# MANDENI MUNICIPALITY (KZN 291) mSCOA SPECIAL ADJUSTMENT BUDGET 2026/27

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**COUNCIL MEETING HELD ON TUESDAY, 30 JUNE 2026 AT 09H20 AT MANDENI MUNICIPAL COUNCIL CHAMBER, NO.02 KINGFISHER RD, MANDENI**

**DELEGATED MATTER**
**FOR CONSIDERATION**

**C 128** **COUNCIL: 30/06/2026**

**mSCOA SPECIAL ADJUSTMENT BUDGET 2025/26**

On a proposal by Cllr XH Mathonsi seconded by Cllr SC Mdletshe, it was

**RESOLVED**

THAT the Council of Mandeni Municipality, acting in terms of section 28(2) of the Municipal Finance Management Act, (Act 56 of 2003) approved;

THAT the Municipality Adjustment Budget for the financial year 2025/26 and the multi-year and single-year capital appropriations as set out in the following table of budget document;

- Adjustment Budget Summary contained in Table 1 on Page 4;
- Adjustment Budget Financial Performance (revenue by standard classification) as contained in Table 2 on page 5;
- Adjustment Budget Financial Performance (expenditure by standard classification) as contained in Table 3 on page 6;
- Adjustment multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 4 on page 8.
- mSCOA Adjustment Budget 2025/26 MTREF Financial Implications in Table 6 on page 9.

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**CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE MEETING**

**SIGNED BY: …………………………………….** **……………….........**
**MUNICIPAL MANAGER** **DATE**

## 1. BACKGROUND

The municipality over the previous financial years received audit findings from the Auditor-General relating to failure of preventing unauthorized expenditure arising from insufficient budgetary provision against certain expenditure non-cash items. This finding highlighted the need for the municipality to strengthen budget management practices and ensure that expenditure is fully supported by approved appropriations as required by the Municipal Finance Management Act.

During the preparation and approval of the 2025/26 Adjustments Budget, the municipality was constrained by an overall budget deficit position. The deficit was primarily attributable to non-cash expenditure items, including accounting and year-end reporting adjustments, which limited the municipality's ability to fully provide for all funding pressures and historical budget shortfalls through the normal adjustments budget process.

Furthermore, the Special Adjustments Budget forms part of the municipality's corrective measures in response to previous Auditor-General findings and demonstrates management's commitment to improving financial governance, strengthening budget credibility and ensuring compliance with the Municipal Finance Management Act, Municipal Budget and Reporting Regulations and National Treasury guidance outlined in MFMA Circulars 129.

National Treasury issued MFMA Circular No. 68, which reinforces the responsibilities of municipalities to prevent and appropriately manage Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE). The Circular emphasizes that municipalities must ensure that all expenditure incurred is supported by an approved budget and that adequate budgetary provision exists before commitments and payments are made.

During the review of the municipality's financial performance and expenditure commitments for the 2025/26 financial year, it was identified that certain operational budget items require adjustment to align the approved budget with actual expenditure trends, contractual obligations, council-approved transactions, accounting adjustments and commitments expected to be settled before year-end.

In addition, the municipality has undertaken a detailed assessment of expenditure performance, revenue trends, grant funding, capital project implementation and year-end financial reporting requirements. This assessment identified the need to reallocate funding between certain budget items and functions to ensure that available resources are directed towards priority commitments and service delivery requirements.

National Treasury MFMA Circular No. 129 further reminds municipalities of the provisions of Section 28(2)(g) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), read together with Regulation 23(6) of the Municipal Budget and Reporting Regulations (MBRR), which require municipalities to table a Special Adjustments Budget to authorize unauthorized expenditure incurred in the previous financial year. The Circular emphasizes that where Council is requested to authorize such unauthorized expenditure in terms of Section 32(2)(a)(i) of the MFMA, the necessary budgetary provision must be effected through a Special Adjustments Budget.

