



UMDONI MUNICIPALITY

The **J.E.W.E.L** of the South Coast

2nd ADJUSTMENT BUDGET 2025/2026 FINANCIAL YEAR 27th MAY 2026



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1. DRAFT RESOLUTIONS

Section 28 of the Municipal Finance Management Act, No.56 of 2003 states inter alia as follows:

(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 programmes already budgeted for;*
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*
- (e) may authorise the spending of funds that were unspent at the end of the 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 adjustments budget must be in a prescribed form.

Council with regard to the 2025/2026 Adjusted Budget table the following resolutions for adoption:

- (a) In terms of Sec 28(5)(6) of the MFMA, the proposed 2025/2026 2nd Adjustment Budget (Capital & Operating) be approved as set out in the report
- (b) The 2025/26 Adjusted Medium Term Revenue and Expenditure Framework (MTREF) be approved as set out in Budget Tables
- (c) The report on the 2025/26 Adjustments Budget, in electronic formats be submitted to both Provincial and National Treasuries within 10 working days as required by the Regulation 24 of the Municipal Budget and Reporting Regulations(MBRR).
- (d) It be noted that any adjustments made to the 2025/26 Operating Budget do not result in any changes to the municipal taxes and tariffs.



2.1 VISION, MISSION AND OBJECTIVES OF THE UMDONI MUNICIPALITY

VISION **MISSION STATEMENT**

PRINCIPLES OF UMDONI MUNICIPALITY

“BY 2030 UMDONI WILL BE THE **JEWEL OF THE SOUTH COAST”**

“WORKING TOGETHER IN CONTRIBUTING TO **J**OB CREATION, **E**CONOMIC VIABILITY THROUGH SUSTAINED **L**OCAL ECONOMIC DEVELOPMENT TO ENSURE THE **W**ELLBEING OF OUR COMMUNITY IN **E**CO FRIENDLY ENVIRONMENT.”

- **J**OB CREATION
- **E**CONOMIC VIABILITY
- **W**ELLBEING OF THE COMMUNITY
- **E**NVIRONMENTALLY FRIENDLY ENVIRONMENT
- **L**OCAL ECONOMIC DEVELOPMENT



2.2 MAYORS REPORT

ADJUSTMENT BUDGET SPEECH DELIVERED BY THE MAYOR, CLLR MJ CELE-LUTHULI AT THE UMDONI COUNCIL MEETING HELD ON WEDNESDAY, 25 FEBRUARY 2026- UMDONI COUNCIL CHAMBER.

The Speaker of Umdoni Council, Cllr ME Mbutho

Amakhosi Asendlunkulu – Ngiyazithoba phambi kwenu

Deputy Mayor, Cllr PE Thabethe

Chief Whip of Council, Cllr S Zulu

Members of the Umdoni Exective Committee,

Councillors,

Acting Municipal Manager, Mr DD Naidoo

Members of Senior Management,

Esteemed Residents and business community of Umdoni,

On behalf of the municipality, I want to extend my deepest apologies to our community for the interruption of essential services as result of the recent labour unrest. We recognize the frustration and hardship this disruption has caused and we sincerely regret that our residents who rely on us daily were left without the support they deserve.

Our foremost responsibility is to serve you, the people of this community, and we are committed to ensuring that your needs always come first. Internal workplace challenges must never spill over into the services we provide. While we value and respect our employees, it is imperative that dissatisfaction in the workplace is addressed through proper channels and constructive dialogue, not through interruptions that affect the lives of our residents.



We are taking steps to strengthen communication and resolve internal issues swiftly, so that they do not compromise the trust you place in us. The community depends on the municipality, and we pledge to uphold that responsibility with integrity, accountability and renewed dedication.

We ask for your understanding as we move forward and we reaffirm our commitment to putting the people of this municipality at the heart of everything we do.

Mr Speaker, today, we table the 2025/2026 Adjustment Budget of Umdoni Municipality in terms of Section 28 of the Municipal Finance Management Act (MFMA). This is a difficult but necessary adjustment. It is honest, transparent and it reflects the financial realities confronting our municipality.

This Adjustment Budget reflects our commitment to responsible governance, fiscal discipline and responsive service delivery in a challenging economic climate. It is not merely a compliance exercise but a recalibration of our financial plan to address emerging pressures, incorporate Provincial Treasury comments and align spending with actual performance trends.

1. ECONOMIC AND POLITICAL CONTEXT

The 2025/2026 financial year has unfolded under continued economic strain. High unemployment levels within our municipal area, slow economic growth nationally and affordability pressures on households continue to impact our revenue collection rates.

As Council is aware, our municipality maintains an unqualified audit opinion with findings. While this is a positive foundation, the findings relating to deviations, awards to service providers in the service of the state, and consequence management require continued corrective action.

This Adjustment Budget responds directly to oversight commentary from Provincial Treasury and strengthens our governance controls while protecting frontline services.



2. ADJUSTMENT BUDGET 2025/2026

Mr Speaker, when Council approved the original 2025/2026 Budget, the operating budget reflected an operating revenue of R403.041 million, an operating expenditure of R448.9 million and an operating deficit of R45.9 million.

Mr Speaker and members of Council, the proposed adjustments budget is as followed:

1. Operating Revenue: R411.008 million
2. Operating Expenditure: R466,5 million
3. Operating Deficit: R55.5 million

The adjusted budget is funded through equitable share, conditional grants, and internally generated revenue. The deficit arose primarily due to Salary and wage cost pressures, Legal costs, Enhancement of financial management system, the Rising contractual obligations and a constrained revenue base due to affordability challenges within our communities

3. REASONS FOR THE ADJUSTMENT

In terms of Section 28(2) of the MFMA, the Adjustment Budget is necessitated by; Additional grant allocations and rollovers confirmed by Provincial Treasury, Incorporation of Council resolutions regarding Provincial Treasury comments, Revenue adjustments and Expenditure adjustments.

4. REVENUE ADJUSTMENTS

The total adjusted operating revenue is now projected at R411.008 million (upwards from R403.041 million)

Mr Speaker, this increase is mainly due to:

- Increase in property rates due to interim valuation roll R1,6 million.
- Additional grants and subsidies R2,6 million
- Increase on License and permits R293 Thousand



- Reduction on Fines and Penalties R344 Thousand
- Increase on Service charges R1,5 million
- Other revenue R2,051 million

We have received confirmation of grant rollovers under Municipal Infrastructure Grant (MIG): with an additional amount of R10,2 million

The approval for rollover application of Malengeni Bridge has ensured that this project will be completed in the current financial year.

5. EXPENDITURE ADJUSTMENTS

Operating expenditure has been adjusted upward to R466,5 million

Members of Council, key expenditure adjustments include:

Reduction in non-core contractual services, Employee related costs increase R19.9 million, Remuneration of councillors decrease by R1 million, Contracted services decrease of R4,2 million, Depreciation increased by R1.2 million, Other expenditure increased by R905 743,00 and Freeze on non-critical vacant posts.

We need to deliberately increase repairs and maintenance to 8% of operating expenditure to protect our infrastructure assets and improve service reliability.

6. CAPITAL BUDGET ADJUSTMENTS

The adjusted capital budget is now R89,5 million from R80,9 million original budget

MIG Expenditure 58%, Disaster Grant 49%, INEP 94% and Own Funding 25%

There were no capital reallocations. Included in the capital budget:

- Yellow plant to be procured
- Service delivery and Pool Vehicles
- Internal roads rehabilitation.
- Community hall refurbishments.



7. CASH FLOW AND FINANCIAL POSITION

The municipality remains cash-backed and solvent, although collection rates remain a key risk. We have strengthened Cash and cash coverage is at 4 months (R163 million), Current ratio 4:1

Repair and maintenance expenditure is 56% of the budget (R11,3 million), Revenue enhancement strategies, Indigent register verification, Debt collection processes and Credit control enforcement.

