



INGQUZA HILL LOCAL MUNICIPALITY

2025/26 Adjusted Budget and the MTREF

February 27, 2026

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PART 1 – ADJUSTMENTS BUDGET

1. MAYOR'S REPORT

The municipality has been implementing its 2025/26 Service Delivery Budget Implementation Plan, together with the 2025/26 approved budget from July 01, 2025. Section 72 of the MFMA requires that a mid-year assessment be done on the performance of the municipality against the set performance targets as well as performance against the approved budgets.

From the assessment done, it was apparent that there is a need for an adjustment to be done to the 2025/26 budget. This is also after the first budget adjustment was approved in November 2025 because of the approved roll over applications on unspent conditional grants. The following are the reasons that support the submission of an adjustments budget: -

- As per the SDBIP, it was apparent that there are targets that required further funding to improve service delivery to the communities.
- There are errors that may have been identified during the budget implementation for the first half of the financial year. It is at this point that an opportunity is available to do those corrections.
- There are funds that need to be shifted to on-going projects like the Renovation of Flagstaff Municipal Offices, the commencement of the Construction of Lusikisiki Offices, construction of the boundary wall at the DLTC and fencing of Lusikisiki Landfill site amongst others.
- The municipality has a responsibility to maintain all municipal assets. This includes the maintenance of access roads that ensure access to all amenities by the communities. An additional budget allocation needed to be made to ensuring that access roads are maintained.
- There are revenue streams that have performed well, and others below expectation. The budget adjustment must then consider those revised forecasts.
- There was significant underspending on contracted services and operational expenditure. The adjustments take this fact into consideration, allowing for allocation to line items within the categories to ensure acceleration of service delivery to the communities of IHLM.

It is important therefore that the IHLM Council approves the 2025/26 Adjusted Budget and the MTREF as well as the revision of service delivery targets and performance indicators in the SDBIP

2. RESOLUTIONS

The Ingquza Hill Local Municipality Council resolves to:

- a) Approve the 2025/26 Adjustment Budget and the MTREF in terms of Section 28(2) of the Municipal Finance Management Act No. 56 of 2003
- b) Approves the revisions to monthly and quarterly service delivery targets and performance indicators in the SDBIP with the corresponding changes to the budget.
- c) Approves the adjusted procurement plan aligned to the SDBIP.

3. EXECUTIVE SUMMARY

Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

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 expenditure 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 council.
 - f. may correct any errors in the annual budget; and
 - g. may provide for any other expenditure within a prescribed framework.

The municipality performed a mid-year assessment in terms of Section 72 of the MFMA, to determine the performance of the municipality against the set targets. Also, an assessment was done of the performance of the municipality in terms of expenditure or revenue against the approved budget.

From the assessment done, it was apparent that there is a need for an adjustment to be done to the 2025/26 budget. This is also after the first budget adjustment was approved in November 2025 because of the approved roll over applications on unspent conditional grants. The following are the reasons that support the submission of an adjustments budget: -

- As per the SDBIP, it was apparent that there are targets that required further funding to improve service delivery to the communities.
- There are errors that may have been identified during the budget implementation for the first half of the financial year. It is at this point that an opportunity is available to do those corrections.
- There are funds that need to be shifted to on-going projects like the Renovation of Flagstaff Municipal Offices, the commencement of the Construction of Lusikisiki Offices, construction of the boundary wall at the DLTC and fencing of Lusikisiki Landfill site amongst others.
- There are revenue streams that have performed well, and others below expectation. The budget adjustment must then consider those revised forecasts.
- There was significant underspending on contracted services and operational expenditure. The adjustments take this fact into consideration, allowing for allocation to line items within the categories to ensure acceleration of service delivery to the communities of IHLM.

It is important therefore that the IHLM Council approves the 2025/26 Adjusted Budget and the MTREF as well as the revision of service delivery targets and performance indicators in the SDBIP

4. ADJUSTMENT BUDGET TABLES

a) Table B1 - Adjustments Budget Summary

The table below shows the adjustments budget summary in total.

The total revenue, excluding capital transfers has been adjusted to R463 million, and the following are the adjustments that can be highlighted: -

- There has been a R2million addition to the Interest on Bank Accounts. This is due to the observed performance in the past six months, together with the expected cash inflows that would be informed by additional allocations that can be made to the institution. Also, there is an adjustment of above R2 million towards interest charge on long outstanding debt, after the analysis of the interest raised in the first six months of the financial year.
- An analysis of the revenue from Service Charges has shown that a slight upward adjustment is required, looking at the performance to the midterm, and looking at the considerations that need to be made in terms of how some of the properties are billed, e.g. billing for properties with multiple users.

