

# **MAIN ADJUSTMENT BUDGET 2025/2026**



**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:

NC062 Nama Khoi - Table B1 Adjustments Budget Summary -						
Description	Budget Year 2025/26				Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance						
Total Revenue (excluding capital transfers and contributions)	527,919,493	527,919,493	61,889,031	589,808,524	566,128,234	603,106,301
Total Expenditure	564,107,286	564,107,301	60,644,821	624,752,122	604,278,389	641,799,485
Surplus/(Deficit)	- 36,187,793	- 36,187,808	1,244,210	- 34,943,598	- 38,150,155	- 38,693,184

## Operating Budget (B4 –Fin Perf RE)

### Revenue by Source and Expenditure by Type

Revenue was adjusted upwards by R61 889 031, and Expenditure was adjusted upwards by R60 644 821, leaving the municipality with a deficit of R34 943 598, which includes non-cash items such as depreciation and debt impairment. A detailed explanation of revenue and expenditure can be seen in the Effects on Original Budget and a summary of the Adjustment Budget.

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

NC062 Nama Khoi - Table B1 Adjustments Capital Summary -						
	Budget Year 2025/26				Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital expenditure & funds sources						
Capital expenditure	-	-	-	-	-	-
Transfers recognised - capital	47,139,000	47,139,000	-	47,139,000	38,017,000	44,907,005
Borrowing	-	-	-	-	-	-
Internally generated funds	30,503,214	30,503,214	15,051,607	45,554,821	2,753,317	2,753,330
Total sources of capital funds	77,642,214	77,642,214	15,051,607	92,693,821	40,770,317	47,660,335

The Capital Budget was adjusted upwards by R15 051 607, which includes the provision that was made for several capital items that 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

## **Financial Position and Cash Flow Budget (B7-CashFlow)**

NC062 Nama Khoi - Table B1 Adjustments Financial Position and Casgh Flow Summary -							
	Budget Year 2025/26					Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	2026/27	2027/28
<b>Financial position</b>							
Total current assets	253,568,938	253,568,938	160,810,651	160,810,651	414,379,589	469,637,347	472,783,845
Total non current assets	769,779,728	769,779,730	253,472,830	253,472,830	1,023,252,560	956,766,028	963,656,048
Total current liabilities	268,692,028	268,691,930	- 131,008,950	- 131,008,950	137,682,980	141,027,311	140,657,857
Total non current liabilities	370,135,137	370,135,137	- 103,451,057	- 103,451,057	266,684,080	266,684,080	266,684,079
<b>Community wealth/Equity</b>	<b>273,595,185</b>	<b>273,595,170</b>	<b>732,744,057</b>	<b>732,744,057</b>	<b>1,006,339,227</b>	<b>1,019,765,668</b>	<b>1,030,171,641</b>
<b>Cash flows</b>							
Net cash from (used) operating	- 35,339,751	- 35,339,787	37,570,194	37,570,194	2,230,407	2,156,109	11,781,294
Net cash from (used) investing	- 89,288,546	- 89,288,546	- 17,309,349	- 17,309,349	- 106,597,895	- 46,885,864	- 54,809,381
Net cash from (used) financing	-	-	-	-	-	-	1
<b>Cash/cash equivalents at the year end</b>	<b>129,248,634</b>	<b>129,248,598</b>	<b>90,300,996</b>	<b>90,300,996</b>	<b>219,549,594</b>	<b>174,819,839</b>	<b>131,791,753</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 applies to the Cash Flow Statement, and the cash and cash equivalents balance includes grants.

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

### **ADJUSTMENT BUDGET 2025/2026**

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 2025/2026, 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 is still on the Eskom Debt Relief Programme as well as the Water Incentive Scheme, which assisted the municipality in moving to a Funded Budget.

The municipality is still experiencing issues with the financial system and is in constant engagements with the Service Providers to resolve all issues.