8. GOVERNANCE AND OVERSIGHT MATTERS

The Provincial Treasury's comments during the MFMA S72 performance assessment engagements has commented particularly on:

- Unfunded mandates
- Long-outstanding irregular expenditure
- Need for improved supply chain compliance
- UIFWE reporting accuracy
- Awards made to service providers in the service of the state

This Adjustment Budget incorporates those recommendations, including:

- Strengthened consequence management implementation
- Reduction in deviations
- Improved budget alignment with actual performance
- Enhanced monitoring of conditional grants

Mr Speaker, Umdoni Municipality operates in a constrained local economy with high unemployment and limited growth. Strictness alone cannot fix structural revenue weakness. This Council must collectively commit to fiscal discipline, implement strict cost containment measures in order to maintain financial stability in this institution and strongly decrease the current deficit. Furthermore Mr Speaker, this Council must work towards instilling political stability, strengthened oversight and ensure revenue protection.



Our unqualified audit opinion with findings must improve further and that requires consistency and accountability. We reaffirm Council's commitment to clean governance and stability in administration.

9. SERVICE DELIVERY FOCUS

Members of Council, despite financial pressures, this Adjustment Budget protects critical services which include Waste management services, Road maintenance in all wards, Job creation through EPWP.

We remain committed to ensuring that no community in Umdoni is left behind.

10. CONCLUSION

Honourable Councillors, this Adjustment Budget is a disciplined, responsible response to our current realities. It maintains financial sustainability while addressing service delivery needs. It reflects prudent leadership. It incorporates oversight recommendations. It protects infrastructure investment. It strengthens governance.

We therefore table the 2025/2026 Adjustment Budget for approval by Council.

I thank you.

Councillor MJ Cele-Luthuli

Mayor of Umdoni Municipality



2.3 EXECUTIVE SUMMARY

The municipality's service delivery priorities were reviewed as part of this year's planning and budget preparation process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Budget has been reduced in some of the administrative programmes in lieu of the service delivery programmes. Cost containment measures will continue to be implemented but extensively to contain the spending.

The Mid-Year Budget and Performance assessment report of January 2026 and its SDBIP were used to review whether we have spent and collected accordingly and whether we have implemented the approved programmes.

The municipality could not cut or reduce budget deficit due to the below mentioned expenditures that could not be avoided however the municipality will maintain the cost containment policy to ensure that the deficit does not become worse. The main factors that contributed to the continuity of this deficit are mainly;

employee related costs; all Senior managers were under paid therefore the municipality decided to compensate all of them with the backpay for all the months they were paid using lower limits, in addition to that there was a backpay that was paid to the Human Resources Manager who recently returned to work and was suspended without pay. These adjustments include the an acting allowance for the Municipal Manager who is also getting paid and was budgeted for. The municipality also funded critical posts in different departments which are currently having people acting on them. In the previous financial years there were salary discrepancies which was no not fair to the municipal staff to rectify that the an upward adjustment was also provided for this salary equalization. An adjustment was also provided to cover for backpay that was paid to library staff Cyber cadet who were under paid.

Legal costs; The municipality also had to budget for the legal advise and litigation costs there is also a budget shortfall for this item since there is a number of pending legal cases the municipality had to provide more for this item.

Enhancement of the financial management system; The has started last year to change the financial system to a better financial system that will generate financial reports with minimum errors, so that we don't explain every time about the data strings that are not pulling.

The reclassification of grants allocation; I addition to above, an error occurred in the Adjustment budget approved in by the Council in February 2026, an amount of R1000 000,00 for Municipal Employment initiative was misallocated to Expanded Public Works. This error didn't affect the figured on the system that was approved by the Council and the main sheets on Aschedule, it's just the split on supporting sheet that was not done correctly



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2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

2.4 ADJUSTMENTS BUDGET TABLES

KZN212 Umdoni - Table B1 Adjustments Budget Summary -

Description	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	137,803	139,482	-	-	-	-	-	-	139,482	143,644	147,235
Service charges	14,136	15,728	-	-	-	-	-	-	15,728	20,876	21,501
Investment revenue	13,000	13,000	-	-	-	-	-	-	13,000	13,598	13,938
Transfers recognised - operational	200,570	203,178	-	-	-	-	-	-	203,178	198,308	207,272
Other own revenue	37,532	39,620	-	-	-	-	-	-	39,620	41,603	42,783
Total Revenue (excluding capital transfers and contributions)	403,041	411,008	-	-	-	-	-	-	411,008	418,029	432,729
Employee costs	177,968	197,911	-	-	-	-	1,700	1,700	199,611	184,869	189,682
Remuneration of councillors	18,539	17,539	-	-	-	-	-	-	17,539	19,392	19,877
Depreciation & asset impairment	50,197	51,397	-	-	-	-	-	-	51,397	52,506	53,712
Finance charges	2,367	2,367	-	-	-	-	-	-	2,367	2,476	2,538
Inventory consumed and bulk purchases	7,500	7,750	-	-	-	-	82	82	7,832	7,950	8,149
Transfers and subsidies	4,769	6,394	-	-	-	-	72	72	6,466	2,666	3,054
Other expenditure	187,602	184,170	-	-	-	-	1,847	1,847	186,016	203,399	213,866
Total Expenditure	448,943	467,530	-	-	-	-	3,700	3,700	471,230	473,259	490,879
Surplus/(Deficit)	(45,901)	(56,522)	-	-	-	-	(3,700)	(3,700)	(60,222)	(55,230)	(58,150)
Transfers and subsidies - capital (monetary allocations)	36,462	46,740	-	-	-	-	-	-	46,740	38,303	39,950
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)



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Capital expenditure & funds sources												
Capital expenditure	80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848	
Transfers recognised - capital	31,706	40,643	-	-	-	-	0	0	40,643	20,382	51,848	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	49,213	48,866	-	-	-	-	-	-	48,866	87	0	
Total sources of capital funds	80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848	
Financial position												
Total current assets	317,804	258,161	-	-	-	-	-	-	258,161	421,807	226,886	
Total non current assets	725,484	733,756	-	-	-	-	0	0	733,756	697,636	732,847	
Total current liabilities	189,199	189,630	-	-	-	-	(0)	(0)	189,630	187,445	195,538	
Total non current liabilities	58,145	52,382	-	-	-	-	-	-	52,382	58,145	64,172	
Community wealth/Equity	795,944	749,906	-	-	-	-	0	0	749,906	873,853	700,023	
Cash flows												
Net cash from (used) operating	14,760	(6,725)	-	-	-	-	4,903	4,903	(1,822)	(19,788)	(19,163)	
Net cash from (used) investing	(88,057)	(102,936)	-	-	-	-	-	-	(102,936)	(37,212)	(59,625)	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	
Cash/cash equivalents at the year end	144,813	108,449	-	-	-	-	4,903	4,903	113,352	56,352	(22,436)	
Cash backing/surplus reconciliation												
Cash and investments available	144,813	111,151	-	-	-	-	-	-	111,151	359,852	153,676	
Application of cash and investments	(12,442)	10,736	-	-	-	-	(0)	(0)	10,736	83,973	73,196	
Balance - surplus (shortfall)	157,255	100,415	-	-	-	-	0	0	100,415	275,880	80,481	
Asset Management												
Asset register summary (WDV)	608,676	616,948	-	-	-	-	-	-	616,948	560,446	514,562	
Depreciation	41,894	43,094	-	-	-	-	-	-	43,094	43,821	44,810	
Renewal and Upgrading of Existing Assets	29,639	30,480	-	-	-	-	319	319	30,799	6,794	8,410	
Repairs and Maintenance	44,389	43,139	-	-	-	-	(4,815)	(4,815)	38,324	49,833	46,112	
Free services												
Cost of Free Basic Services provided	773	620	-	-	-	-	-	-	620	808	829	
Revenue cost of free services provided	20,715	20,621	-	-	-	-	-	-	20,621	21,708	22,251	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	