## 2. DISCUSSION

### 2.1 ADJUSTMENT BUDGET SUMMARY

| KZN291 Mandeni - Table B1 Adjustments Budget Summary - 18-06-2026 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | |
| R thousands | A | A1 | B | C | D | E | F | G | H | | |
| **Total Revenue (excluding capital transfers and contributions)** | **454,622** | **463,028** | **–** | **–** | **–** | **–** | **2,463** | **2,463** | **465,491** | **514,332** | **527,542** |
| ***Total Expenditure*** | **487,944** | **504,021** | **–** | **–** | **–** | **–** | **22,278** | **22,278** | **526,299** | **483,086** | **495,492** |
| **Surplus/(Deficit)** | (33,322) | (40,993) | – | – | – | – | (19,815) | (19,815) | (60,808) | 31,246 | 32,050 |
| Transfers and subsidies - capital (monetary allocations) | 46,017 | 59,528 | – | – | – | – | – | – | 59,528 | 44,629 | 46,586 |
| Transfers and subsidies - capital (in-kind | – | – | – | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **12,694** | **18,535** | **–** | **–** | **–** | **–** | **(19,815)** | **(19,815)** | **(1,280)** | **75,875** | **78,637** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – | – |
| **Surplus/ (Deficit) for the year** | **12,694** | **18,535** | **–** | **–** | **–** | **–** | **(19,815)** | **(19,815)** | **(1,280)** | **75,875** | **78,637** |
| | | | | | | | | | | | |
| **Capital expenditure & funds sources** | | | | | | | | | | | |
| **Capital expenditure** | 130,596 | 126,749 | – | – | – | – | – | – | 126,749 | 76,156 | 78,791 |
| Transfers recognised - capital | 40,058 | 51,806 | – | – | – | – | – | – | 51,806 | 38,808 | 40,510 |
| | | | | | | | | | | | |
| Borrowing | – | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | 90,538 | 74,943 | – | – | – | – | – | – | 74,943 | 37,347 | 38,281 |
| **Total sources of capital funds** | **130,596** | **126,749** | **–** | **–** | **–** | **–** | **–** | **–** | **126,749** | **76,156** | **78,791** |

## ADJUSTMENT BUDGET SUMMARY ANALYSIS

Total Operating Revenue has increased from R454 million to **R465 million** with an adjusted budget of R2.5 million at 2.4 per cent.

Total adjusted operating expenditure for the 2025/26 financial year has been appropriated at R526 million and translates into a deficit of **R60 million**, when compared to the 2025/26 Previous Adjustment Budget. Operational expenditure has been increased by 3.7 per cent to an adjustment budget of **R526 million**.

## 2.2 SUMMARY OF REVENUE ADJUSTMENT BUDGET

KZN291 Mandeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 18-06-2026

| Description | Ref | Budget Year 2025/26 Original Budget | Budget Year 2025/26 Prior Adjusted | Budget Year 2025/26 Accum. Funds | Budget Year 2025/26 Multi-year capital | Budget Year 2025/26 Unfore. Unavoid. | Budget Year 2025/26 Nat. or Prov. Govt | Budget Year 2025/26 Other Adjusts. | Budget Year 2025/26 Total Adjusts. | Budget Year 2025/26 Adjusted Budget | Budget Year +1 2026/27 Adjusted Budget | Budget Year +2 2027/28 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 | 82,686 | 90,708 | – | – | – | – | – | – | 90,708 | 89,250 | 91,481 |
| Service charges - Water | 2 | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - Waste Water Manag | 2 | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - Waste Management | 2 | 14,713 | 14,713 | – | – | – | – | – | – | 14,713 | 15,389 | 15,774 |
| Sale of Goods and Rendering of Services | | 1,513 | 1,383 | | | | | – | – | 1,383 | 1,583 | 1,622 |
| Agency services | | – | – | | | | | – | – | – | – | – |
| Interest | | – | – | | | | | – | – | – | – | – |
| Interest earned from Receivables | | 2,016 | 2,016 | | | | | – | – | 2,016 | 2,106 | 2,159 |
| Interest earned from Current and Non Current As | | 25,000 | 25,000 | | | | | – | – | 25,000 | 26,125 | 26,778 |
| Dividends | | – | – | | | | | – | – | – | – | – |
| Rent on Land | | – | – | | | | | – | – | – | – | – |
| Rental from Fixed Assets | | 755 | 755 | | | | | – | – | 755 | 790 | 810 |
| Licence and permits | | – | – | | | | | – | – | – | – | – |
| Special rating levies | | – | – | | | | | – | – | – | – | – |
| Operational Revenue | | 1,252 | 1,875 | | | | | – | – | 1,875 | 1,293 | 1,285 |
| **Non-Exchange Revenue** | | | | | | | | | | | | |
| Property rates | 2 | 64,913 | 64,913 | – | – | – | – | – | – | 64,913 | 97,157 | 99,586 |
| Surcharges and Taxes | | – | – | | | | | – | – | – | – | – |
| Fines, penalties and forfeits | | 1,367 | 1,367 | | | | | – | – | 1,367 | 1,430 | 1,465 |
| Licences or permits | | 998 | 998 | | | | | – | – | 998 | 1,044 | 1,070 |
| Transfer and subsidies - Operational | | 254,956 | 254,848 | | | | | – | – | 254,848 | 273,512 | 280,741 |
| Interest | | 4,453 | 4,453 | | | | | – | – | 4,453 | 4,654 | 4,770 |
| Fuel Levy | | – | – | | | | | – | – | – | – | – |
| Operational Revenue | | – | – | | | | | – | – | – | – | – |
| Gains on disposal of Assets | | – | – | | | | | – | – | – | – | – |
| Other Gains | | – | – | | | | | 2,463 | 2,463 | 2,463 | – | – |
| Discontinued Operations | | – | – | | | | | – | – | – | – | – |
| **Total Revenue (excluding capital transfers and contributions)** | | **454,622** | **463,028** | **–** | **–** | **–** | **–** | **2,463** | **2,463** | **465,491** | **514,332** | **527,542** |

