483	202,273,029	225,774,481	212,600,547
<b>Surplus(shortfall)</b>	<b>25,790,608</b>	<b>29,651,304</b>	<b>- 19,406,109</b>	<b>10,245,195</b>	<b>21,770,454</b>	<b>34,654,329</b>
References				FUNDED BUDGET		

The municipality budget is found to be funded

## **Section 4**

### **A summary of a budget is as follows:**

#### **Revenue**

The revenue was adjusted with the De Beers Contribution Settlement as well as the revenue to be derived from the Kleinzee town.

#### **Expenditure**

The expenditure was adjusted upwards to make provision for vacancies that are needed to improve service delivery as well as consultancy services that are needed for several projects including the investigation of the UIF and W Expenditures

#### **Capital Expenditure**

The municipality adjusted capital expenditure upwards to male the provision for the approved rollover as well as projects to be funded from its own funds that had previously not been concluded

#### **Cash Flow Budget**

Cash Flow adjustments are linked to revenue and expenditure.

#### **Additional Note**

The Adjustment Budget will be assessed by the Provincial and National Treasury to verify if the budget complies with all the MSCOA data strings requirements as well as the funding budget status. The municipality will continue to submit the Funded Budget Plan with the Adjustment Budget.

## Section 5- Adjustment budget Tables as per B-Schedule

Choose name from list - Table B1 Adjustments Budget Summary -											
Description	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
	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		
<b>Financial Performance</b>											
Property rates	57,427	57,427	-	-	-	-	-	-	57,427	60,011	62,711
Service charges	225,766	225,766	-	-	-	-	21,625	21,625	247,391	275,381	307,276
Investment revenue	4,425	4,425	-	-	-	-	11,794	11,794	16,219	16,949	17,711
Transfers recognised - operational	73,321	73,321	-	-	-	-	266,043	266,043	339,364	75,665	79,203
Other own revenue	98,623	98,623	-	-	-	-	2,622	2,622	101,244	103,074	104,883
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>459,561</b>	<b>459,561</b>	-	-	-	-	<b>302,083</b>	<b>302,083</b>	<b>761,644</b>	<b>531,079</b>	<b>571,785</b>
Employee costs	105,613	105,613	-	-	-	-	8,896	8,896	114,509	119,137	124,498
Remuneration of councillors	7,282	7,282	-	-	-	-	379	379	7,661	8,198	8,772
Depreciation & asset impairment	94,592	94,592	-	-	-	-	16,800	16,800	111,392	115,292	119,582
Finance charges	17,225	17,225	-	-	-	-	2,557	2,557	19,783	20,673	21,603
Inventory consumed and bulk purchases	175,976	175,976	-	-	-	-	9,245	9,245	185,221	208,676	235,560
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	54,070	54,070	-	-	-	-	33,558	33,558	87,629	91,627	95,811
<b>Total Expenditure</b>	<b>454,758</b>	<b>454,758</b>	-	-	-	-	<b>71,436</b>	<b>71,436</b>	<b>526,195</b>	<b>563,602</b>	<b>605,825</b>
<b>Surplus/(Deficit)</b>	<b>4,803</b>	<b>4,803</b>	-	-	-	-	<b>230,647</b>	<b>230,647</b>	<b>235,450</b>	<b>(32,523)</b>	<b>(34,040)</b>
Transfers and subsidies - capital (monetary allocations)	26,322	50,765	-	-	-	-	10,000	10,000	60,765	18,914	43,016
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>31,125</b>	<b>55,568</b>	-	-	-	-	<b>240,647</b>	<b>240,647</b>	<b>296,215</b>	<b>(13,609)</b>	<b>8,976</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>31,125</b>	<b>55,568</b>	-	-	-	-	<b>240,647</b>	<b>240,647</b>	<b>296,215</b>	<b>(13,609)</b>	<b>8,976</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>18,122</b>	<b>47,389</b>	-	-	-	-	<b>23,732</b>	<b>23,732</b>	<b>71,121</b>	<b>36,914</b>	<b>43,016</b>
Transfers recognised - capital	26,322	50,765	-	-	-	-	10,000	10,000	60,765	34,551	40,263
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1,800	6,624	-	-	-	-	3,732	3,732	10,356	2,363	2,753
<b>Total sources of capital funds</b>	<b>28,122</b>	<b>57,389</b>	-	-	-	-	<b>13,732</b>	<b>13,732</b>	<b>71,121</b>	<b>36,914</b>	<b>43,016</b>
<b>Financial position</b>											
Total current assets	199,881	253,797	-	-	-	-	127,894	127,894	381,691	367,948	373,560
Total non current assets	707,315	727,309	-	-	-	-	37,221	37,221	764,529	729,052	699,676
Total current liabilities	127,572	150,798	-	-	-	-	107,590	107,590	258,388	308,787	287,034
Total non current liabilities	518,213	540,325	-	-	-	-	(204,815)	(204,815)	335,510	249,499	238,514
Community wealth/Equity	<b>284,868</b>	<b>309,310</b>	-	-	-	-	<b>243,011</b>	<b>243,011</b>	<b>552,322</b>	<b>538,712</b>	<b>547,688</b>
<b>Cash flows</b>											
Net cash from (used) operating	26,472	49,352	-	-	-	-	231,426	231,426	280,778	40,860	67,583
Net cash from (used) investing	(28,122)	(52,565)	-	-	-	-	(18,556)	(18,556)	(71,121)	(36,914)	(43,016)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	0
<b>Cash/cash equivalents at the year end</b>	<b>42,570</b>	<b>41,007</b>	-	-	-	-	<b>212,870</b>	<b>212,870</b>	<b>253,877</b>	<b>257,822</b>	<b>282,390</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	(8,100)	18,180	-	-	-	-	194,338	194,338	212,518	247,545	247,255
Application of cash and investments	(33,891)	(11,471)	-	-	-	-	213,744	213,744	202,273	225,774	212,601
<b>Balance - surplus (shortfall)</b>	<b>25,791</b>	<b>29,651</b>	-	-	-	-	<b>(19,406)</b>	<b>(19,406)</b>	<b>10,245</b>	<b>21,770</b>	<b>34,654</b>
<b>Asset Management</b>											
Asset register summary (WDV)	696,745	725,754	-	-	-	-	37,066	37,066	762,819	727,342	697,966
Depreciation	72,392	72,392	-	-	-	-	(35,172)	(35,172)	37,220	72,392	72,392
Renewal and Upgrading of Existing Assets	10,000	10,000	-	-	-	-	5,000	5,000	15,000	21,452	26,312
Repairs and Maintenance	(111,425)	(111,425)	-	-	-	-	10,247	10,247	(101,178)	(121,445)	(136,910)
<b>Free services</b>											
Cost of Free Basic Services provided	53,604	53,604	-	-	-	-	-	-	53,604	56,017	58,537
Revenue cost of free services provided	4,050	4,050	-	-	-	-	-	-	4,050	4,232	4,422