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2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27 Adjusted Budget	+2 2027/28 Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
Government and administration		357,087	361,817	-	-	-	-	-	-	361,817	364,083	376,895
Executive and council		182,785	182,790	-	-	-	-	-	-	182,790	182,153	190,372
Finance and administration		174,302	179,027	-	-	-	-	-	-	179,027	181,930	186,524
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		12,328	25,236	-	-	-	-	-	-	25,236	12,770	13,349
Community and social services		11,777	24,615	-	-	-	-	-	-	24,615	12,194	12,758
Sport and recreation		513	583	-	-	-	-	-	-	583	537	551
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		38	38	-	-	-	-	-	-	38	39	40
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		54,114	53,066	-	-	-	-	-	-	53,066	56,681	58,965
Planning and development		3,931	2,956	-	-	-	-	-	-	2,956	571	585
Road transport		50,184	50,110	-	-	-	-	-	-	50,110	56,110	58,380
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		15,973	17,628	-	-	-	-	-	-	17,628	22,798	23,470
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		15,973	17,628	-	-	-	-	-	-	17,628	22,798	23,470
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	439,503	457,748	-	-	-	-	-	-	457,748	456,332	472,679
Expenditure - Functional												
Government and administration		211,029	223,892	-	-	-	-	8,630	8,630	232,522	222,697	231,168
Executive and council		48,130	55,125	-	-	-	-	1,895	1,895	57,020	50,456	51,927
Finance and administration		160,719	166,914	-	-	-	-	6,735	6,735	173,649	169,961	176,904
Internal audit		2,180	1,853	-	-	-	-	-	-	1,853	2,280	2,337
Community and public safety		76,515	80,856	-	-	-	-	(299)	(299)	80,557	80,599	84,012
Community and social services		30,189	31,522	-	-	-	-	481	481	32,003	31,187	33,159
Sport and recreation		36,601	36,911	-	-	-	-	(180)	(180)	36,731	39,085	40,267
Public safety		6,512	6,705	-	-	-	-	(250)	(250)	6,455	6,854	7,026
Housing		3,213	5,719	-	-	-	-	(350)	(350)	5,369	3,473	3,560
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		119,226	124,225	-	-	-	-	(4,250)	(4,250)	119,975	125,328	124,428
Planning and development		21,855	24,333	-	-	-	-	-	-	24,333	19,092	20,915
Road transport		97,371	99,891	-	-	-	-	(4,250)	(4,250)	95,641	106,235	103,513
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		42,172	38,557	-	-	-	-	(381)	(381)	38,176	44,636	51,271
Energy sources		3,400	2,900	-	-	-	-	-	-	2,900	3,556	3,645
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	0
Waste management		38,772	35,657	-	-	-	-	(381)	(381)	35,276	41,079	47,626
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	448,943	467,530	-	-	-	-	3,700	3,700	471,230	473,259	490,879
Surplus/ (Deficit) for the year		(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)



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2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		3	4	5	6	7	8	9	10	+1 2026/27	+2 2027/28	
		A	A1	B	C	D	E	F	G	H		
R thousands												
Revenue by Vote	1											
Vote 1 - Community Services		20,695	31,230	-	-	-	-	-	-	31,230	21,522	22,320
Vote 2 - Corporate Services		7,931	7,931	-	-	-	-	-	-	7,931	8,296	8,503
Vote 3 - Technical Services		58,562	62,365	-	-	-	-	-	-	62,365	70,965	73,708
Vote 4 - FINANCIAL SERVICES		166,371	171,096	-	-	-	-	-	-	171,096	173,635	178,021
Vote 5 - MUNICIPAL MANAGER		182,012	182,170	-	-	-	-	-	-	182,170	181,345	189,543
Vote 6 - Planning And Development		3,931	2,956	-	-	-	-	-	-	2,956	571	585
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	439,503	457,748	-	-	-	-	-	-	457,748	456,332	472,679
Expenditure by Vote	1											
Vote 1 - Community Services		121,220	122,227	-	-	-	-	551	551	122,778	129,093	133,777
Vote 2 - Corporate Services		81,545	83,132	-	-	-	-	7,150	7,150	90,282	87,523	89,808
Vote 3 - Technical Services		122,239	124,024	-	-	-	-	(5,231)	(5,231)	118,793	132,249	135,782
Vote 4 - FINANCIAL SERVICES		52,799	57,494	-	-	-	-	(665)	(665)	56,829	53,013	56,935
Vote 5 - MUNICIPAL MANAGER		51,924	58,593	-	-	-	-	1,895	1,895	60,488	54,425	55,995
Vote 6 - Planning And Development		19,214	22,060	-	-	-	-	-	-	22,060	16,957	18,582
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	448,943	467,530	-	-	-	-	3,700	3,700	471,230	473,259	490,879
Surplus/ (Deficit) for the year	2	(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	Adjusted Budget	Adjusted Budget
R thousands												
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	0
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	14,136	15,728	-	-	-	-	-	-	15,728	20,876	21,501
Sale of Goods and Rendering of Services		7,761	7,814	-	-	-	-	-	-	7,814	10,463	10,865
Agency services		2,247	2,247	-	-	-	-	-	-	2,247	2,350	2,409
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		1,837	1,900	-	-	-	-	-	-	1,900	1,921	1,969
Interest earned from Current and Non Current Assets		13,000	13,000	-	-	-	-	-	-	13,000	13,598	13,938
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		7,644	7,620	-	-	-	-	-	-	7,620	7,995	8,195
Special rating levies		-	-	-	-	-	-	-	-	-	-	-
Licence and permits		10	10	-	-	-	-	-	-	10	10	11
Operational Revenue		501	2,552	-	-	-	-	-	-	2,552	524	537
Non-Exchange Revenue												
Property rates	2	137,803	139,482	-	-	-	-	-	-	139,482	143,644	147,235
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,603	1,258	-	-	-	-	-	-	1,258	1,677	1,718
Licences or permits		3,272	3,565	-	-	-	-	-	-	3,565	3,423	3,507
Transfer and subsidies - Operational		200,570	203,178	-	-	-	-	-	-	203,178	198,308	207,272
Interest		12,658	12,654	-	-	-	-	-	-	12,654	13,240	13,571
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations												
Total Revenue (excluding capital transfers and contributions)		403,041	411,008	-	-	-	-	-	-	411,008	418,029	432,729
Expenditure By Type												
Employee related costs		177,968	197,911	-	-	-	-	1,700	1,700	199,611	184,869	189,682
Remuneration of councillors		18,539	17,539	-	-	-	-	-	-	17,539	19,392	19,877
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		7,500	7,750	-	-	-	-	82	82	7,832	7,950	8,149
Debt impairment		7,280	7,280	-	-	-	-	-	-	7,280	7,615	7,805
Depreciation and amortisation		42,917	44,117	-	-	-	-	-	-	44,117	44,891	45,907
Interest		2,367	2,367	-	-	-	-	-	-	2,367	2,476	2,538
Contracted services		120,965	116,686	-	-	-	-	(4,570)	(4,570)	112,116	134,842	141,607
Transfers and subsidies		4,769	6,394	-	-	-	-	72	72	6,466	2,666	3,054
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	0
Operational costs		66,637	67,483	-	-	-	-	6,417	6,417	73,900	68,558	72,259
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		448,943	467,530	-	-	-	-	3,700	3,700	471,230	473,259	490,879
Surplus/(Deficit)		(45,901)	(56,522)	-	-	-	-	(3,700)	(3,700)	(60,222)	(55,230)	(58,150)
Transfers and subsidies - capital (monetary allocations)		36,462	46,740	-	-	-	-	-	-	46,740	38,303	39,950
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	(9,440)	(9,782)	-	-	-	-	(3,700)	(3,700)	(13,482)	(16,927)	(18,199)