The Adjustments on revenue can be highlighted as follows:

REVENUE			
Revenue Class	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTMENT BUDGET
Exchange			
Agency services	-R 6 400 008	R -	-R 6 400 008
Interest Current and Non-current Assets	-R 22 748 784	-R 2 300 000	-R 25 048 784
Licences or permits	-R 200 004	R -	-R 200 004
Operational revenue	-R 380 004		-R 380 004
Rental from fixed assets	-R 1 224 000		-R 1 224 000
Sales of goods and rendering of services	-R 8 457 183		-R 8 457 183
Service charges	-R 1 296 000	-R 100 000	-R 1 396 000
Non-Exchange			R -
Fines penalties and forfeits	-R 1 551 876	-R 394 661	-R 1 946 537
Interest dividend and rent on land (Property rates)	-R 9 096 672	-R 2 000 000	-R 11 096 672
Property rates	-R 42 607 476	R -	-R 42 607 476
Transfers and subsidies	-R 428 996 815	R -	-R 428 996 815
Revenue from discontinued operations			R -
Auction	-R 1 000 000	-R 1 000 000	-R 2 000 000
TOTAL	-R 523 958 822	-R 5 794 661	-R 529 753 483

The following is the detail of the R428 million transfers of grants and subsidies:

Description	Adjusted Budget
MIG grant	65 225 930,00
LIBRARY GRANT CAPITAL	699 996,00
EPWP GRANT	1 716 000,00

Local Government Financial Management Grant	3 000 000,00
MUNICIPAL NATIONAL DISASTER RECOVERY GRANT	8 557 889,00
MIG operational	2 639 004,00
Equitable Share	344 826 996,00
LG SETA	1 500 000,00
Library grant	831 000,00
	<u>428 996 815,00</u>

The total operational expenditure after the adjustments is R589 million. The overall adjustment on expenditure is a reduction of R18,3million, contributed into by the following movements:

GENERAL EXPENDITURE			
Expenditure Class	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTMENT BUDGET
Contracted Services	111 449 028	8 358 058	119 807 086
Depreciation	57 500 004,00	6 000 000,00	63 500 004
Employee Related Costs	181 307 352,00	9 879 541,03	191 186 893
Finance Costs	150 000,00	4 000 000,00	4 150 000
Irrecoverable debts	16 500 000	-	16 500 000
Operational Costs	140 896 256	15 322 312	156 218 568
Remuneration of Councillors	31 073 148	-	31 073 148
Transfers of Subsidies	7 000 008,00	- 234 057,00	6 765 951
TOTAL	545 875 796	43 325 855	589 201 651

- **Contracted Services:** There has been a revision downwards of the budget for contracted services informed by reallocations into other expenditure items: -
 - Funds from Maintenance of ERF 135 – Old Municipal buildings move to Zone 5 Sports field – R3 million
 - Funds from AFS Review reallocated to Accounting and System support relating to the asset management and financial management system R1,5 million
 - Reallocation of funds from maintenance of equipment to Wet Fuel for vehicles – R1m
 - Maintenance of unspecified Assets – Access Roads – Reallocation of R1,175 million to the municipal offices
 - Additional R1,8 million was reallocated to Legal advice and litigations.
 - An additional R2,4 million was reallocated to the EPWP which resulted in the total budget for the year being R11,5 million.

- **Employee Related Costs** – There has been a R9.8 million adjustment to the employee related costs. This is informed by an adjustment that has been approved by council on the salaries of senior managers and managers. The adjustment is informed by the release of an updated gazette on the payment of salaries to the municipal managers and managers directly reporting to the municipal manager.

In the adjustment for employee related costs is also the cost of overtime which needed to be adjusted by R8 million to cover over expenditure that occurred in the first six months, but as well to cover the required cost up to the end of the financial year. The total budget for overtime after the adjustment will be just over R15,1 million.

- **Transfers and Subsidies:** No significant changes have been made to Transfers and Subsidies apart from movements within the various initiatives the department is implementing. R2,1 million has been reallocated to implement support to the communities with Boreholes and Irrigation Systems as well as Cold Storage.
- **Operational Expenditure:** There has been a R14 million adjustment to the operational expenditure which is informed by the following: -
 - **Free Basic Services** – An adjustment of R5,8 million to a total annual budget of R18,8 million. This is after the delivery of paraffin for the 2024/25 financial year as only implemented in the current financial year thereby pushing up the expenditure for the current financial year. The intention is to provide paraffin for the remain period of this financial year until a different alternative energy is resolved upon by council.
 - **Fuel and Oil** – There has been a reallocation of funds that were placed at the Technical Services department because the management of this function is centralised at the Fleet Management section. The reallocation is R4,1 million resulting in a total annual budget of R11,1 million.
 - **Systems Administration Fees** – An additional amount of R4,9 million has been made available to this expenditure item after consideration of the expenditure pattern in the first half of the financial year, but as well looking at the targets and commitments that have already been made relating to the management of municipal IT systems. The total annual budget is R15,7 million.
 - **External Audit Fees** - The AG conducted the audit for the 2024/25 financial year, including the performance audit where 3 projects were identified, namely Flagstaff Town Hall, Jikindaba Sports Field and the Landfill Sites. This has pushed the audit fees upwards. The AG will also be commencing with the planning phase of the audit around April and the intention is to avail all the proposed adjustments to the Annual Financial Statements during that period. To accommodate all of this, an additional R2,2 million has been allocated from other expenditure items.
 - **Workshops and Seminars: Training of Employees** – There are training programmes that are undertaken by the Corporate Services Department that require several employees to be accommodated for the duration of those programmes. An additional allocation has been made to this expenditure item to an amount above R2,6 million after reallocations from various other line items. The total annual budget for accommodation and related expenses, relating to training of employees is just over R7,7 million.