- Other Gains – This item refers to gains from Fair value adjustment. The gain/loss arises from the annual valuation of investment properties and does not represent actual cash generated by the municipality. It has been increased by R2.4 million which is a 100% increase as this line item was not initially budgeted for. The adjustment is based on the draft estimates by the Municipal Valuer, which indicated an increase in the fair value of investment properties.

## 2.3 SUMMARY OF EXPENDITURE ADJUSTMENT BUDGET

KZN291 Mandeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 18-06-2026

| 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 |
| | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| **Expenditure By Type** | | | | | | | | | | | | |
| Employee related costs | | 167,901 | 167,901 | – | – | – | – | 2,400 | 0 | 167,901 | 175,095 | 179,623 |
| Remuneration of councillors | | 17,043 | 17,043 | | | | | – | – | 17,043 | 17,981 | 18,431 |
| Bulk purchases - electricity | | 66,107 | 72,107 | – | – | – | – | 2,500 | 2,500 | 74,607 | 61,791 | 63,336 |
| Inventory consumed | | 5,918 | 5,450 | – | – | – | – | – | – | 5,450 | 6,631 | 6,797 |
| Debt impairment | | 32,077 | 30,077 | | | | | – | – | 30,077 | 33,520 | 34,358 |
| Depreciation and amortisation | | 36,240 | 36,240 | | | | | 10,665 | 10,665 | 46,904 | 37,870 | 38,817 |
| Interest | | 3,050 | 3,050 | | | | | (2,400) | – | 3,050 | 3,187 | 3,267 |
| Contracted services | | 89,650 | 87,841 | – | – | – | – | 2,271 | 2,271 | 90,113 | 88,442 | 90,857 |
| Transfers and subsidies | | – | 2,350 | | | | | – | – | 2,350 | – | – |
| Irrecoverable debts written off | | 6,637 | 6,637 | | | | | 4,684 | 4,684 | 11,320 | 6,935 | 7,109 |
| Operational costs | | 62,722 | 74,726 | | | | | 2,658 | 2,658 | 77,384 | 51,005 | 52,256 |
| Losses on disposal of Assets | | 600 | 600 | | | | | (500) | (500) | 100 | 627 | 643 |
| Other Losses | | – | – | | | | | – | – | – | – | – |
| **Total Expenditure** | | **487,944** | **504,021** | **–** | **–** | **–** | **–** | **22,278** | **22,278** | **526,299** | **483,086** | **495,492** |

Total operating expenditure has been increased from R487.9 million to an adjustment budget of R526 million with an increase of by 6,8 per cent. As a result of this upward adjustment in operating expenditure, the operating deficit has increased from **R33.3** million to **R60** million.

Factors informing the need for expenditure adjustment.

- **Employee Related Costs:** The R2,4 million increase in Employee Related Costs is caused by consideration of reclassification of Interest on post-retirement benefit that was incorrectly classified under Finance Cost. The Special Adjustment Budget has been updated to reflect the correct classification, ensuring consistency between the Annual Financial Statements and the mSCOA data strings.