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2026/27 Adjusted Budget	+2 2027/28 Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Community Services		4,170	4,170	-	-	-	-	-	-	4,170	-	0
Vote 2 - Corporate Services		18,652	18,348	-	-	-	-	-	-	18,348	-	-
Vote 3 - Technical Services		56,923	56,533	-	-	-	-	0	0	56,533	20,382	51,848
Vote 4 - FINANCIAL SERVICES		130	130	-	-	-	-	-	-	130	-	-
Vote 5 - MUNICIPAL MANAGER		87	87	-	-	-	-	-	-	87	-	-
Vote 6 - Planning And Development		957	957	-	-	-	-	-	-	957	87	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	80,919	80,224	-	-	-	-	0	0	80,224	20,469	51,848
Single-year expenditure to be adjusted	2											
Vote 1 - Community Services		-	8,981	-	-	-	-	-	-	8,981	-	-
Vote 2 - Corporate Services		-	304	-	-	-	-	-	-	304	-	-
Vote 3 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning And Development		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total			9,285							9,285		
Total Capital Expenditure - Vote		80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848
Capital Expenditure - Functional												
Governance and administration		18,900	18,900	-	-	-	-	-	-	18,900	-	-
Executive and council		87	87	-	-	-	-	-	-	87	-	-
Finance and administration		18,813	18,813	-	-	-	-	-	-	18,813	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		18,674	26,731	-	-	-	-	(2,453)	(2,453)	24,278	-	7,750
Community and social services		15,935	23,991	-	-	-	-	(2,263)	(2,263)	21,729	-	7,750
Sport and recreation		2,739	2,739	-	-	-	-	(190)	(190)	2,549	-	0
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		40,736	41,660	-	-	-	-	2,453	2,453	44,113	20,469	44,098
Planning and development		957	957	-	-	-	-	-	-	957	87	-
Road transport		39,779	40,704	-	-	-	-	2,453	2,453	43,157	20,382	44,098
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		2,609	2,218	-	-	-	-	-	-	2,218	-	0
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2,609	2,218	-	-	-	-	-	-	2,218	-	0
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848
Funded by:												
National Government		30,836	39,774	-	-	-	-	0	0	39,774	20,382	51,848
Provincial Government		870	870	-	-	-	-	-	-	870	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	31,706	40,643	-	-	-	-	0	0	40,643	20,382	51,848
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		49,213	48,866	-	-	-	-	-	-	48,866	87	0
Total Capital Funding		80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2026/27	+2 2027/28
		A	A1	B	C	D	E	F	G	H	I	J
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		144,813	111,151	-	-	-	-	-	-	111,151	244,213	8,984
Trade and other receivables from exchange transactions	1	29,758	36,656	-	-	-	-	-	-	36,656	33,026	39,763
Receivables from non-exchange transactions	1	115,639	87,792	-	-	-	-	-	-	87,792	115,639	144,692
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		-	5,391	-	-	-	-	-	-	5,391	5,754	5,898
VAT		26,806	16,582	-	-	-	-	-	-	16,582	22,386	26,550
Other current assets		789	588	-	-	-	-	-	-	588	789	998
Total current assets		317,804	258,161	-	-	-	-	-	-	258,161	421,807	226,886
Non current assets												
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		6,815	6,815	-	-	-	-	-	-	6,815	6,441	6,059
Property, plant and equipment	3	718,427	726,699	-	-	-	-	0	0	726,699	691,000	726,643
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		261	261	-	-	-	-	-	-	261	261	261
Intangible assets		(19)	(19)	-	-	-	-	-	-	(19)	(67)	(116)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		725,484	733,756	-	-	-	-	0	0	733,756	697,636	732,847
TOTAL ASSETS		1,043,289	991,917	-	-	-	-	0	0	991,917	1,119,443	959,733
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities		301	301	-	-	-	-	-	-	301	301	301
Consumer deposits		2,526	2,526	-	-	-	-	-	-	2,526	2,526	2,526
Trade and other payables from exchange transactions		171,470	168,557	-	-	-	-	(0)	(0)	168,557	169,606	178,512
Trade and other payables from non-exchange transactions		3,255	6,935	-	-	-	-	-	-	6,935	3,255	1,791
Provisions		3,339	3,339	-	-	-	-	-	-	3,339	3,339	3,339
VAT		8,307	7,971	-	-	-	-	-	-	7,971	8,417	9,069
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		189,199	189,630	-	-	-	-	(0)	(0)	189,630	187,445	195,538
Non current liabilities												
Borrowing	1	175	175	-	-	-	-	-	-	175	175	175
Provisions	1	26,763	25,278	-	-	-	-	-	-	25,278	26,763	28,316
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		31,207	26,930	-	-	-	-	-	-	26,930	31,207	35,681
Total non current liabilities		58,145	52,382	-	-	-	-	-	-	52,382	58,145	64,172
TOTAL LIABILITIES		247,345	242,012	-	-	-	-	(0)	(0)	242,012	245,590	259,710
NET ASSETS	2	795,944	749,906	-	-	-	-	0	0	749,906	873,853	700,023
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		792,581	746,542	-	-	-	-	0	0	746,542	870,489	696,660
Funds and Reserves		3,363	3,363	-	-	-	-	-	-	3,363	3,363	3,363
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		795,944	749,906	-	-	-	-	0	0	749,906	873,853	700,023



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		117,132	97,938	-	-	-	-	-	-	97,938	100,389	102,899
Service charges		13,818	14,662	-	-	-	-	-	-	14,662	19,574	20,064
Other revenue		60,655	79,024	-	-	-	-	-	-	79,024	68,886	69,632
Transfers and Subsidies - Operational	1	200,570	203,178	-	-	-	-	-	-	203,178	198,308	207,272
Transfers and Subsidies - Capital	1	35,462	35,462	-	-	-	-	-	-	35,462	38,303	39,950
Interest		13,000	14,900	-	-	-	-	-	-	14,900	15,519	15,907
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(419,729)	(443,373)	-	-	-	-	(1,245)	(1,245)	(444,619)	(458,292)	(472,350)
Finance charges		-	(2,367)	-	-	-	-	-	-	(2,367)	(2,476)	(2,538)
Transfers and Subsidies	1	(6,149)	(6,149)	-	-	-	-	6,149	6,149	-	-	(0)
NET CASH FROM/(USED) OPERATING ACTIVITIES		14,760	(6,725)	-	-	-	-	4,903	4,903	(1,822)	(19,788)	(19,163)
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		(88,057)	(102,936)	-	-	-	-	-	-	(102,936)	(37,212)	(59,625)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(88,057)	(102,936)	-	-	-	-	-	-	(102,936)	(37,212)	(59,625)
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		(73,297)	(109,661)	-	-	-	-	4,903	4,903	(104,758)	(56,999)	(78,789)
Cash/cash equivalents at the year begin:	2	218,110	218,110	-	-	-	-	-	-	218,110	113,352	56,352
Cash/cash equivalents at the year end:	2	144,813	108,449	-	-	-	-	4,903	4,903	113,352	56,352	(22,436)



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2025/26									Budget Year +1 2026/27	Budget Year +2 2027/28
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	144,813	108,449	-	-	-	-	4,903	4,903	113,352	56,352	(22,436)
Other current investments > 90 days		-	2,703	-	-	-	-	(4,903)	(4,903)	(2,201)	303,500	176,112
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		144,813	111,151	-	-	-	-	-	-	111,151	359,852	153,676
Applications of cash and investments												
Unspent conditional transfers		5,935	6,935	-	-	-	-	-	-	6,935	3,255	1,791
Unspent borrowing										-		
Statutory requirements		(18,499)	(18,431)	-	-	-	-	-	-	(18,431)	(13,969)	(17,481)
Other working capital requirements	2	(6,581)	15,529	-	-	-	-	(0)	(0)	15,529	87,984	82,183
Other provisions		3,339	3,339	-	-	-	-	-	-	3,339	3,339	3,339
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		3,363	3,363	-	-	-	-	-	-	3,363	3,363	3,363
Total Application of cash and investments:		(12,442)	10,736	-	-	-	-	(0)	(0)	10,736	83,973	73,196
Surplus(shortfall)		157,255	100,415	-	-	-	-	0	0	100,415	275,880	80,481



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR



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2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

KZN212 Umdoni - Table B9 Asset Management -

Description	Ref	Budget Year 2025/26									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	7	8	9	10	11	12	13	14				
	A	A1	B	C	D	E	F	G	H			
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	51,280	59,030	-	-	-	(319)	(319)	58,710	13,675	43,438	
Roads Infrastructure		15,217	15,213	-	-	-	2,073	2,073	17,287	13,588	26,566	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	
Infrastructure		15,217	15,213	-	-	-	2,073	2,073	17,287	13,588	26,566	
Community Facilities		8,589	7,752	-	-	-	(2,393)	(2,393)	5,359	-	16,872	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	
Community Assets		8,589	7,752	-	-	-	(2,393)	(2,393)	5,359	-	16,872	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Operational Buildings		1,052	1,052	-	-	-	-	-	1,052	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	
Other Assets	6	1,052	1,052	-	-	-	-	-	1,052	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	
Computer Equipment		391	478	-	-	-	-	-	478	-	-	
Furniture and Office Equipment		1,791	1,704	-	-	-	-	-	1,704	87	-	
Machinery and Equipment		5,283	13,873	-	-	-	190	190	14,063	-	0	
Transport Assets		18,957	18,957	-	-	-	(190)	(190)	18,767	-	-	
Land		-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	-	-	
Immature		-	-	-	-	-	-	-	-	-	-	
Living Resources		-	-	-	-	-	-	-	-	-	-	