Included in the operational budget is the maintenance of assets of the municipality which is detailed below:

Description	Adjusted Budget
Vehicle Fuel & Oil	11 187 040,00
Renovation of libraries	494 534,00
Maintenance of ward 19 Public Toilets	378 512,20
Maintenance of ward 6 Public Toilets	500 004,00
MAINTENANCE OF GRASS CUTTERS	60 000,00
Maintenance of Equipment: Transport Assets	2 800 004,00
Contractors: Maintenance of Equipment VTC equipment calibration	100 004,00
Road markings and signs	50 000,00
Contractors: Maintenance of Unspecified Assets	33 998 050
Maintenance of Computer Equipment	99 564,00
Rehabilitation of ward 4 bridge	4 056 996,00
Rehabilitation of ward 11 bridge	4 500 881,00
Maintenance of Electrical Infrastructure	1 100 000,00
Road Surfacing	3 099 996,00
Maintenance of Buildings and Facilities	1 900 000,00
Maintenance of Equipment: CPS	365 600,00

EC153 Ngquza Hills - Table B1 Adjustments Budget Summary - 2026/02/27

Description	2025/26									Budget Year	Budget Year
	Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other Adjus.	Total Adjus.	Adjusted	Adjusted	Adjusted
	Budget	Adjusted	Funds	capital	Unavoid.	Govt			Budget	Budget	Budget
	1	2	3	4	5	6	7	8			
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	42 607	-	-	-	-	-	-	-	42 607	44 547	46 516
Service charges	1 296	-	-	-	-	-	100	100	1 396	1 358	1 418
Investment revenue	22 000	-	-	-	-	-	2 000	2 000	24 000	23 030	24 095
Transfers recognised - operational	362 391	480	-	-	-	-	480	480	362 871	348 723	364 348
Other own revenue	24 877	4 182	-	-	-	-	7 876	7 876	32 753	30 596	31 903
Total Revenue (excluding capital transfers and contributions)	453 171	4 661	-	-	-	-	10 456	10 456	463 628	448 254	468 279
Employee costs	181 307	-	-	-	-	-	9 407	9 407	190 714	184 545	194 302
Remuneration of councillors	31 073	-	-	-	-	-	-	-	31 073	31 850	32 646
Depreciation & asset impairment	68 663	-	-	-	-	-	6 000	6 000	74 663	69 001	69 174
Finance charges	150	-	-	-	-	-	4 000	4 000	4 150	157	164
Inventory consumed and bulk purchases	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 000	-	-	-	-	-	164	164	7 164	7 322	7 644
Other expenditure	264 184	4 661	-	-	-	-	27 713	27 713	291 897	253 975	262 048
Total Expenditure	552 377	4 661	-	-	-	-	47 284	47 284	599 661	546 850	565 978
Surplus/(Deficit)	(99 206)	-	-	-	-	-	(36 828)	(36 828)	(136 034)	(98 596)	(97 699)
Transfers and subsidies - capital (monetary allocations)	65 535	591	-	-	-	-	591	591	66 126	71 194	74 540
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(33 671)	591	-	-	-	-	(36 237)	(36 237)	(35 646)	(27 403)	(23 159)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(33 671)	591	-	-	-	-	(36 237)	(36 237)	(35 646)	(27 403)	(23 159)
Capital expenditure & funds sources											
Capital expenditure	114 855	591	-	-	-	-	(1 428)	(1 428)	(837)	75 515	78 969
Transfers recognised - capital	65 535	591	-	-	-	-	803	803	1 394	71 194	74 540
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	49 320	-	-	-	-	-	(2 231)	(2 231)	47 089	4 322	4 430
Total sources of capital funds	114 855	591	-	-	-	-	(1 428)	(1 428)	(837)	75 515	78 969
Financial position											
Total current assets	316 387	(5 252)	-	-	-	-	(42 606)	(42 606)	(47 858)	234 462	169 864
Total non current assets	1 741 531	591	-	-	-	-	3 641	3 641	4 231	1 792 010	1 845 316
Total current liabilities	67 059	(5 252)	-	-	-	-	(5 729)	(5 729)	(10 981)	70 016	79 206
Total non current liabilities	32 596	-	-	-	-	-	3 000	3 000	35 596	32 596	32 596
Community wealth/Equity	1 958 263	591	-	-	-	-	(36 237)	(36 237)	(35 646)	1 923 860	1 903 379
Cash flows											
Net cash from (used) operating	81 471	(4 661)	-	-	-	-	(34 721)	(34 721)	(39 382)	75 280	78 663
Net cash from (used) investing	(137 355)	591	-	-	-	-	(7 885)	(7 885)	(7 295)	(108 955)	(113 245)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	279 097	(4 071)	-	-	-	-	(42 606)	(42 606)	(46 677)	213 889	151 167
Cash backing/surplus reconciliation											
Cash and investments available	279 097	(5 252)	-	-	-	-	(42 606)	(42 606)	(47 858)	213 575	150 840
Application of cash and investments	5 370	(5 252)	-	-	-	-	10 835	10 835	5 582	34 673	39 448
Balance - surplus (shortfall)	273 727	-	-	-	-	-	(53 441)	(53 441)	(53 441)	178 902	111 392
Asset Management											
Asset register summary (WDV)	1 632 255	591	-	-	-	-	3 641	3 641	4 231	1 682 734	1 736 041
Depreciation	57 500	-	-	-	-	-	6 000	6 000	63 500	58 938	60 411
Renewal and Upgrading of Existing Assets	1 000	-	-	-	-	-	(299)	(299)	701	-	-
Repairs and Maintenance	48 709	480	-	-	-	-	6 450	6 450	6 930	42 447	44 314
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	11 004	11 004	11 004	-	-
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