- **Bulk Purchases:** has increased by R2,5 million to an adjusted budget of R74,6 million. The adjustment is informed by expenditure performance to date and aligns the budget with actual consumption trends and projected spending for the remainder of the financial year.

- **Depreciation and amortization:** has increased by R10.7 million to an adjusted budget of R46.9 million. The adjustment is based on a review of the municipality's asset register, including capital additions recognised during the financial year, updated depreciation calculations. In addition, the adjustment provides for the anticipated impairment of assets where indicators of impairment were identified. The increase therefore ensures that both depreciation and impairment expenses are adequately funded and aligned with the expected year-end accounting treatment in accordance with the applicable GRAP standards.

- **Interest:** The R2,4 million decrease in Interest is caused by consideration of reclassification of Interest on post-retirement benefit that was incorrectly classified under Finance Cost /Interest. The Special Adjustment Budget has been updated to reflect the correct classification, ensuring consistency between the Annual Financial Statements and the mSCOA data strings.

- **Contracted Services:** has increased by R2,3 million to an adjusted budget of R90 million. The adjustment is informed by a review of expenditure performance and existing contractual commitments that are expected to be honoured during the remainder of the financial year while ensuring that expenditure remains within an approved budget framework. This will assist the municipality in meeting its contractual obligations and mitigating the risk of incurring unauthorised expenditure at year-end in terms of the Municipal Finance Management Act.

i). Prepaid Metering System – R726 thousands
ii). Records Management System – R618 thousands
iii). Financial system support – R568 thousands
iv). And any other contracted expenditure items

- **Irrecoverable Debt write off:** • Irrecoverable Debt write off amount has increased by R4.7 million to R11.3 million. The adjustment is informed by Council's approval of the write-off of qualifying consumer debt following an indigent registration and verification campaign undertaken by the municipality. The campaign identified a significant number of households that met the indigent qualification criteria due to various socio-economic circumstances, including unemployment and limited household income. As a result, outstanding debt attributable to qualifying indigent households was assessed as irrecoverable and written off.

- **Operational Cost:** has increased by R2.7 million to an adjustment budget of R77.4 million. The adjustment is informed by expenditure performance to date, a review of existing commitments expected to be settled before year-end, and the reprioritisation of operational budget allocations to address critical service delivery requirements. The adjustment ensures that sufficient budget provision is available for unavoidable operational commitments and aligns the budget with projected expenditure trends for the remainder of the financial year

i). Municipal ILEMBE Water – R622 thousands
ii). Telkom Data lines – R761 thousands
iii). Eskom FBE – R162 thousands
iv). And any other operational expenditure items