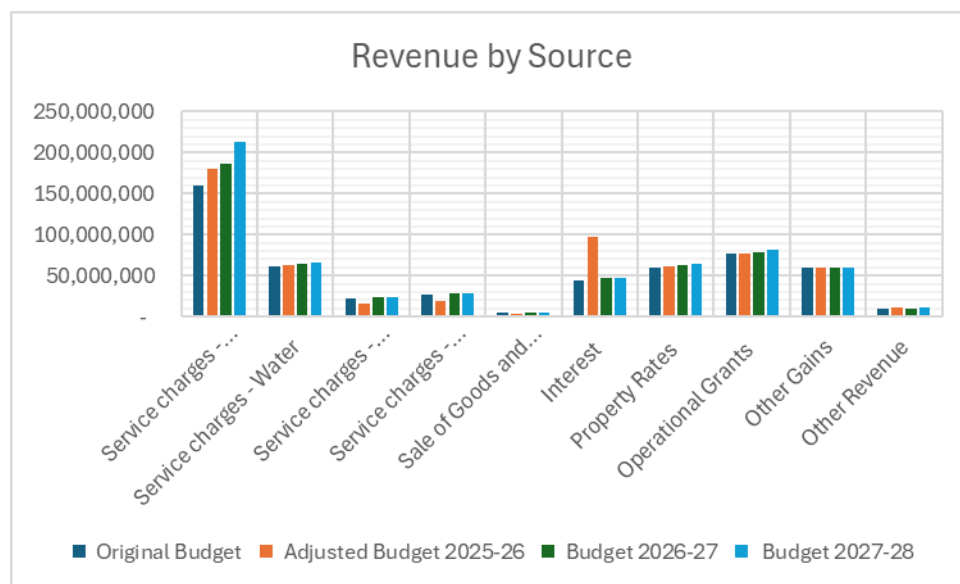
## Effect of the adjustment budget

The overall changes made to the 2025-26 budget can be best illustrated in the charts below.

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

NC062 Nama Khoi - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -						
Description	Budget Year 2025/26		Total Adjusts.	Adjusted Budget	Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted			Adjusted Budget	Adjusted Budget
<b>Revenue By Source</b>						
Service charges - Electricity	159,926,757	159,926,757	19,852,575	179,779,332	186,121,041	213,653,363
Service charges - Water	61,257,394	61,257,394	2,212,341	63,469,735	64,013,977	65,614,329
Service charges - Waste Water Management	22,600,169	22,600,169	- 6,240,738	16,359,431	23,617,178	24,207,607
Service charges - Waste Management	26,984,303	26,984,303	- 8,011,906	18,972,397	28,198,597	28,903,563
Sale of Goods and Rendering of Services	4,389,195	4,389,195	- 203,004	4,186,191	4,586,710	4,701,384
Agency services	97,913	97,913	-	97,913	-	1
Interest earned from Receivables	23,280,602	23,280,602	32,499,398	55,780,000	24,328,229	24,936,438
Interest earned from Current and Non Current Assets	16,932,576	16,932,576	6,643,533	23,576,109	17,694,541	18,136,904
Rent on Land	1,308,109	1,308,109	-	1,308,109	1,366,973	1,401,147
Rental from Fixed Assets	3,548,593	3,548,593	- 1,035,550	2,513,043	3,708,279	3,800,987
Licence and permits	4,023,621	4,023,621	- 297,488	3,726,133	4,204,683	4,309,801
Operational Revenue	577,243	577,243	73,800	651,043	603,220	618,303
Property rates	59,953,295	59,953,295	1,322,560	61,275,855	62,651,195	64,217,478
Fines, penalties and forfeits	634,553	634,553	- 35,320	599,233	663,108	679,695
Transfer and subsidies - Operational	77,232,000	77,232,000	- 5,000	77,227,000	78,991,000	82,426,003
Interest	4,585,170	4,585,170	12,988,830	17,574,000	4,791,503	4,911,294
Operational Revenue	-	-	2,125,000	2,125,000	-	4
Other Gains	60,588,000	60,588,000	-	60,588,000	60,588,000	60,587,999
<b>Total Revenue (excluding capital transfers and contr</b>	<b>527,919,493</b>	<b>527,919,493</b>	<b>61,889,031</b>	<b>589,808,524</b>	<b>566,128,234</b>	<b>603,106,301</b>

