Ubuntu Municipality

menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage

MID –YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

2025/26 FY

CONTENTS

1. Glossary 4

2. SECTION 1 5

Introduction 5

3. SECTION 2 6

Legislative framework 6

4. SECTION 3 7

Executive Mayor's report 7

5. SECTION 4 9

Executive summary 10

6. SECTION 5 11

Financial performance analysis 11

7. SECTION 6 14

Revenue 14

8. SECTION 7 18

Expenditure management 18

9. SECTION 8 21

Conditional grant management 21

10. SECTION 9 23

Asset management 23

11. Section 10 24

Performance Assessment Report 24

1. Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Vote – One of the main segments into which a budget. In Ubuntu Local Municipality this means at directorate level.

2. SECTION 1

Introduction

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Section 72, and
- The Municipal Budget and Reporting Regulations, 35.

The MBRR highlights the format of the mid-year budget and performance assessment.

> *"33. A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."*

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

3. SECTION 2

Legislative framework

In terms of Section 72 of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the budget and performance of the Municipality during the first half of the financial year. A report on such assessment must in terms of section 72 (1) (b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

We like to highlight and request council to take note that the Section 52, Quarterly Budget Monitoring Report for the second quarter will be incorporated in this report. The requirements of section 52(d) will be met in this Mid–year Budget and Assessment Report.

4. SECTION 3

Executive Mayor's report

The core mandate for local municipalities like ours is to provide services to the communities in our jurisdiction. Which makes local government, municipalities, by virtue of the three spheres of the government the closed sphere of government to the people. This is where the community interactions directly with government. It is therefore our responsibility to continue serving our communities to the best of our ability utilising our resources and infrastructure at our disposal.

The Mid -Year Budget and Performance Assessment for 2025/2026 financial year is prepared in accordance with the Municipal Finance Management Act (Section72 of MFMA).

The table below is the current approved budget for the 2025/26 financial year.

High Level Summary of Final Budget Budget 2025-26					
Description	Adjustment Budget 2024-25	Final Budget 2025/2026	YTD Actuals 2025/2026	YTD Remaining Budget 2025/2026	YTD Percentage Spending
Operating Expenditure	171 288 202.00	163 026 782.00	64 965 665.97	98 061 116.03	40%
Operating Revenue	113 631 487.00	105 969 940.00	42 177 835.25	63 792 104.75	40%
Grant Revenue - Operational	58 016 004.00	59 474 000.00	41 893 006.78	17 580 993.22	70%
Surplus/(Deficit) Excl Capital Revenue	**359 289.00**	**2 417 158.00**	**19 105 176.06**	**- 16 688 018.06**	
Grant Revenue - Capital	30 872 004.00	35 779 000.00	21 767 512.79	14 011 487.21	61%
Grant Revenue - Donation	-	46 000 000.00	-	-	
Surplus/(Deficit) Incl Capital Revenue	**31 231 293.00**	**84 196 158.00**	**40 872 688.85**	**- 2 676 530.85**	

The mid-year performance assessment, assess our performance as a municipality to ensure that the projects and assumptions made at the time of the original budget can still be achieved and that unforeseen circumstances can be included into the budget projection and assumptions. The process allows the municipality to assess its financial performance and position in ensuring that it is moving in the correct and financially feasible direction.

The mid-year assessment report is divided in four section which is based on the section 72 done on the finance section.

- Revenue
- Operational Expenditure
- Capital expenditure

Revenue

The municipality's primary source of revenue is derived from the provision of basic services across the three towns it administers. However, Ubuntu Local Municipality faces a significant challenge with its poor payment culture, which requires urgent intervention. As of the end of December 2025, the collection rate for the financial year—based on billed and receipted amounts—stands at 67%, reflecting a 2% increase compared to the previous financial year. Furthermore, total outstanding debtors remain alarmingly high at R252 775 561,52, marking a substantial increase from the December 2024 figure of R225 354 619. This upward trend in outstanding debt is concerning and indicates deteriorating financial sustainability.

Water services account for the highest portion of unpaid accounts, highlighting the need for immediate and decisive measures to improve revenue collection for the services provided. Contributing factors to this situation include the municipality's inability to effectively collect payments in areas supplied by Eskom. Addressing these challenges is critical to ensuring the municipality's financial health and its capacity to deliver essential service

Raising awareness about the importance of paying municipal accounts is essential to fostering a culture of timely payments within the community. This, in turn, will enable improved service delivery for the residents of Ubuntu Local Municipality.

Community education on municipal accounts, coupled with the consistent implementation of credit control measures, is critical to reducing the municipality's outstanding debt. Achieving financial sustainability and viability is a key objective that must be realized to secure the long-term stability and prosperity of the municipality.

Operating expenditure

In the 2025/26 financial year, the municipality remains committed to ensuring creditors are paid within 30 days. Prioritizing expenditure is crucial, with a focus on reducing discretionary or non-essential spending. All expenditures must be aligned with the goal of enhancing and sustaining effective service delivery.