b) Table B2 Adjustments Budget Financial Performance (Functional Classification)

The table below indicates the Budget Adjustments in terms of functional classifications in the municipality: -

EC153 Ngquzu Hills - Table B2 Adjustments Budget Financial Performance (functional classification) - 2026/02/27												
Standard Description	Ref	2025/26									Budget Year 2026/27	Budget Year 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
		5	6	7	8	9	10	11	12			
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		426 127	-	-	-	-	-	5 000	5 000	431 127	423 865	442 886
Executive and council		1 716	-	-	-	-	-	-	-	1 716	-	-
Finance and administration		424 411	-	-	-	-	-	5 000	5 000	429 411	423 865	442 886
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		77 396	1 035	-	-	-	-	1 095	1 095	6 777	75 128	78 578
Planning and development		4 647	-	-	-	-	-	60	60	4 707	4 834	5 001
Road transport		72 749	1 035	-	-	-	-	1 035	1 035	2 070	70 294	73 577
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		15 183	4 218	-	-	-	-	4 952	4 952	9 170	20 455	21 354
Energy sources		3 660	4 182	-	-	-	-	4 182	4 182	8 363	8 501	8 885
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		11 523	36	-	-	-	-	771	771	807	11 954	12 469
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	518 706	5 252	-	-	-	-	11 047	11 047	447 074	519 447	542 819
Expenditure - Functional												
Governance and administration		303 474	-	-	-	-	-	21 627	21 627	325 101	300 928	309 145
Executive and council		108 434	-	-	-	-	-	4 874	4 874	113 309	110 975	115 253
Finance and administration		189 727	-	-	-	-	-	17 254	17 254	206 981	184 396	188 090
Internal audit		5 313	-	-	-	-	-	(502)	(502)	4 811	5 557	5 802
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		142 266	444	-	-	-	-	12 621	12 621	52 450	138 834	144 698
Planning and development		39 385	-	-	-	-	-	1 030	1 030	40 415	41 094	42 758
Road transport		102 881	444	-	-	-	-	11 591	11 591	12 035	97 740	101 940
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		106 637	4 218	-	-	-	-	13 036	13 036	17 254	107 088	112 135
Energy sources		17 010	4 182	-	-	-	-	4 346	4 346	8 527	20 381	21 298
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		89 627	36	-	-	-	-	8 690	8 690	8 726	86 707	90 837
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	552 377	4 661	-	-	-	-	47 284	47 284	394 805	546 850	565 978
Surplus/ (Deficit) for the year		(33 671)	691	-	-	-	-	(36 237)	(36 237)	52 269	(27 403)	(23 159)

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

The table below shows the adjustments that have been made in terms of revenue and expenditure per municipal vote.