### Original Budget 2025-26 against Adjusted Budget



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

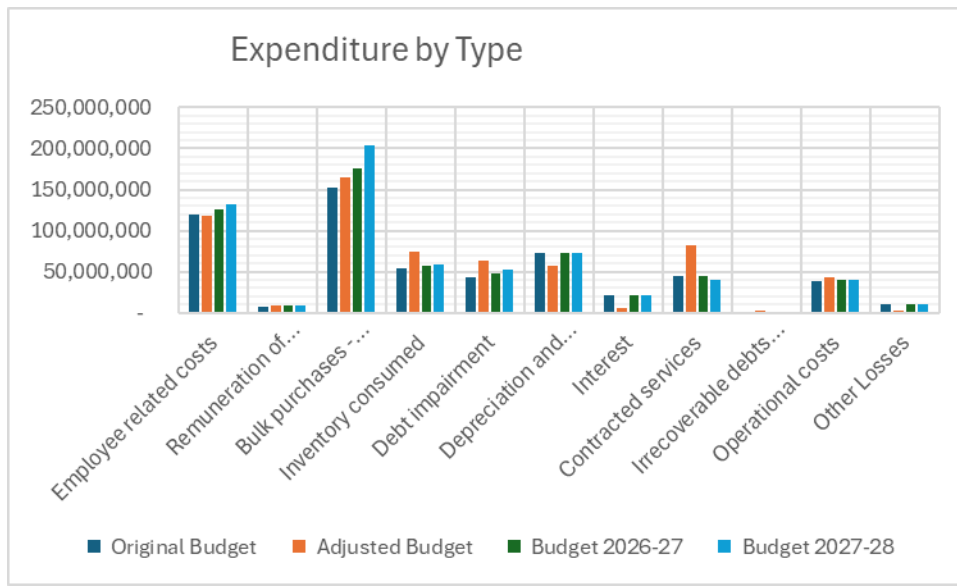
**Service Charges Electricity** - The adjustment is based on the performance of the first 7 months; electricity and water were adjusted upwards, while the service charges for refuse removal and sanitation were adjusted downwards.

**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.

Other revenue has been adjusted based on the performance of the first 7 months of the financial year .

**Expenditure By Type 2025-2026 (Annexure A -B4FINPERF RE)**

	Budget Year 2025/26				Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	2026/27	2027/28
<b>Expenditure By Type</b>					<b>Adjusted Budget</b>	<b>Adjusted Budget</b>
Employee related costs	119,327,557	119,327,570	- 752,974	118,574,596	125,305,888	131,583,825
Remuneration of councillors	8,044,502	8,044,502	241,335	8,285,837	8,607,616	9,210,147
Bulk purchases - electricity	152,145,000	152,145,000	12,855,000	165,000,000	176,031,765	203,668,752
Inventory consumed	54,490,724	54,490,724	20,082,736	74,573,460	56,942,808	58,366,402
Debt impairment	42,900,000	42,900,000	20,600,000	63,500,000	47,190,000	51,909,000
Depreciation and amortisation	72,391,567	72,391,567	- 14,563,028	57,828,539	72,391,567	72,391,571
Interest	20,653,218	20,653,218	- 14,983,077	5,670,141	21,582,613	22,122,178
Contracted services	45,075,084	45,075,085	37,713,187	82,788,272	44,877,416	39,824,396
Irrecoverable debts written off	1,100,000	1,100,000	1,400,000	2,500,000	1,210,000	1,331,009
Operational costs	37,827,573	37,827,574	5,703,703	43,531,277	39,529,812	40,518,079
Other Losses	10,152,061	10,152,061	- 7,652,061	2,500,000	10,608,904	10,874,126
<b>Total Expenditure</b>	<b>564,107,286</b>	<b>564,107,301</b>	<b>60,644,821</b>	<b>624,752,122</b>	<b>604,278,389</b>	<b>641,799,485</b>



**The conclusion from the charts and table above**

**Employee cost and Councillor Remuneration** - Adjustments were made based on the performance of the first 7 months and the implementation of the Upper Limits.