## **Annexure -B-SCHEDULE - Adjustment budget tables**

The adjustments budget tables are attached to this document as Tables B1 to B 10.

The Budget tables are:

Table B1 – Adjustments Budget Summary

Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B3 – Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B4 – Adjustments Budgeted Financial Performance (revenue and expenditure)

Table B5 – Adjustments Budgeted Capital Expenditure by vote, standard classification, and funding

Table B6 – Adjustments Budgeted Financial Position

Table B7 – Adjustments Budgeted Cash Flows

Table B8 – Adjustments Cash backed reserves/accumulated surplus reconciliation

Table B9 – Adjustments Budget Asset Management

Table B10 – Adjustments Budget Basic service delivery measurement

## **PART 2 – Additional Requirements**

### **Section 6 – Budget related policies**

There are no changes to the budget-related policies proposed in the adjustments budget.

### **Section 7 – Overview of budget assumptions**

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

### **Section 8– Funding compliance**

The Adjustment is funded as per table B8, the Eskom Debt Relief as well as the De Beers Settlement Contribution assisted the municipality to table a funded budget.

### **Section 9 – Overview of budget funding**

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes and;
- Borrowed funds, but only for the capital budget referred to in Section 17.

Achievement of this requirement in totality, effectively means, that the Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

## **A Credible Budget**

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa; ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium, and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications.

Furthermore, budgets tabled for consultation at least 90 days before the start of the budget year should already be credible and fairly close to the final approved budget.

## **Section 10- Funding**

### **10.1 Funding of operating and capital expenditure**

As indicated the municipality Adjustment Budget is funded

### **10..2 Financial plans**

The municipality adopted the Funded Budget Plan (financial recovery plan), this plan consists of 12 activities at this stage, each activity has several deliverables where the outcome will ensure the municipality finance can move to be more viable, cost containment is incorporated into the funding plan which will ensure all expenditure are kept to an acceptable level, the municipality will also start to explore other revenue enhancement programs including the Rural Maintenance Revenue Enhancement Initiatives.

## **Section 11 – Expenditure on allocations and grant programs**

The municipality adjusted for the rollover of the Water Services Infrastructure Grant

## **Section 12 – Allocations and grants made by the Municipality**

The municipality has adopted a Donation and Incentive Policy and all donations are made as per the donation policy.

### **Section 13 – Municipal Manager’s Quality Certification**

I, \_\_\_\_\_ Municipal Manager of Nama Khoi Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance of the Municipal Finance Management Act and the regulations made under the Act and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Municipal Manager of Nama Khoi Municipality (NC062)

Signature .....

Date .....