EC153 Ngquzu Hills - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 2026/02/27												
Vote Description <i>[Insert departmental structure etc]</i>	Ref	2025/26									Budget Year 2026/27	Budget Year 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 - Governance and Administration		426 127	-	-	-	-	-	5 000	5 000	431 127	423 865	442 886
Vote 2 - Community Services and Public Safety		11 523	36	-	-	-	-	771	771	807	11 954	12 469
Vote 3 - Economic and Environmental Services		2 008	-	-	-	-	-	60	60	2 068	2 093	2 202
Vote 4 - Trading Services		3 660	4 182	-	-	-	-	4 182	4 182	8 363	8 501	8 885
Vote 5 - Technical Services		75 388	1 035	-	-	-	-	1 035	1 035	2 070	73 035	76 376
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	518 706	5 282	-	-	-	-	11 047	11 047	444 435	519 447	542 819
Expenditure by Vote	1											
Vote 1 - Governance and Administration		303 474	-	-	-	-	-	21 627	21 627	325 101	300 928	309 145
Vote 2 - Community Services and Public Safety		89 627	36	-	-	-	-	8 690	8 690	8 726	86 707	90 837
Vote 3 - Economic and Environmental Services		36 749	-	-	-	-	-	1 030	1 030	37 779	38 352	39 959
Vote 4 - Trading Services		17 010	4 182	-	-	-	-	4 346	4 346	8 527	20 381	21 298
Vote 5 - Technical Services		105 517	444	-	-	-	-	11 591	11 591	12 035	100 481	104 739
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	552 377	4 661	-	-	-	-	47 284	47 284	392 169	546 850	565 978
Surplus/ (Deficit) for the year	2	(33 671)	591	-	-	-	-	(36 237)	(36 237)	52 266	(27 403)	(23 159)

d) Table B4 – Adjustments Budget Financial Performance (Revenue and Expenditure)

The table below shows a more detailed information relating to the adjustments that have been made to the revenue and expenditure.

EC153 Ngquza Hills - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 2026/02/27												
Description	Ref	2025/26									Budget Year 2026/27	Budget Year 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
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1 296	-	-	-	-	-	100	100	1 396	1 358	1 418
Sale of Goods and Rendering of Services		4 276	4 182	-	-	-	-	4 182	4 182	8 457	9 145	9 581
Agency services		6 400	-	-	-	-	-	-	-	6 400	6 676	6 972
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		749	-	-	-	-	-	300	300	1 049	779	810
Interest earned from Current and Non Current Assets		22 000	-	-	-	-	-	2 000	2 000	24 000	23 030	24 095
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 224	-	-	-	-	-	-	-	1 224	1 273	1 324
Special Rating Levies		-	-	-	-	-	-	-	-	-	-	-
Licence and permits		200	-	-	-	-	-	-	-	200	208	216
Operational Revenue		380	-	-	-	-	-	-	-	380	395	411
Non-Exchange Revenue												
Property rates	2	42 607	-	-	-	-	-	-	-	42 607	44 547	46 516
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 552	-	-	-	-	-	395	395	1 947	1 614	1 679
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		362 391	480	-	-	-	-	480	480	362 871	348 723	364 348
Interest		9 097	-	-	-	-	-	2 000	2 000	11 097	9 461	9 839
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 000	-	-	-	-	-	1 000	1 000	2 000	1 045	1 071
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Revenue (excluding capital transfers and contributions)		453 171	4 661	-	-	-	-	10 456	10 456	463 628	448 254	468 279
Expenditure By Type												
Employee related costs		181 307	-	-	-	-	-	9 407	9 407	190 714	184 545	194 302
Remuneration of councillors		31 073	-	-	-	-	-	-	-	31 073	31 850	32 646
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		-	-	-	-	-	-	-	-	-	-	-
Debt impairment		11 163	-	-	-	-	-	-	-	11 163	10 063	8 763
Depreciation and amortisation		57 500	-	-	-	-	-	6 000	6 000	63 500	58 938	60 411
Interest		150	-	-	-	-	-	4 000	4 000	4 150	157	164
Contracted services		106 909	4 661	-	-	-	-	13 189	13 189	120 098	106 189	110 839
Transfers and subsidies		7 000	-	-	-	-	-	164	164	7 164	7 322	7 644
Irrecoverable debts written off		16 500	-	-	-	-	-	-	-	16 500	14 900	13 100
Operational costs		140 775	-	-	-	-	-	14 524	14 524	155 299	132 886	138 109
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		552 377	4 661	-	-	-	-	47 284	47 284	599 661	546 850	565 978
Surplus/(Deficit)		(99 206)	-	-	-	-	-	(36 828)	(36 828)	(136 034)	(98 596)	(97 699)
Transfers and subsidies - capital (monetary allocations)		65 535	591	-	-	-	-	591	591	66 126	71 194	74 540
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
(Deficit) before taxation		(33 671)	591	-	-	-	-	(36 237)	(36 237)	(69 908)	(27 403)	(23 159)
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(33 671)	591	-	-	-	-	(36 237)	(36 237)	(69 908)	(27 403)	(23 159)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
(Deficit) attributable to municipality		(33 671)	591	-	-	-	-	(36 237)	(36 237)	(69 908)	(27 403)	(23 159)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	(33 671)	591	-	-	-	-	(36 237)	(36 237)	(69 908)	(27 403)	(23 159)

e) Table B5 – Adjustments Capital Expenditure Budget by Vote and Funding

The following table shows the sources of funding for the capital expenditure that the municipality has planned to spend on.