**Bulk purchases** – Adjustment was made based on the performance of the first 7 months' obligation to ESKOM.

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

**Contracted services:** Provision was made for the Revenue Enhancement Partner as per the Court Order. Provision was also made for consultancy fees for Town Planning and other service-related projects.

**Interest**-Based on the interest the municipality paid during the first 7 months, the amount will decline once the ESKOM debt write-off reconciliation has been concluded.

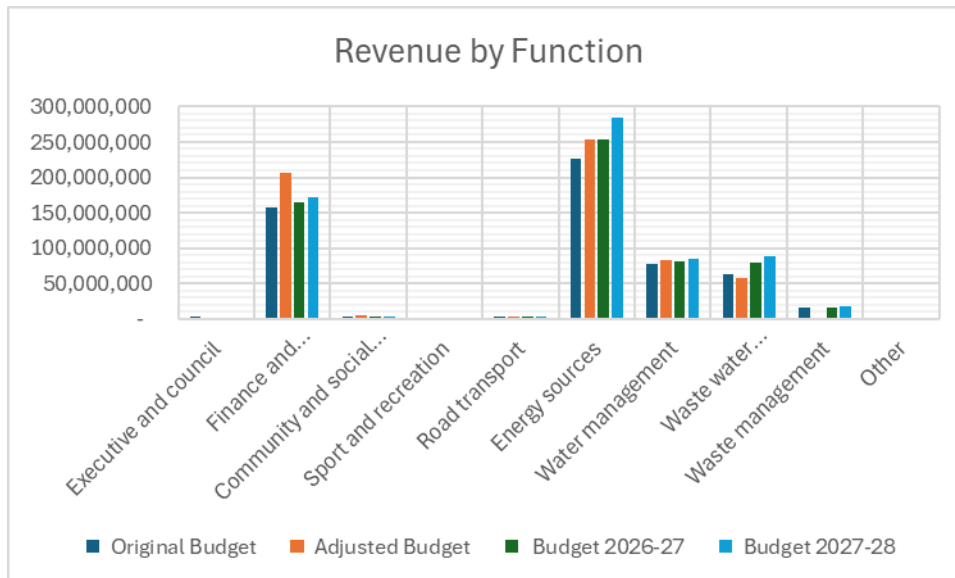
**Operational Cost** – was adjusted upwards and several other operational requirements were adjusted to ensure service delivery can be improved.

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

**Original Revenue by Function against Adjusted Revenue by Function 2025-26 (Annexure A –B2FinPerfV) (Please note it includes Capital Transfers)**

NC062 Nama Khoi - Table B2 Adjustments Budget Financial Performance (functional classification) -						
Standard Description	Budget Year 2025/26				Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Revenue - Functional</b>						
Executive and council	2,492,320	2,492,320	- 253,277	2,239,043	931,430	954,716
Finance and administration	157,086,733	157,086,733	49,982,108	207,068,841	165,247,855	171,077,526
Community and social services	3,551,250	3,551,250	816,001	4,367,251	3,761,580	3,811,121
Sport and recreation	144,154	144,154	- 69,154	75,000	150,641	154,407
Road transport	3,862,110	3,862,110	- 116,221	3,745,889	3,933,585	4,031,926
Energy sources	226,672,019	226,672,019	27,206,731	253,878,750	253,238,431	283,656,674
Water management	78,173,175	78,173,175	3,925,560	82,098,735	81,701,238	84,113,704
Waste water management	62,811,836	62,811,836	- 5,497,405	57,314,431	79,948,320	88,256,538
Waste management	15,488,163	15,488,163	- 14,071,766	1,416,397	16,195,401	16,970,218
Other	333,735	333,735	- 33,546	300,189	348,753	357,473
<b>Total Revenue - Functional</b>	<b>550,615,495</b>	<b>550,615,495</b>	<b>61,889,031</b>	<b>612,504,526</b>	<b>605,457,234</b>	<b>653,384,303</b>