Capital expenditure

The municipality has demonstrated improved performance in the utilization of conditional grants, achieving a year-to-date expenditure rate of 61% on the budgeted amount. This reflects a strong commitment to the execution and completion of projects, thereby enhancing the quality of service delivery to the community.

In conclusion, I urge Council members to remain focused on the imperative of delivering quality services to our community. This commitment should not only guide deliberations on the Mid-Year Budget and Performance Assessment but should also underpin all actions and decisions, particularly as the community holds high expectations for service delivery standards.

Thank you for the opportunity to present this report to the Council of Ubuntu Local Municipality.

5. SECTION 4

Executive summary

This report provides a summary of the key budgetary issues identified through the budget monitoring process. It evaluates the progress of the budget by comparing actual income and expenditure against the projections outlined in the Service Delivery and Budget Implementation Plan (SDBIP).

The report further provides a comprehensive overview of the municipality's financial and operational performance as of December 2025, highlighting key areas of concern and progress.

Additionally, this report is prepared in compliance with Sections 72(1)(a) and (b), 72(2), and 72(3)(a) and (b) of the Municipal Finance Management Act (MFMA), as well as the requirements of the Municipal Budget and Reporting Regulations. These provisions mandate the reporting of specific financial details in the prescribed formats.

As part of this review, the accounting officer is required to assess whether an adjustment budget is necessary and to provide revised projections for revenue and expenditure where applicable

Revenue and Debt Management

The municipality's primary revenue source is the provision of basic services across three towns. However, a poor payment culture has led to a collection rate of 67%, a 2% increase compared to the previous financial year. Total outstanding debtors have risen to R252 775 561,52 from R225 354 619 in December 2024, with water services being the most owed category. Addressing payment challenges, particularly in Eskom-supplied areas, is critical to ensuring financial sustainability.

Community Awareness and Financial Stability

Promoting awareness of the importance of paying municipal accounts and implementing robust credit control measures are key strategies for reducing outstanding debt. Achieving

financial viability remains a central goal, with a focus on fostering a culture of timely payments to enhance service delivery.

Performance on Conditional Grants

Year-to-date spending on conditional grants has reached 70%, reflecting a strong dedication to project completion and the enhancement of service delivery standards.

Call to Action for Council Members

Council members are urged to remain steadfast in their commitment to providing quality services to the community. This priority should inform all decisions and actions, particularly in light of the community's high expectations for improved service delivery.
This report underscores the need for strategic interventions to address financial and operational challenges while maintaining a strong focus on service delivery excellence.

6. SECTION 5

Financial performance analysis

In evaluating the municipality's performance for the first half of the financial year, various reports were considered, including but not limited to the Section 71 monthly reports, the Service Delivery and Budget Implementation Plan (SDBIP), and grant reconciliations.

The table below provides an overview of the overall municipal budget for the 2025/26 financial year

High Level Summary of Final Budget Budget 2025-26					
Description	Adjustment Budget 2024-25	Final Budget 2025/2026	YTD Actuals 2025/2026	YTD Remaining Budget 2025/2026	YTD Percentage Spending
Operating Expenditure	171 288 202.00	163 026 782.00	64 965 665.97	98 061 116.03	40%
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Surplus/(Deficit) Excl Capital Revenue	359 289.00	2 417 158.00	19 105 176.06	- 16 688 018.06	
Grant Revenue - Capital	30 872 004.00	35 779 000.00	21 767 512.79	14 011 487.21	61%
Grant Revenue - Donation	-	46 000 000.00	-	-	
Surplus/(Deficit) Incl Capital Revenue	31 231 293.00	84 196 158.00	40 872 688.85	- 2 676 530.85	

The total operating budget for the 2025/26 financial year is R165,443,940 in anticipated revenue (including operational grants) and R163,026,782 in anticipated expenditure.

The municipality's collection rate remains relatively low, necessitating consideration of a downward adjustment to the anticipated revenue. Factors contributing to this challenge include a poor payment culture, difficulties in collecting payments in Eskom-supplied areas, and historical debt accumulated by households. Despite efforts to improve the collection rate, the impact has been minimal.

Collection performance remains below billing expectations, with the exception of July 2025 (Month 1) and August 2025 (Month 2), during which the municipality successfully collected more than the billed amounts. However, it is important to note that this positive collection rate pertains primarily to current accounts, with very little being collected on arrears and historical debt accumulated over the years.
In terms of credit control, there is a concerning trend of account holders making payment arrangements for their arrears but defaulting within two months. This indicates that, while current accounts are being serviced, significant progress is not being made in reducing the outstanding arrears.

As per the Key Performance Indicator (KPI), the target collection rate is 80% of what is billed; currently, the municipality is achieving 67%. The goal is to strive for a collection rate of 90% in the next financial year.

Given the current collection trends, anticipated expenditure will need to be adjusted accordingly. An adjustment budget will be developed to reflect these realities. Water and Property Rates remain the most significant outstanding debts owed to the municipality.