## 2.4 CAPITAL EXPENDITURE ADJUSTMENT BUDGET

KZN291 Mandeni - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 18-06-2026

| 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 |
| | | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| **Capital expenditure - Vote** | | | | | | | | | | | | |
| **Single-year expenditure *to be adjusted*** | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 30,000 | 23,540 | – | – | – | – | 4,700 | 4,700 | 28,240 | 36,348 | 37,257 |
| Vote 2 - Finance and administration | | 4,549 | 8,239 | – | – | – | – | (2,818) | (2,818) | 5,421 | – | – |
| Vote 3 - Internal audit | | – | – | – | – | – | – | – | – | – | – | – |
| Vote 4 - Community and social services | | 17,738 | 17,690 | – | – | – | – | 0 | 0 | 17,690 | 10,019 | 10,273 |
| Vote 5 - Sport and Recreation | | 8,836 | 10,940 | – | – | – | – | – | – | 10,940 | 3,822 | 3,918 |
| Vote 6 - Public safety | | 70 | 70 | – | – | – | – | – | – | 70 | – | – |
| Vote 7 - Housing | | – | – | – | – | – | – | – | – | – | – | – |
| Vote 8 - Planning and Development | | 7,522 | 5,208 | – | – | – | – | – | – | 5,208 | – | – |
| Vote 9 - Road transport | | 55,386 | 57,709 | – | – | – | – | (1,882) | (1,882) | 55,827 | 25,967 | 27,344 |
| Vote 10 - Energy sources | | 4,869 | 2,087 | – | – | – | – | – | – | 2,087 | – | – |
| Vote 11 - Waste Management | | 1,626 | 1,267 | – | – | – | – | – | – | 1,267 | – | – |
| Vote 12 - Environmental Protection | | – | – | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – | – | – |
| **Capital single-year expenditure sub-total** | | **130,596** | **126,749** | **–** | **–** | **–** | **–** | **–** | **–** | **126,749** | **76,156** | **78,791** |
| **Total Capital Expenditure - Vote** | | **130,596** | **126,749** | **–** | **–** | **–** | **–** | **–** | **–** | **126,749** | **76,156** | **78,791** |
| | | | | | | | | | | | | |
| **Capital Expenditure - Functional** | | | | | | | | | | | | |
| ***Governance and administration*** | | **34,549** | **31,778** | **–** | **–** | **–** | **–** | **1,882** | **1,882** | **33,660** | **36,348** | **37,257** |
| Executive and council | | 30,000 | 23,540 | | | | | 4,700 | 4,700 | 28,240 | 36,348 | 37,257 |
| Finance and administration | | 4,549 | 8,239 | | | | | (2,818) | (2,818) | 5,421 | – | – |
| Internal audit | | – | – | | | | | – | – | – | – | – |
| ***Community and public safety*** | | **26,644** | **28,699** | **–** | **–** | **–** | **–** | **0** | **0** | **28,699** | **13,841** | **14,191** |
| Community and social services | | 8,664 | 8,616 | | | | | 0 | 0 | 8,616 | 10,019 | 10,273 |
| Sport and recreation | | 8,836 | 10,940 | | | | | – | – | 10,940 | 3,822 | 3,918 |
| Public safety | | 9,143 | 9,143 | | | | | – | – | 9,143 | – | – |
| Housing | | – | – | | | | | – | – | – | – | – |
| Health | | – | – | | | | | – | – | – | – | – |
| ***Economic and environmental services*** | | **62,038** | **62,478** | **–** | **–** | **–** | **–** | **(1,882)** | **(1,882)** | **60,596** | **25,967** | **27,344** |
| Planning and development | | 7,522 | 5,208 | | | | | – | – | 5,208 | – | – |
| Road transport | | 54,517 | 57,270 | | | | | (1,882) | (1,882) | 55,388 | 25,967 | 27,344 |
| Environmental protection | | – | – | | | | | – | – | – | – | – |
| ***Trading services*** | | **7,365** | **3,793** | **–** | **–** | **–** | **–** | **–** | **–** | **3,793** | **–** | **–** |
| Energy sources | | 4,869 | 2,087 | | | | | – | – | 2,087 | – | – |
| Water management | | – | – | | | | | – | – | – | – | – |
| Waste water management | | 870 | 440 | | | | | – | – | 440 | – | – |
| Waste management | | 1,626 | 1,267 | | | | | – | – | 1,267 | – | – |
| ***Other*** | | – | – | | | | | – | – | – | – | – |
| **Total Capital Expenditure - Functional** | 3 | **130,596** | **126,749** | **–** | **–** | **–** | **–** | **–** | **–** | **126,749** | **76,156** | **78,791** |
| | | | | | | | | | | | | |
| **Funded by:** | | | | | | | | | | | | |
| National Government | | 39,884 | 50,763 | | | | | – | – | 50,763 | 38,631 | 40,325 |
| Provincial Government | | 174 | 1,043 | | | | | – | – | 1,043 | 177 | 185 |
| District Municipality | | – | – | | | | | – | – | – | – | – |
| Transfers and subsidies - capital (in-kind) | | – | – | | | | | – | – | – | – | – |
| **Transfers recognised - capital** | 4 | **40,058** | **51,806** | **–** | **–** | **–** | **–** | **–** | **–** | **51,806** | **38,808** | **40,510** |
| | | | | | | | | | | | | |
| **Borrowing** | | – | – | | | | | – | – | – | – | – |
| **Internally generated funds** | | 90,538 | 74,943 | | | | | – | – | 74,943 | 37,347 | 38,281 |
| **Total Capital Funding** | | **130,596** | **126,749** | **–** | **–** | **–** | **–** | **–** | **–** | **126,749** | **76,156** | **78,791** |

**Capital expenditure:** The capital budget remains unchanged at R126.7 million during the Adjustment Budget process. No additional capital grant funding was received, and no capital projects were removed from the approved capital programme. Although a funding shortfall was identified in the Executive Council Vote allocation, this was offset by savings realized within the Finance and Administration and Road Transport Vote. Consequently, the adjustment does not result in a net increase or decrease in the overall capital budget, and the approved capital programme remains fully funded and unchanged.