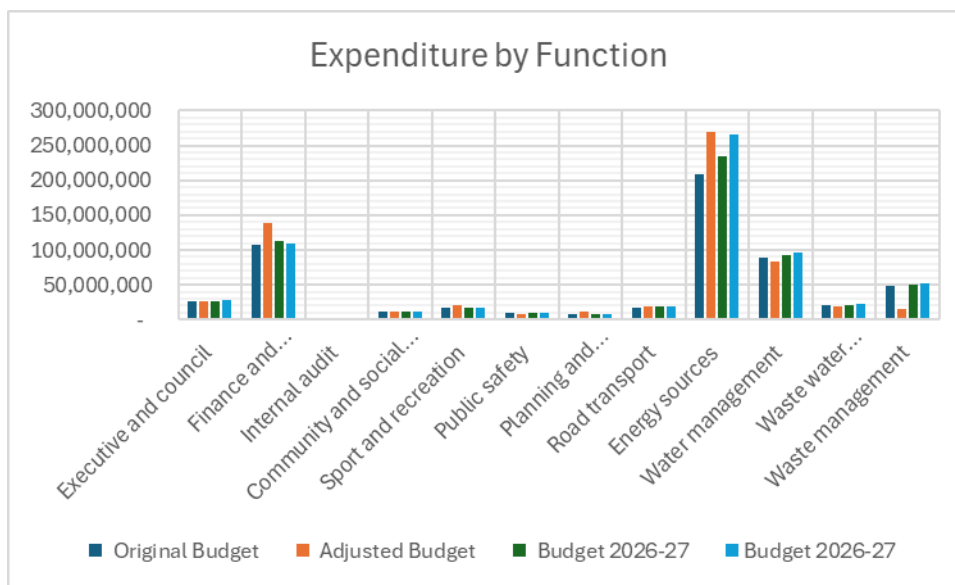
**Original Revenue by Function against Adjusted Revenue by Function**



**Original Expenditure by Function against Adjusted Expenditure by Function 2025-26  
(Annexure A –B2FinPerfV**

	Budget Year 2025/26				Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	2026/27	2027/28
<b>Expenditure - Functional</b>						
Executive and council	27,077,731	27,077,733	43,320	27,121,053	26,887,300	28,272,442
Finance and administration	107,307,490	107,307,495	32,064,934	139,372,429	111,987,236	109,313,312
Internal audit	1,695,774	1,695,776	233,386	1,929,162	1,780,620	1,869,241
Community and social services	11,303,087	11,303,089	- 537,278	10,765,811	11,855,465	12,377,917
Sport and recreation	16,879,629	16,879,629	4,436,227	21,315,856	17,237,754	17,596,730
Public safety	8,790,077	8,790,078	- 1,749,548	7,040,530	8,802,182	9,200,816
Planning and development	7,859,556	7,859,558	3,172,058	11,031,616	8,252,918	8,664,326
Road transport	17,938,496	17,938,497	109,473	18,047,970	18,825,592	19,708,990
Energy sources	207,768,325	207,768,325	61,706,230	269,474,555	234,720,557	265,211,661
Water management	88,538,595	88,538,595	- 4,510,515	84,028,080	92,464,290	95,476,339
Waste water management	20,743,385	20,743,385	- 1,554,385	19,189,000	21,623,330	22,532,349
Waste management	48,205,141	48,205,141	- 32,769,081	15,436,060	49,841,145	51,575,362
<b>Total Expenditure - Functional</b>	<b>564,107,286</b>	<b>564,107,301</b>	<b>60,644,821</b>	<b>624,752,122</b>	<b>604,278,389</b>	<b>641,799,485</b>