EC153 Ngquba Hills - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 2026/02/27												
Description	Ref	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	2026/27
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
<i>Expenditure to be adjusted</i>	2											
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community Services and Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
<i>Expenditure to be adjusted</i>	2											
Vote 1 - Governance and Administration		11 850	-	-	-	-	-	(2 970)	(2 970)	8 880	4 490	4 642
Vote 2 - Community Services and Public Safety		7 170	-	-	-	-	-	2 158	2 158	9 328	731	750
Vote 3 - Economic and Environmental Services		2 000	-	-	-	-	-	(2 000)	(2 000)	-	-	-
Vote 4 - Trading Services		13 000	-	-	-	-	-	(501)	(501)	12 499	5 000	5 000
Vote 5 - Technical Services		80 835	591	-	-	-	-	1 885	1 885	82 720	65 294	68 577
Vote 6 -		-	-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		114 855	591	-	-	-	-	(1 428)	(1 428)	113 427	75 515	78 969
Total Capital Expenditure - Vote		114 855	591	-	-	-	-	(1 428)	(1 428)	113 427	75 515	78 969
Capital Expenditure - Functional												
Governance and administration		11 850	-	-	-	-	-	(2 970)	(2 970)	8 880	4 490	4 642
Executive and council		300	-	-	-	-	-	-	-	300	-	-
Finance and administration		11 550	-	-	-	-	-	(2 970)	(2 970)	8 580	4 490	4 642
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		82 835	591	-	-	-	-	(115)	(115)	82 720	65 294	68 577
Planning and development		2 000	-	-	-	-	-	(2 000)	(2 000)	-	-	-
Road transport		80 835	591	-	-	-	-	1 885	1 885	82 720	65 294	68 577
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		20 170	-	-	-	-	-	1 657	1 657	21 827	5 732	5 750
Energy sources		13 000	-	-	-	-	-	(501)	(501)	12 499	5 000	5 000
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		7 170	-	-	-	-	-	2 158	2 158	9 328	731	750
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	114 855	591	-	-	-	-	(1 428)	(1 428)	113 427	75 515	78 969
Funded by:												
National Government		64 835	591	-	-	-	-	803	803	65 638	70 494	73 778
Provincial Government		700	-	-	-	-	-	-	-	700	700	762
District Municipality		-	-	-	-	-	-	-	-	-	-	-
subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	65 535	591	-	-	-	-	803	803	66 338	71 194	74 540
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		49 320	-	-	-	-	-	(2 231)	(2 231)	47 089	4 322	4 430
Total Capital Funding		114 855	591	-	-	-	-	(1 428)	(1 428)	113 427	75 515	78 969

The capital budget is funded by the following sources:

CAPITAL EXPENDITURE			
	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTMENT BUDGET
MIG	R 65 225 918	R -	R 65 225 918
LIBRARY GRANT	R 699 996	R -	R 699 996
Transfers from operational revenue -	R 71 820 000	R 12 487 576	R 84 307 576
FMG	R 200 004	R 212 000	R 412 004
TOTAL	R 137 945 918	R 12 699 576	R 150 645 494

The following is the detail of the adjustment capital budget: -

Description	Adjusted Budget
Installation of Boom gate at Mbotyi	26 450,70
Upgrading of Flagstaff Offices	23 948 496,00
Construction of Lusikisiki Municipal Offices	6 000 000,00
Renovation of Simphiwe Frazer Mnguni Hall	700 533,75
Construction Of Lusikisiki Information Centre	599 996,00
Construction of Flagstaff animal pound	1 500 000,00
ICT Computer equipment	2 374 032,00
Acquisition of UPS	1 499 996,00
Computer Equipment: FMG	412 004,00
Public High mast Lights	8 753 008,00
Acquisition of Flagstaff Town Hall Furniture	1 612 500,00
Office furniture and office equipment	1 300 004,00
Billboards	300 000,00
Networking municipal offices	390 004,00
Street Litter Bins	699 996,00
Zone 5 Sports Field	5 590 930,00
Purchase of earth moving machines	174 250,00
Beach equipment	450 000,00
ward 19 town hall	12 979 996,00
Acquisition of Safety Equipment	154 004,00
Standby generator	1 500 000,00
Refurbishment of Lusikisiki Offices	3 500 008,00
Resurfacing of Lusikisiki Internal Streets Phase 3	20 702 595,00
RESURFACING OF FLAGSTAFF INTERNAL STREETS PHASE 2	20 424 603,00
MTSHAYELO ACCESS ROAD	5 094 080,00
NGONYAMENI TO MAQANYENI ACCESS ROAD	8 434 345,00
SIRHETSHE TO SIBUTHE ACCESS ROAD	4 476 361,00
CHWECHWELA ACCESS ROAD	250 000,00
Newrest to Khonjwayo access road via France	250 000,00
Mkhamela to Makolonini Access road	250 000,00
LUSIKISIKI BYPASS	250 000,00
NGIBE ACCESS ROAD	250 000,00