## 3. FINANCIAL IMPLICATIONS

i). Tabled mSCOA Adjustment Budget 2025/26 MTREF

| mSCOA Adjustment Budget 2025/26 MTREF | | | |
|---|---|---|---|
| **ADJUSTMENT BUDGET 2025/26** | | | |
| | **ADJUSTMENT BUDGET** | **SPECIAL ADJUSTMENT** | **FINAL BUDGET** |
| **DESCRIPTION** | | | |
| INTERNAL FUNDS | -208,179,930 | 0 | -208,179,930 |
| OPERATIONAL GRANTS | -10,650,400 | 0 | -10,650,400 |
| CAPITAL GRANTS | -59,527,501 | 0 | -59,527,501 |
| EQUITABLE SHARE | -244,198,000 | 0 | -244,198,000 |
| FAIRVALUE GAINS | 0 | -2,462,900 | -2,462,900 |
| **TOTAL REVENUE** | **-522,555,831** | **-2,462,900** | **-525,018,731** |
| | | | |
| **OPERATING EXPENDITURE** | | | |
| EMPLOYEE REALATED COSTS | 167,901,119 | 2,400,000 | 170,301,119 |
| REMUNARATION OF COUNCILLORS | 17,043,125 | - | 17,043,125 |
| FINANCE CHARGES | 3,050,000 | (2,400,000) | 650,000 |
| DEPRECIATIION | 36,239,568 | 10,664,711 | 46,904,279 |
| CONTRACTED SERVICES | 87,841,193 | 2,271,320 | 90,112,513 |
| TRANSFERS AND SUBSIDIES | 2,350,000 | - | 2,350,000 |
| BULK PURCHASES | 72,107,242 | 2,500,000 | 74,607,242 |
| INVENTORY CONSUMED | 5,449,830 | - | 5,449,830 |
| OPERATIONAL COST | 74,725,895 | 2,658,245 | 77,384,140 |
| DEPT IMPAREMENT & WRITE OFF | 30,076,522 | - | 30,076,522 |
| IRRECOVARABLE WRITE OFF | 6,636,521 | 4,683,809 | 11,320,330 |
| GAINS & LOSSES | 600,000 | (500,000) | 100,000 |
| **TOTAL OPERATING EXPENDITURE** | **504,021,015** | **22,278,085** | **526,299,101** |
| | | | |
| **OPERATING (SUPLUS) / DEFICIT** | **40,992,685** | **19,815,185** | **60,807,871** |
| | | | |
| **CAPITAL PROJECTS** | **126,748,887** | **-** | 126,748,887 |
| | | | |
| **TOTAL EXPENDITURE** | **630,769,902** | **22,278,085** | **653,047,988** |
| | | | |
| **TOTAL BUDGET(SUPLUS) / DEFICIT** | **108,214,071** | **19,815,185** | **128,029,257** |

**TABLED ADJUSTMENTS BUDGET**

The 2025/26 proposed budget adjustments for Mandeni Municipality be as follows:

| | Adjustment Budget | Approved – Feb 2026 |
|---|---|---|
| Total Revenue | R (525 018 731) | R (522 555 831) |
| Total Operating Expenditure | R 526 299 101 | R 504 020 863 |
| Total Capital Expenditure | R 126 748 835 | R 126 748 835 |
| **(Surplus)/Deficit** | **R (128 029 257)** | **R (108 214 071)** |

Total revenue has increased by 0.5 percent or R2,5 million in the adjusted budget. Total revenue has been appropriated to R525 million.

Total operational expenditure has increased by 3,6 percent or R19.8 million in the adjustment budget. Total operating expenditure has been appropriated at R524 million which translates into a deficit budget of R60 million.

The capital budget of R126,7 million remains the same. Although a funding shortfall was identified in the Executive Council Vote allocation, this was offset by savings realised within the Finance and Administration Vote.

Deficit of **R128 million** will be funded from previous year accumulated surplus (reserves) which has prioritised depreciation and amortisation of R46.9 million; debt impairment of R30.1 million and irrecoverable debt write off for R11,3 million which are cash backed.

## 1.1 Municipal manager's quality certificate

I S.G.Khuzwayo, Municipal manager of Mandeni Municipality, hereby certify that the Final mSCOA Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name ___**Mr S.G. Khuzwayo**________________

Municipal Manager of Mandeni Municipality (KZN 291)

Signature________________________________________

Date 30 June 2026