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

Total Renewal of Existing Assets to be adjusted	2	29,117	28,467	-	-	-	-	(60)	(60)	28,407	-	-
<i>Roads Infrastructure</i>		22,609	22,609	-	-	-	-	-	-	22,609	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		22,609	22,609	-	-	-	-	-	-	22,609	-	-
Community Facilities		6,508	5,859	-	-	-	-	(60)	(60)	5,798	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		6,508	5,859	-	-	-	-	(60)	(60)	5,798	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

Total Upgrading of Existing Assets to be adjusted	2a	522	2,012	-	-	-	-	380	380	2,392	6,794	8,410
Roads Infrastructure		522	2,012	-	-	-	-	380	380	2,392	6,794	8,410
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		522	2,012	-	-	-	-	380	380	2,392	6,794	8,410
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848
Roads Infrastructure		38,347	39,834	-	-	-	-	2,453	2,453	42,287	20,382	34,976
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		38,347	39,834	-	-	-	-	2,453	2,453	42,287	20,382	34,976
Community Facilities		15,097	13,611	-	-	-	-	(2,453)	(2,453)	11,158	-	16,872
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		15,097	13,611	-	-	-	-	(2,453)	(2,453)	11,158	-	16,872
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		1,052	1,052	-	-	-	-	-	-	1,052	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		1,052	1,052	-	-	-	-	-	-	1,052	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		391	478	-	-	-	-	-	-	478	-	-
Furniture and Office Equipment		1,791	1,704	-	-	-	-	-	-	1,704	87	-
Machinery and Equipment		5,283	13,873	-	-	-	-	190	190	14,063	-	0
Transport Assets		18,957	18,957	-	-	-	-	(190)	(190)	18,767	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-



UMDONI MUNICIPALITY

2ND ADJUSTMENT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

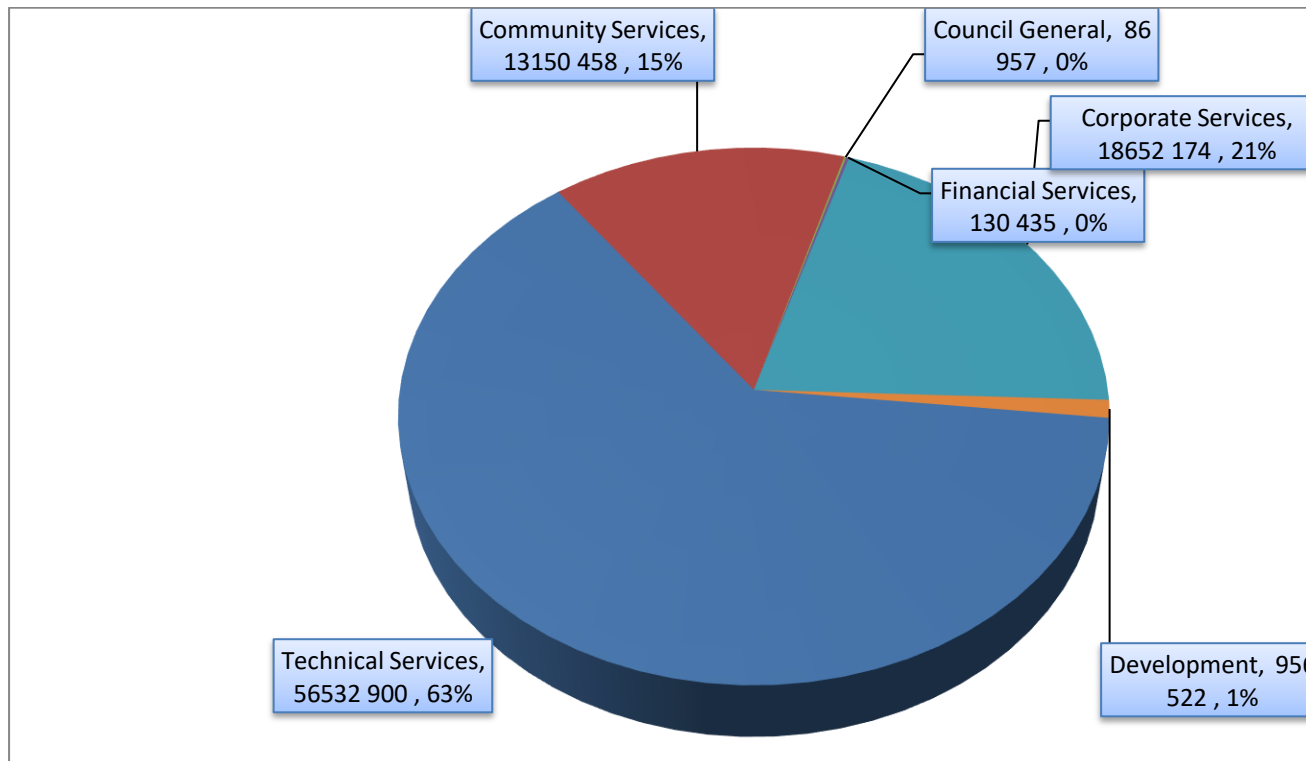
TOTAL CAPITAL EXPENDITURE to be adjusted	4	80,919	89,509	-	-	-	-	0	0	89,509	20,469	51,848
ASSET REGISTER SUMMARY - PPE (WDV)	5	608,676	616,948	-	-	-	-	-	-	616,948	560,446	514,562
<i>Roads Infrastructure</i>		236,431	244,169	-	-	-	-	-	-	244,169	221,659	206,624
<i>Storm water Infrastructure</i>		85,741	85,741	-	-	-	-	-	-	85,741	81,833	77,827
<i>Electrical Infrastructure</i>		(7)	(7)	-	-	-	-	-	-	(7)	(17)	(27)
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	0
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		12,504	12,504	-	-	-	-	-	-	12,504	11,916	11,314
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		334,669	342,407	-	-	-	-	-	-	342,407	315,392	295,738
Community Assets		142,637	142,637	-	-	-	-	-	-	142,637	128,983	114,988
Heritage Assets		261	261	-	-	-	-	-	-	261	261	261
Investment properties		6,815	6,815	-	-	-	-	-	-	6,815	6,441	6,059
Other Assets		7,005	7,886	-	-	-	-	-	-	7,886	2,776	(2,481)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		(19)	(19)	-	-	-	-	-	-	(19)	(67)	(116)
Computer Equipment		1,256	1,343	-	-	-	-	-	-	1,343	(193)	(1,678)
Furniture and Office Equipment		4,977	4,890	-	-	-	-	-	-	4,890	4,705	4,337
Machinery and Equipment		8,330	7,983	-	-	-	-	190	190	8,173	6,862	5,358
Transport Assets		31,910	31,910	-	-	-	-	(190)	(190)	31,720	24,450	21,261
Land		70,836	70,836	-	-	-	-	-	-	70,836	70,836	70,836
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	608,676	616,948	-	-	-	-	-	-	616,948	560,446	514,562
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		41,894	43,094	-	-	-	-	-	-	43,094	43,821	44,810
Repairs and Maintenance by asset class	3	44,389	43,139	-	-	-	-	(4,815)	(4,815)	38,324	49,833	46,112
<i>Roads Infrastructure</i>		3,140	3,140	-	-	-	-	-	-	3,140	3,295	3,377
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2,500	2,000	-	-	-	-	-	-	2,000	2,615	2,680
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		26,000	26,000	-	-	-	-	(4,500)	(4,500)	21,500	29,288	24,501
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		31,640	31,140	-	-	-	-	(4,500)	(4,500)	26,640	35,198	30,558
Community Facilities		1,827	969	-	-	-	-	66	66	1,035	1,895	2,318
Sport and Recreation Facilities		846	792	-	-	-	-	-	-	792	983	1,008
Community Assets		2,673	1,761	-	-	-	-	66	66	1,827	2,879	3,326
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		4,050	4,698	-	-	-	-	50	50	4,748	4,984	5,109
<i>Housing</i>		-	-	-	-	-	-	-	-	-	-	-
Other Assets		4,050	4,698	-	-	-	-	50	50	4,748	4,984	5,109
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		24	24	-	-	-	-	-	-	24	25	26
Furniture and Office Equipment		29	9	-	-	-	-	-	-	9	9	31
Machinery and Equipment		2,843	2,694	-	-	-	-	(381)	(381)	2,313	3,090	3,323
Transport Assets		3,130	2,814	-	-	-	-	(50)	(50)	2,764	3,648	3,740
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
<i>Mature</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Immature</i>		-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		86,283	86,233	-	-	-	-	(4,815)	(4,815)	81,418	93,654	90,923
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		36.6%	34.1%							34.4%	33.2%	16.2%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>		70.7%	70.7%							71.5%	15.5%	18.8%
<i>R&M as a % of PPE</i>		7.3%	7.0%							6.2%	8.9%	9.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>		12.2%	11.9%							11.2%	10.1%	10.6%