**Original Expenditure by Function against Adjusted Expenditure by Function 2025-26  
(Annexure A –B2FinPerf**



**CAPITAL BUDGET PER VOTE 2025-26 (Annexure A – C5-CAPEX)**

NC062 Nama Khoi - Table B5 Adjustments Capital Expenditure Budget by vote and funding -						
	Budget Year 2025/26				Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Capital Expenditure - Functional</b>						
Finance and administration	1,050,110	1,050,110	1,851,988	2,902,098	1,223,696	1,223,696
Road transport	9,062,638	9,062,638	-	9,062,638	1,529,621	1,529,621
Energy sources	4,517,000	4,517,000	-	4,517,000	-	2
Water management	9,695,381	9,695,381	9,504,619	19,200,000	-	5
Waste water management	53,317,085	53,317,085	3,695,000	57,012,085	38,017,000	44,907,007
<b>Total Capital Expenditure - Functional</b>	<b>77,642,214</b>	<b>77,642,214</b>	<b>15,051,607</b>	<b>92,693,821</b>	<b>40,770,317</b>	<b>47,660,335</b>
<b>Funded by:</b>						
National Government	47,139,000	47,139,000	-	47,139,000	38,017,000	44,907,005
Internally generated funds	30,503,214	30,503,214	15,051,607	45,554,821	2,753,317	2,753,330
<b>Total Capital Funding</b>	<b>77,642,214</b>	<b>77,642,214</b>	<b>15,051,607</b>	<b>92,693,821</b>	<b>40,770,317</b>	<b>47,660,335</b>

## **Notes on Capital Budget**

Adjustments were made to make provision for the additional fleet

Adjustment was made as per the tender processes that the municipality concluded on

## Adjusted Cash Flow Budget 2025-26

NC062 Nama Khoi - Table B7 Adjustments Budget Cash Flows -						
Description	Budget Year 2025/26			Adjusted Budget	Budget Year +1 2026/27	
	Original Budget	Prior Adjusted	Total Adjusts.		Adjusted Budget	Adjusted Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	47,117,098	47,117,098	22,498,332	69,615,430	59,394,403	60,879,266
Service charges	236,207,948	236,207,948	39,736,124	275,944,072	289,124,925	321,490,310
Other revenue	70,373,766	70,373,766	12,159,687	82,533,453	69,632,297	74,812,934
Transfers and Subsidies - Operational	77,232,000	77,232,000	- 5,000	77,227,000	78,991,000	82,426,029
Transfers and Subsidies - Capital	22,696,001	22,696,001	-	22,696,001	39,329,000	50,278,002
Interest	40,213,178	40,213,178	40,242,931	80,456,109	42,022,770	43,073,344
<b>Payments</b>						
Suppliers and employees	- 508,526,524	- 508,526,560	- 92,044,957	- 600,571,517	- 554,755,673	- 599,056,413
Finance charges	- 20,653,218	- 20,653,218	14,983,077	- 5,670,141	- 21,582,613	- 22,122,178
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>- 35,339,751</b>	<b>- 35,339,787</b>	<b>37,570,194</b>	<b>2,230,407</b>	<b>2,156,109</b>	<b>11,781,294</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	- 89,288,546	- 89,288,546	- 17,309,349	- 106,597,895	- 46,885,864	- 54,809,381
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>- 89,288,546</b>	<b>- 89,288,546</b>	<b>- 17,309,349</b>	<b>- 106,597,895</b>	<b>- 46,885,864</b>	<b>- 54,809,381</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>- 124,628,297</b>	<b>- 124,628,333</b>	<b>20,260,845</b>	<b>- 104,367,488</b>	<b>44,729,755</b>	<b>43,028,086</b>
Cash/cash equivalents at the year begin:	253,876,931	253,876,931	70,040,151	323,917,082	219,549,594	174,819,839
Cash/cash equivalents at the year end:	129,248,634	129,248,598	90,300,996	219,549,594	174,819,839	131,791,753

### 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 municipal financial system is not aligning all votes to the correct MSCOA cash flow item as required.*