LANDFILL SITE MIG	200 000,00
Library Vehicle	699 996,00
Buzz bus	1 500 000,00
Fencing for Lusikisiki Landfill Site	1 749 996,00
DLTC Boundary wall	1 000 000,00
Installation of Street lights	2 400 000,00
Fencing of Flagstaff pound	825 146,85
Mechanic vehicle	750 000,00
Acquisition and installation of cameras	2 100 000,00
Fencing of Flagstaff Cemetery	524 855,00
Landfill Site Ablution facilities _ Lusikisiki	450 000,00
Designs and costing of forestry depot	470 004,00
Purchase of containers	325 754,00
Acquisition of grass cutting machines	620 000,00
Wendy Houses	150 000,00
Installation of Boom gate at Port Grovner	31 553,30
	<u>150 645 497,60</u>

Several reallocations were made to fund the list of capital projects above. The funds were reallocated from the following projects:

- Renovation of ERF 135 Flagstaff where the initial plan was to renovate the Old Flagstaff Offices, however this has been shifted to the new financial year when a decision has been taken as to what needs to be done with the building. R2 million was reallocated.
- Designs and costing of coastal infrastructure – A budget of R1million was reallocated from this project.
- Construction of Ward 2 sports field – A reallocation of R2,5 million
- Fencing of Lusikisiki Pound – Issues with the land ownership – R1,3 million
- Viewing Deck – R1 million
- Buy back centres – R2,2 million
- Construction of Lusikisiki Pound – R1,5 million
- Acquisition of containers – R700 000

The following reallocation has been made to ensure that the following projects are either completed or there is continued implementation on them: -

- **Upgrading of Flagstaff Municipal Offices** – An additional R8,5 million was re-allocated to the upgrading of Flagstaff Offices from several other projects, including Beach Infrastructure. The total annual budget for the current fiscal year is just over R23 million
- **Construction of Lusikisiki Municipal Offices** – An additional budget R7,5 million was made available for these offices to a total of R8 million. This is in consideration of the number of months remaining for implementation in the current financial year, and the procurement processes that are still to ensue.
- **Zone 5 Sports Field** – There has been an additional R5 million allocated to the sports field after considering that funds will be allocated from the Municipal Infrastructure Grant per the commitment by the DSRAC. However, the municipality has an obligation to ensure that the sports field is completed whilst the allocation is still to be made.

f) Table B6 – Adjustments Budget – Financial Position

EC153 Ngquza Hills - Table B6 Adjustments Budget Financial Position - 2026/02/27

Description	Ref	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		279 097	(5 252)	-	-	-	-	(42 606)	(42 606)	236 491	213 575	150 840
Trade and other receivables from exchange transactions	1	5 599	-	-	-	-	-	(2 000)	(2 000)	3 599	4 263	13 040
Receivables from non-exchange transactions	1	25 362	-	-	-	-	-	2 000	2 000	27 362	11 103	233
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
VAT		6 328	-	-	-	-	-	-	-	6 328	5 522	5 752
Other current assets		-	-	-	-	-	-	-	-	-	-	-
Total current assets		316 387	(5 252)	-	-	-	-	(42 606)	(42 606)	273 781	234 462	169 864
Non current assets												
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		779 523	-	-	-	-	-	-	-	779 523	778 293	777 033
Property, plant and equipment	3	962 008	591	-	-	-	-	3 641	3 641	965 648	1 013 716	1 068 284
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		1 741 531	591	-	-	-	-	3 641	3 641	1 745 171	1 792 010	1 845 316
TOTAL ASSETS		2 057 917	(4 661)	-	-	-	-	(38 966)	(38 966)	2 018 952	2 026 472	2 015 180
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Trade and other payables from exchange transactions		64 279	(4 182)	-	-	-	-	(5 294)	(5 294)	58 985	60 227	62 085
Trade and other payables from non-exchange transactions		-	(1 071)	-	-	-	-	(1 035)	(1 035)	(1 035)	7 000	14 322
Provisions		2 579	-	-	-	-	-	600	600	3 179	2 579	2 579
VAT		201	-	-	-	-	-	-	-	201	210	220
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		67 059	(5 252)	-	-	-	-	(5 729)	(5 729)	61 330	70 016	79 206
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	32 596	-	-	-	-	-	3 000	3 000	35 596	32 596	32 596
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		32 596	-	-	-	-	-	3 000	3 000	35 596	32 596	32 596
TOTAL LIABILITIES		99 655	(5 252)	-	-	-	-	(2 729)	(2 729)	96 926	102 612	111 802
NET ASSETS	2	1 958 263	591	-	-	-	-	(36 237)	(36 237)	1 922 026	1 923 860	1 903 379
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 958 263	591	-	-	-	-	(36 237)	(36 237)	1 922 026	1 923 860	1 903 379
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		1 958 263	591	-	-	-	-	(36 237)	(36 237)	1 922 026	1 923 860	1 903 379