2025/2026 ADJUSTMENT BUDGET EXECUTIVE SUMMARY

2.5 OVERVIEW OF THE 2025/2026 ADJUSTMENT CAPITAL BUDGET

The Capital Expenditure has increased from R 80 918 782.62 excluding vat amounts to R 89 509 446.40 It has increased approximately by R 8 590 664.40 (11%).





ADJUSTMENTS PER VOTE/DEPT CLASSIFICATION

Council – No Adjustment was made.

Finance –No Adjustment was made.

Corporate Services – No Adjustment was made.

Community Services – No Adjustment was made.

Technical Services – No Adjustment was made

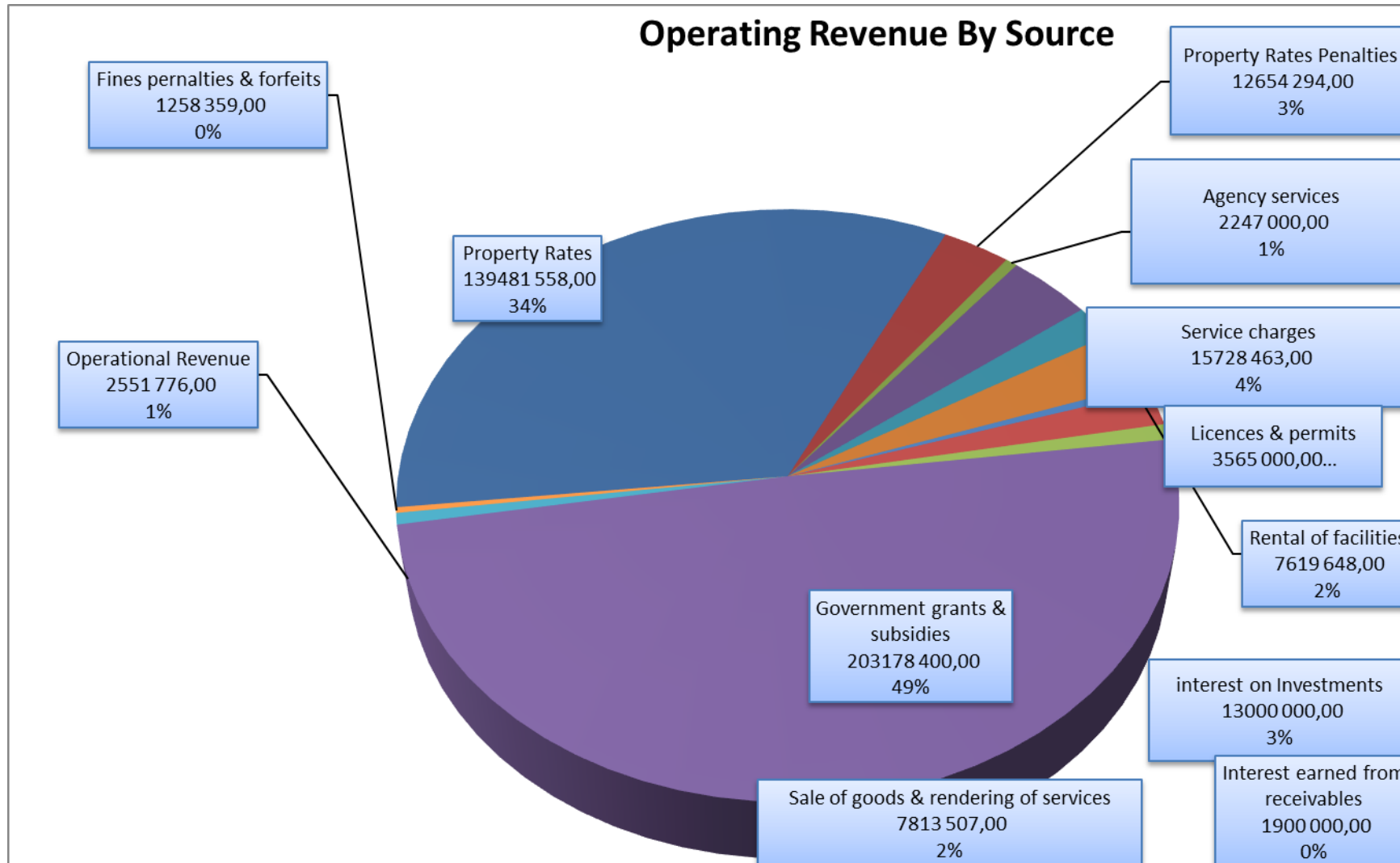
Planning and Development – No Adjustment was made.