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

NC062 Nama Khoi - Table B8 Cash backed reserves/accumulated surplus reconciliation -						
Description	Budget Year 2025/26			Adjusted Budget	Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Other Adjusts.	Total Adjusts.		Adjusted Budget	Adjusted Budget
Cash and investments available						
Cash/cash equivalents at the year end	129,248,634	90,300,996	90,300,996	219,549,594	174,819,839	131,791,753
Other current investments > 90 days	13,509,389	21,058,993	21,058,993	34,568,418	134,170,730	179,367,832
Non current assets - Investments	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>142,758,023</b>	<b>111,359,989</b>	<b>111,359,989</b>	<b>254,118,012</b>	<b>308,990,569</b>	<b>311,159,585</b>
<b>Applications of cash and investments</b>						
Unspent conditional transfers	36,216,944	- 14,160,837	- 14,160,837	22,056,097	22,056,097	22,056,097
Unspent borrowing						
Statutory requirements	- 82,865,711	26,574,158	26,574,158	- 56,291,553	- 52,947,219	- 53,316,654
Other working capital requirements	197,927,303	- 214,438,889	- 214,438,889	- 16,511,674	- 23,562,421	- 26,783,279
Other provisions	8,499,626	341,475	341,475	8,841,101	8,841,101	8,841,101
Long term investments committed	-	-	-	-	-	-
Reserves to be backed by cash/investments	230,077	-	-	230,077	230,077	230,077
<b>Total Application of cash and investments:</b>	<b>160,008,239</b>	<b>- 201,684,093</b>	<b>- 201,684,093</b>	<b>- 41,675,952</b>	<b>- 45,382,365</b>	<b>- 48,972,658</b>
<b>Surplus(shortfall)</b>	<b>- 17,250,216</b>	<b>313,044,082</b>	<b>313,044,082</b>	<b>295,793,964</b>	<b>354,372,934</b>	<b>360,132,243</b>

The municipality's budget is found to be funded

## **Section 4**

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

#### **Revenue**

The revenue was as per the actual performance of the first 7 months, with electricity and interest on outstanding accounts having the biggest impact.

#### **Expenditure**

The expenditure was adjusted upwards to make provision for consultancy fees as per the Court Order received in December 2025.

Adjustments were made to ensure that the municipality will be able to adhere to payments for Bulk Services and certain service delivery obligations.

#### **Capital Expenditure**

The municipality adjusted capital expenditure upwards to make the provision for the additional fleet identified through the RT57 process, as well as two additional sewerage trucks that are needed to boost service delivery.

#### **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. It must be noted that the municipality has some issues with the Financial System and has been in constant engagement to rectify the errors it has been experiencing.