g) Table B7 – Adjustments Budget Cashflow

EC153 Ngquza Hills - Table B7 Adjustments Budget Cash Flows - 2026/02/27												
Description	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		48 227	–	–	–	–	–	–	–	48 227	45 906	47 902
Service charges		2 511	–	–	–	–	–	100	100	2 611	1 816	1 894
Other revenue		50 664	–	–	–	–	–	1 395	1 395	52 059	47 246	49 262
Transfers and Subsidies - Operational	1	362 391	–	–	–	–	–	36	36	362 427	348 723	364 348
Transfers and Subsidies - Capital	1	65 535	–	–	–	–	–	–	–	65 535	71 194	74 540
Interest		22 000	–	–	–	–	–	4 300	4 300	26 300	23 030	24 095
Dividends		–	–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees		(462 707)	(4 661)	–	–	–	–	(40 387)	(40 387)	(503 094)	(455 470)	(475 896)
Finance charges		(150)	–	–	–	–	–	–	–	(150)	157	164
Transfers and Subsidies	1	(7 000)	–	–	–	–	–	(164)	(164)	(7 164)	(7 322)	(7 644)
NET CASH FROM/(USED) OPERATING ACTIVITIES		81 471	(4 661)	–	–	–	–	(34 721)	(34 721)	46 751	75 280	78 663
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		(137 355)	591	–	–	–	–	(7 885)	(7 885)	(145 240)	(108 955)	(113 245)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(137 355)	591	–	–	–	–	(7 885)	(7 885)	(145 240)	(108 955)	(113 245)
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		(55 883)	(4 071)	–	–	–	–	(42 606)	(42 606)	(98 490)	(33 676)	(34 582)
Cash/cash equivalents at the year begin:	2	334 981	–	–	–	–	–	–	–	334 981	247 594	185 749
Cash/cash equivalents at the year end:	2	279 097	(4 071)	–	–	–	–	(42 606)	(42 606)	236 491	213 889	151 167

h) Table B8 – Cash backed Accumulated Surplus Reconciliation

EC153 Ngquza Hills - Table B8 Cash backed reserves/accumulated surplus reconciliation - 2026/02/27												
Description	Ref	2025/26									Budget Year 2026/27	Budget Year 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	279 097	(4 071)	–	–	–	–	(42 606)	(42 606)	236 491	213 889	151 167
Other current investments > 90 days		–	(1 182)	–	–	–	–	–	–	–	(314)	(328)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		279 097	(5 252)	–	–	–	–	(42 606)	(42 606)	236 491	213 575	150 840
Applications of cash and investments												
Unspent conditional transfers		–	(1 071)	–	–	–	–	(1 035)	(1 035)	(1 035)	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–	–
Statutory requirements		(6 127)	–	–	–	–	–	–	–	(6 127)	(5 311)	(5 532)
Other working capital requirements	2	8 919	(4 182)	–	–	–	–	11 270	11 270	7 088	37 406	42 401
Other provisions		2 579	–	–	–	–	–	600	600	3 179	2 579	2 579
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		5 370	(5 252)	–	–	–	–	10 835	10 835	3 105	34 673	39 448
Surplus(shortfall)		273 727	–	–	–	–	–	(53 441)	(53 441)	233 387	178 902	111 392

PART 2 – SUPPORTING DOCUMENTATION

5. ADJUSTMENTS TO THE BUDGET ASSUMPTIONS

No adjustments have been made to the budget assumptions and they remain as at the period at which the original budget was adopted in May 2025 – MFMA Treasury Municipal Budget Circular No. 128 for the 2024/25 MTREF.

6. THE PROCUREMENT PLAN

The management of the municipality developed a procurement plan, which supported the approval of the original 2025/26 Annual Budget and the MTREF. Management will review the procurement plan to ensure its alignment with adjusted SDBIP and Budget.

7. QUALITY CERTIFICATE

I _____, Municipal Manager of Ingquza Hill Local Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations under the Act, and that the adjustments budget and the supporting documentation are consistent with Integrated Development Plan of the municipality.

Print Name: _____, Municipal Manager of Ingquza Hill Local Municipality (EC153).

Signature: _____

Date: _____