2.6 OVERVIEW OF THE 2025/2026 ADJUSTMENT OPERATING BUDGET

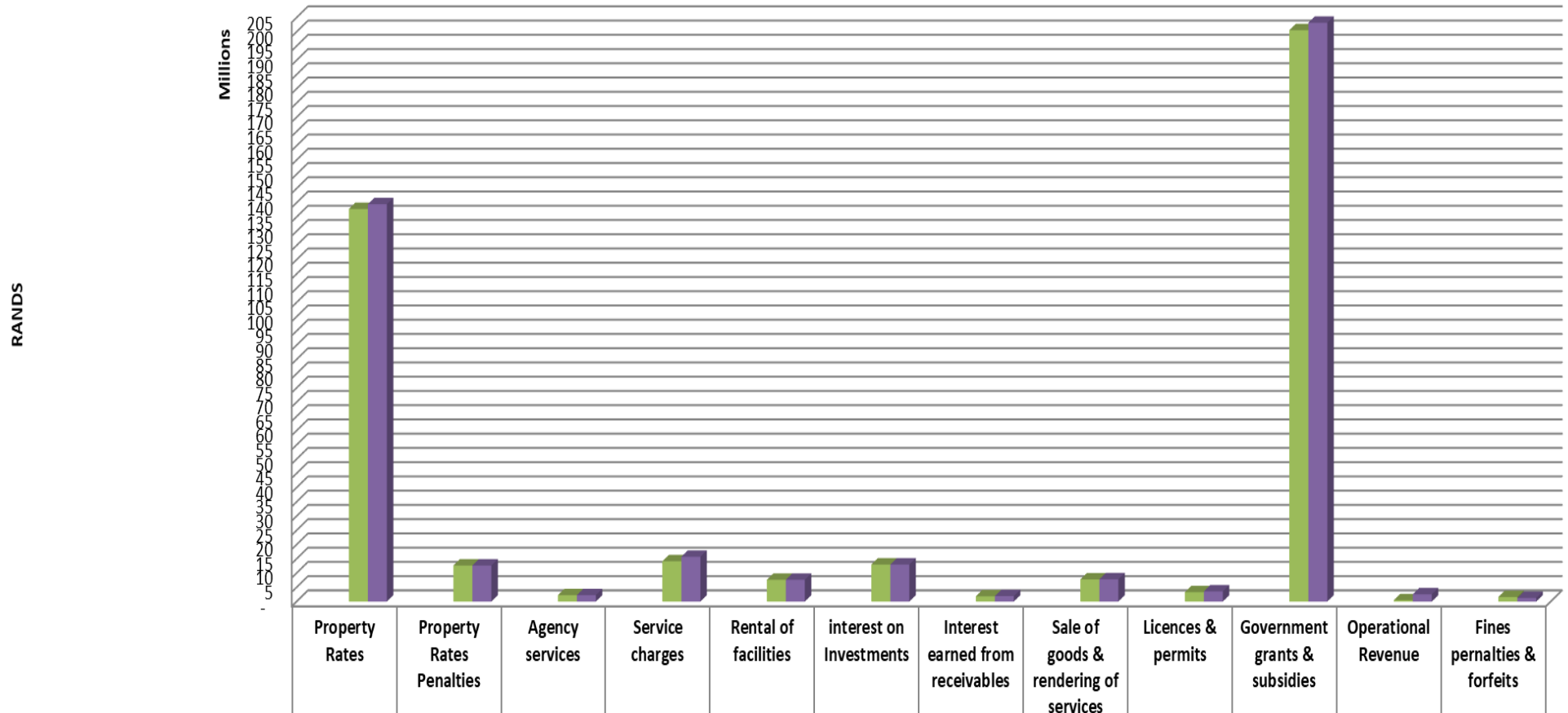
2.6.1. OPERATING INCOME

The operating income remained the same as first adjustment budget i.e. to R 411 008 005,00 however in the first adjustment budget increased from R403,0m to R411.0 m that was an increase of R 7 966 798,00 (2%), a graphical presentation of the adjusted composition of income is shown below, together with comparatives per source of revenue:





ANALYSIS OF REVISED PERFORMANCE OF INCOME BY SOURCE



	Property Rates	Property Rates Penalties	Agency services	Service charges	Rental of facilities	interest on Investments	Interest earned from receivables	Sale of goods & rendering of services	Licences & permits	Government grants & subsidies	Operational Revenue	Fines pernalties & forfeits
■ ADJUSTMENTS BUDGET 2025/2026												
■ ADJUSTMENTS BUDGET 2025/2026												
■ 2025/2026 Original	137802 839	12657 715	2247 000	14135 769	7643 823	13000 000	1836 924	7761 243	3272 130	200570 400	500 565	1602 799
■ 2025/2026 Adjusted	139481 558	12654 294	2247 000	15728 463	7619 648	13000 000	1900 000	7813 507	3565 000	203178 400	2551 776	1258 359



Property Rates Income: The property rates income remained the same as first adjustment budget i.e. R 139.5m however in the first adjustment budget increased upward by R1.6 million. The adjustment emanates from the new properties because of property developments within the municipal boundary (Renishaw Hills Development and Umdoni South Point Development).

Service Charges Income The service charges income remained the same as first adjustment budget i.e. R R15.7m however in the first adjustment budget adjusted upward by R1.5 million due to over performance in this category in the first six month of the financial year.

Rental from Fixed Assets The rental from fixed assets remained the same as first adjustment budget i.e. R 7.6m however in the first adjustment budget downward adjustment was made to an amounts of R24 175,00. The downward adjustment comes after the poor performance at mid-year level due to the activities that were less than anticipated.

Interest earned from Current and Non-Current Assets (investments revenue)No adjustment

Interest from receivables The interest from receivables remained the same as first adjustment budget i.e. R 1.9m however in the first adjustment budget increased by R 63 076,00. The ever increasing debtors book has been noted which is the cause of the increase.

Fines and penalty income: The fines and penalty income remained the same as first adjustment budget, i.e. to R 1.2m, however in the first adjustment budget there was a downward adjustment of R 344 440,00 in this category due to poor performance in this first six months of the financial year.

Licenses and permits: The licenses and permits remained the same as first adjustment budget, i.e. R 3.5m however in the first adjustment budget an amount of R 292 870,00 has been adjusted upward in this category. The revenue source consists of the monies collected from issuing the drivers and learner's licenses. The performance at mid-year was above 50%, this over performance is due to activities that were less than anticipated.

Sale of Goods and Rendering of Services The sale of goods remained the same as first adjustment budget, i.e. R 7.8m however in the first adjustment budget adjustments have been affected on this revenue item. The revenue source has increased by R 52 264,00, taking into account the performance at mid-year. This revenue source consists of general revenue sources like building plan fees, subdivisions revenue, camp site fees and scholar patrol revenue.

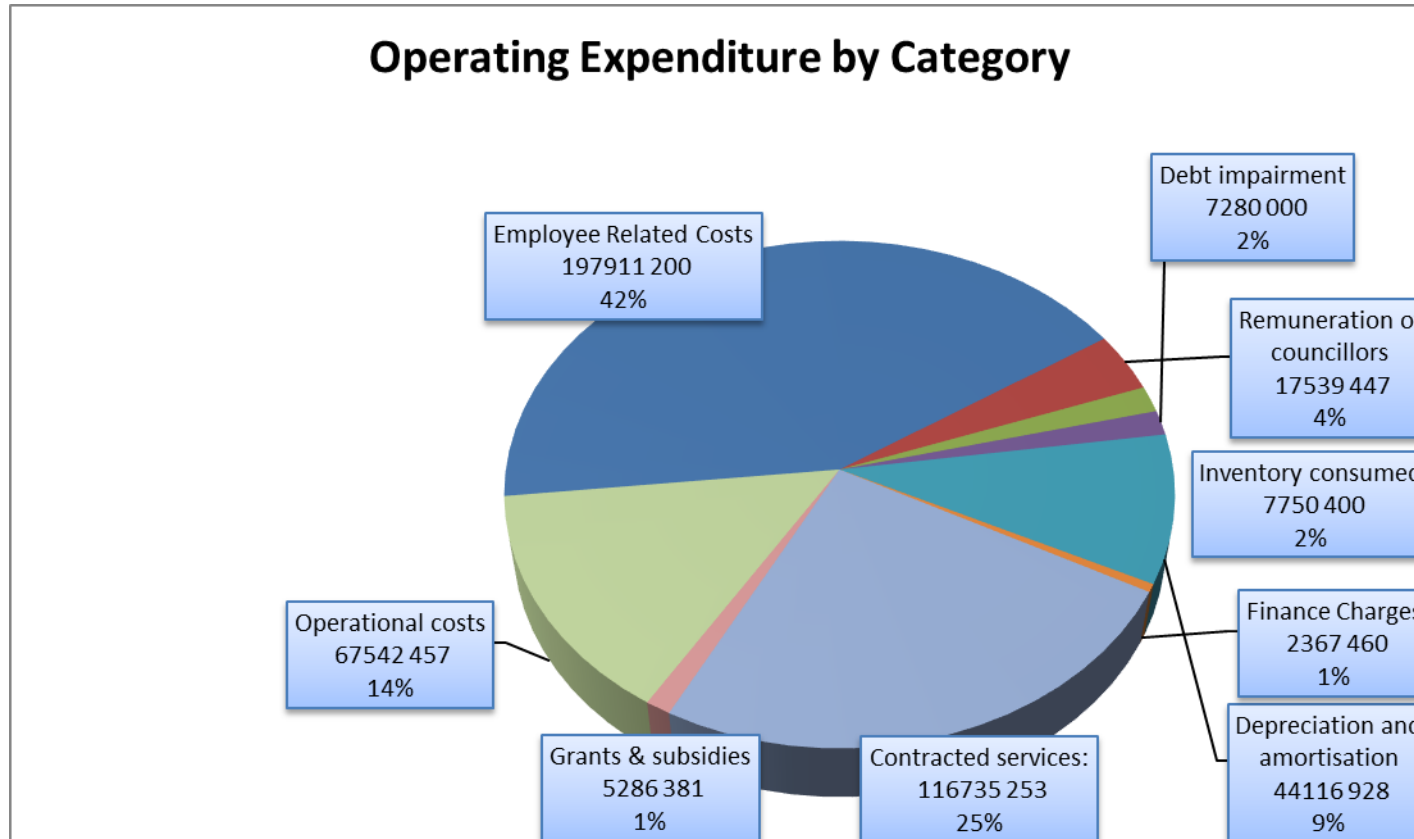
Government Grants: The Government grants remained the same as first adjustment budget i.e. R 203.1m however in the first adjustment budget have increased by R 308 000,00. The increase emanates from the increase of Library grant.

Agency Services No adjustment.