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

NC062 Nama Khoi - 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 Adjus. 6	Total Adjus. 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	59,953	59,953	-	-	-	-	1,323	1,323	61,276	62,651	64,217
Service charges	270,769	270,769	-	-	-	-	7,812	7,812	278,581	301,951	332,379
Investment revenue	16,933	16,933	-	-	-	-	6,644	6,644	23,576	17,695	18,137
Transfers recognised - operational	77,232	77,232	-	-	-	-	(5)	(5)	77,227	78,991	82,426
Other own revenue	103,033	103,033	-	-	-	-	46,116	46,116	149,149	104,841	105,947
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>527,919</b>	<b>527,919</b>	-	-	-	-	<b>61,889</b>	<b>61,889</b>	<b>589,809</b>	<b>566,128</b>	<b>603,106</b>
Employee costs	119,328	119,328	-	-	-	-	(753)	(753)	118,575	125,306	131,584
Remuneration of councillors	8,045	8,045	-	-	-	-	241	241	8,286	8,608	9,210
Depreciation & asset impairment	115,292	115,292	-	-	-	-	6,037	6,037	121,329	119,582	124,301
Finance charges	20,653	20,653	-	-	-	-	(14,983)	(14,983)	5,670	21,583	22,122
Inventory consumed and bulk purchases	206,636	206,636	-	-	-	-	32,938	32,938	239,573	232,975	262,035
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	94,155	94,155	-	-	-	-	37,165	37,165	131,320	96,226	92,548
<b>Total Expenditure</b>	<b>564,107</b>	<b>564,107</b>	-	-	-	-	<b>60,645</b>	<b>60,645</b>	<b>624,752</b>	<b>604,278</b>	<b>641,799</b>
<b>Surplus/(Deficit)</b>	<b>(36,188)</b>	<b>(36,188)</b>	-	-	-	-	<b>1,244</b>	<b>1,244</b>	<b>(34,944)</b>	<b>(38,150)</b>	<b>(38,693)</b>
Transfers and subsidies - capital (monetary allocations)	22,696	22,696	-	-	-	-	-	-	22,696	39,329	50,278
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(13,492)</b>	<b>(13,492)</b>	-	-	-	-	<b>1,244</b>	<b>1,244</b>	<b>(12,248)</b>	<b>1,179</b>	<b>11,585</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(13,492)</b>	<b>(13,492)</b>	-	-	-	-	<b>1,244</b>	<b>1,244</b>	<b>(12,248)</b>	<b>1,179</b>	<b>11,585</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	47,139	47,139	-	-	-	-	-	-	47,139	38,017	44,907
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	30,503	30,503	-	-	-	-	15,052	15,052	45,555	2,753	2,753
<b>Total sources of capital funds</b>	<b>77,642</b>	<b>77,642</b>	-	-	-	-	<b>15,052</b>	<b>15,052</b>	<b>92,694</b>	<b>40,770</b>	<b>47,660</b>
<b>Financial position</b>											
Total current assets	253,569	253,569	-	-	-	-	160,811	160,811	414,380	469,637	472,784
Total non current assets	769,780	769,780	-	-	-	-	253,473	253,473	1,023,253	956,766	963,656
Total current liabilities	268,692	268,692	-	-	-	-	(131,009)	(131,009)	137,683	141,027	140,658
Total non current liabilities	370,135	370,135	-	-	-	-	(103,451)	(103,451)	266,684	266,684	266,684
Community wealth/Equity	273,595	273,595	-	-	-	-	732,744	732,744	1,006,339	1,019,766	1,030,172
<b>Cash flows</b>											
Net cash from (used) operating	(35,340)	(35,340)	-	-	-	-	37,570	37,570	2,230	2,156	11,781
Net cash from (used) investing	(89,289)	(89,289)	-	-	-	-	(17,309)	(17,309)	(106,598)	(46,886)	(54,809)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	0
<b>Cash/cash equivalents at the year end</b>	<b>129,249</b>	<b>129,249</b>	-	-	-	-	<b>90,301</b>	<b>90,301</b>	<b>219,550</b>	<b>174,820</b>	<b>131,792</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	142,758	142,758	-	-	-	-	111,360	111,360	254,118	308,991	311,160
Application of cash and investments	160,008	160,008	-	-	-	-	(201,684)	(201,684)	(41,676)	(45,382)	(48,973)
<b>Balance - surplus (shortfall)</b>	<b>(17,250)</b>	<b>(17,250)</b>	-	-	-	-	<b>313,044</b>	<b>313,044</b>	<b>295,794</b>	<b>354,373</b>	<b>360,132</b>
<b>Asset Management</b>											
Asset register summary (WDV)	768,070	768,070	-	-	-	-	253,473	253,473	1,021,543	955,056	961,946
Depreciation	72,392	72,392	-	-	-	-	(14,563)	(14,563)	57,829	72,392	72,392
Renewal and Upgrading of Existing Assets	17,750	17,750	-	-	-	-	2,200	2,200	19,950	20,000	26,250
Repairs and Maintenance	29,606	29,606	-	-	-	-	(1,221)	(1,221)	28,385	30,938	31,712
<b>Free services</b>											
Cost of Free Basic Services provided	55,963	55,963	-	-	-	-	-	-	55,963	58,481	59,943
Revenue cost of free services provided	4,228	4,228	-	-	-	-	-	-	4,228	4,418	4,528
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

## **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,

### **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's 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 is also busy with the revenue enhancement programs including the Rural Maintenance Revenue Enhancement Initiatives.

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

Expenditure on grants are reported on a monthly basis

## **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. Donations were reported in the Section 72 Report

**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 .....