2.6.2. OPERATING EXPENDITURE

Operating expenditure increased from R 467.5 million to R 471.2 million resulting in R 3.7 million (1%) increase in expenditure from first adjustments budget to second adjustments budget. A graphical overview of the composition of operational expenditure as well as comparisons by category to the approved budget as follows:





Employee related costs have been increased to R 197.9 million. Employee costs were previously budgeted at R177,9 million. The adjustments amount to R199.6 million which is an upward adjustment of R3.7m.

Remuneration of Councilors: The remuneration of Councilors remained the same as first adjustment budget i.e. R 17.5 however in the first adjustment budget there was a decrease to correct an overallocation previously allocated on this line item.

Depreciation: The depreciation remained the same as first adjustment budget i.e. R 43.0m however in the first adjustment budget an upward adjustment of 1.2 million was affected on this line item to cover for the over performance never anticipated in the first six months.

Contracted services: The contracted services decrease to R 116.to savings was transferred to employee related cost and municipal services cost (operation cost)

The budget for Other Expenditure: other expenditure increases to 73,900m, this increased by R6,471m to accommodate high Eskom and UGU bills.

Other Materials: The other material increased by R82 thousand.

Transfers and Subsidies The transfers and subsidies remained the same as first adjustment budget i.e. R 5.2m, however in the first adjustment budget there was an increase of R517 700,00 major adjustment was for agriculture support.

Debt Impairment: The debt impairment remained the same as first adjustment budget i.e. R 17.5 however in the first adjustment budget No adjustment made under this category. Debtors are assessed as on-going exercise, and the impact of the proposed incentive cannot be quantified currently. The prescribed debt write off will also affect the impairment.

2.7 ADJUSTMENTS TO BUDGET ASSUMPTIONS



Budget assumptions have changed due to several issues.

Revenue

- All revenue levels were based on current and past year actual trends, and therefore resulted in a realistic revenue base and kept in line with inflation as far as possible;
- Tariffs, rates and service charges: there was an increase in rates and decrease in service charges.
- Mostly other income was increased taking into account the prevailing current trends.

Expenditure

- Expenditure levels were kept as low as possible whilst prioritizing service delivery
- The following areas were targeted in terms of expenditure:
 - General expenses
- Employee costs budgeted increased.
- Administrative costs budgeted have been decreased.

Financing the capital budget (borrowing, own revenue, surpluses not committed)

Capital Budget has been funded by Grants (MIG), EDTEA grant, Disaster Response Grant. The majority of the capital budget has been allocated to Roads, Community halls and Sports fields. No borrowing to be utilised as funding.

Service Delivery Backlogs

Service delivery backlogs have been addressed extensively as a result a substantial amount of the capital budget has been set aside for upgrading of assets in an effort to eradicate backlog.

Main revenue streams



The municipality's main revenue streams comprise of property rates, service charges: refuse and own revenue. Revenue projections have been made based on the current trends.

Operating expenditure appropriations and major expenditure items

Expenditure has been estimated taking into account cost containment measures. Major expenses are employee related costs (42%), Contracted services (25%) and other expenditure (14%).

Asset management / repairs and maintenance appropriations aligned to infrastructure plans

Repairs and maintenance budget is below the norm of 8% (sitting at 7%). This difference is slightly below the norm.

Conditional grants and planned applications and outcomes

Grants support plans are being implemented. The aim is 100% spending.

External factors

GDP growth is expected to average 1.8 per cent from 2025 to 2027. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains.

General inflation outlook and its impact on the municipal activities

These are key factors that have been taken into consideration in the compilation of the 2025/26 Adjustment Budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.



Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of approximately to 100 per cent is achieved on operating and capital expenditure for the 2025V2026 Adjustment Budget of which performance has been factored into the cash flow budget at 85% to accommodate the accruals at year end for operating expenditure and 100% capital budget except retentions withheld.



2.8 OVERVIEW OF BUDGET FUNDING

Challenges and risks facing the municipality with the implementation of the 2025/2026 Budget;

- The ongoing difficulties in the national and local economy;
- Aging infrastructure;
- The major challenge facing the municipality is low revenue collections as they are below the norm,
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities
- The need to fill critical vacancies;
- Aged fleet

Utilisation of Reserves and the Funding of the Outer years of the MTREF:

- The reserves can only be used when the municipality faces financial difficulties.



2.9 ADJUSTMENTS TO EXPENDITURE ON GRANT ALLOCATIONS

No further adjustments were made except for the one mentioned above in the expenditure analysis.

Government Grants And Subsidies	Original Budget	Adjusted Budget	Variance	2 nd adjustment
Library grant	11 248 700	305 300,00	305 300,00	No change
Municipal Disaster Recovery Grant (Capex)	0	10 278 027,55	10 278 027,55	No change



2.10 ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE

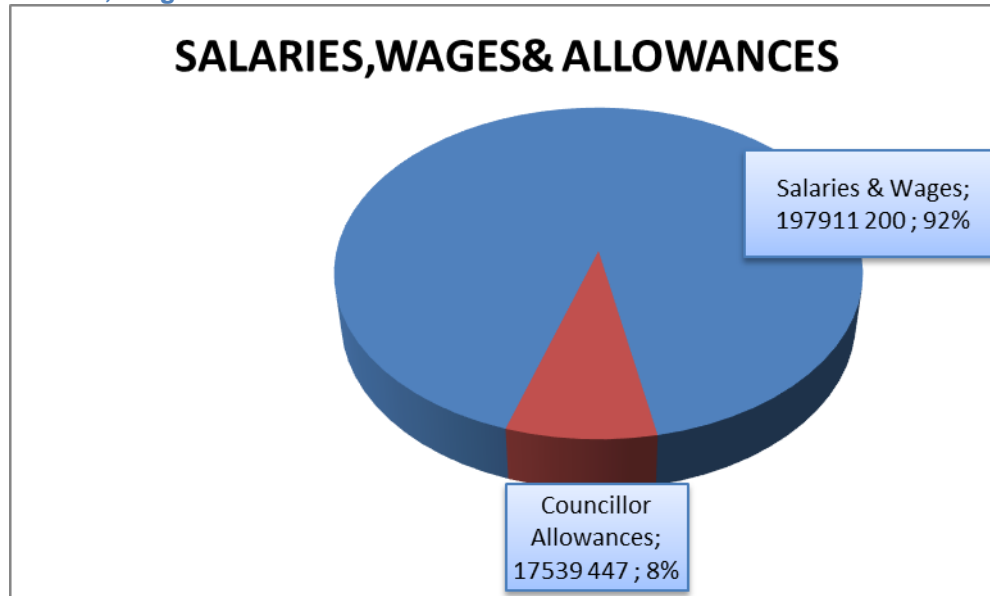
	ORIGINAL BUDGET	ADJUSTED BUDGET
Row Labels	Sum of OriginalBudgetAmount	Sum of CostEstimate
Agriculture Support	300 000,00	950 000,00
AMAKHOSI	100 000,00	100 000,00
Community Development: Child Programmes	200 000,00	215 000,00
Community Development: Elderly	200 000,00	200 000,00
Co-Orp Development/LED	2 000 000,00	2 000 000,00
Disability	100 000,00	99 700,00
Emergency Relief Expenses	558 681,00	258 681,00
HIV AIDS Day	60 000,00	60 000,00
Indigent families	500 000,00	750 000,00
Youth Development	750 000,00	653 000,00
Grand Total	4 768 681,00	5 286 381,00



2.11 ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE COSTS

Adjustments have been made on both Councilor's allowances and employee related costs.

Salaries, Wages and Allowances



DESCRIPTION	ADJUSTMENT BUDGET AMOUNT	PERCENTAGE (%)
Employee related costs	199 611 200.00	92%
Remuneration of councilor's	17,539,447.00	8%
TOTAL	217 150	100%



The total annual budget for salaries and allowances (including councilor allowances) was R215.4 million. It has been adjusted to R 217.1 million. Explanations have been provided under operating expenditure. The remuneration ratio is currently sitting at 46% (Over the threshold of 25% - 40%).

3.MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, **MR D.D Naidoo**, Acting Municipal Manager of **UMDONI MUNICIPALITY**, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, No.56 of 2003 and, to the extent as indicated in the budget documents, the regulations made under this Act, and that the annual budget and supporting documentation are consistent with the revised Integrated Development Plan of the Municipality.

PRINT NAME: _____

MUNICIPAL MANAGER OF: _____

SIGNATURE: _____

DATE: _____