Grants and Subsidies:

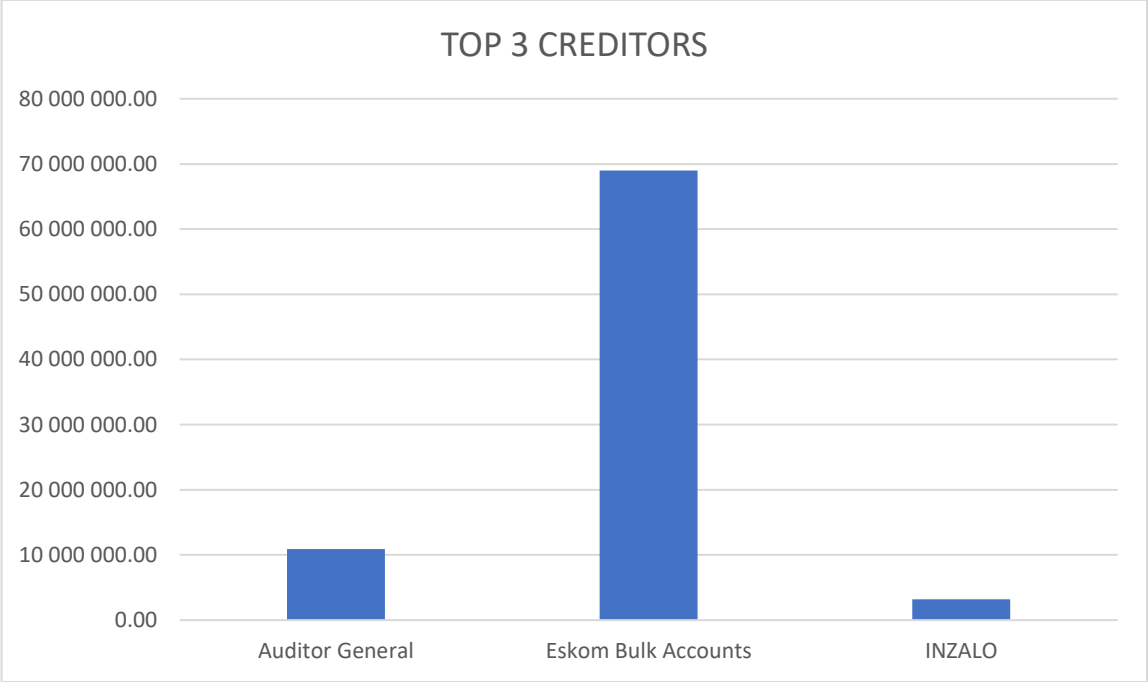
The municipality has consistently maintained all grant deposits in separate call accounts, ensuring that funds are securely earmarked for their intended purposes. Withdrawals from

these accounts are only made once grant expenditure has been formally approved by both the Municipal Manager and the Chief Financial Officer. This approach ensures strict financial control and accountability in the management of grant funds, aligning with best practices for transparency and compliance.

General Expenditure

As of December 31, 2025, the total outstanding creditors amounted to R83 054 177.83 reflecting a decrease of R21 624 461.20 compared to the closing balance of R104 678 793 in December 2024. This reduction in creditors is primarily attributed to the Eskom Debt Relief Agreement, which has contributed to a decrease in expenditure.

The graph below provides a visual representation of the movement in creditors over the first six months of the financial year.



7. SECTION 6

Revenue

The municipal final annual budget was approved with a total revenue by source of is R165 444 940. The table below presents a comparison between the budgeted figures and the actual revenue performance. It is important to note that the electricity revenue includes both prepaid and conventional electricity. This table illustrates the performance of the revenue department over the first six months of the financial year.

As of the year-to-date, the municipality has achieved a 67% collection rate on the current accounts, excluding arrears. This reflects the overall performance of the revenue collection efforts for the period under review.

				MID YEAR REPORTING (JULY 2025 - DECEMBER)		
Services	**Total Outstanding**	**Budgeted Income for the year**	**Actual Income**	**Charges**	**Received**	**% Received**

Property Rates	61,333,141.48	23,799,000.00	7,522,883.40	13,440,601.25	7,522,883.40	56%
Electricity	20,962,711.14	23,135,000.00	5,822,261.59	6,053,231.29	5,822,261.59	96%
Electricity Prepaid			8,428,765.03	8,428,765.03	8,428,765.03	100%
Sewerage	37,608,646.20	4,974,000.00	431,706.84	1,798,544.76	431,706.84	24%
Sewerage Prepaid			555,048.40	555,048.40	555,048.40	100%
Waste Disposal	41,676,113.85	5,620,000.00	998,932.75	2,354,157.47	998,932.75	42%
Water	87,640,947.75	13,437,000.00	1,852,218.01	3,651,890.48	1,852,218.01	51%
	249,221,560.42	70,965,000.00	25,611,816.02	36,282,238.68	25,611,816.02	**67%**

During the first six months of the 2025/26 financial year, the municipality billed a total amount of R36 282 238,68. As of December 31, 2025, the total outstanding debtors stood at R252 775 561,52, marking an increase from R225 354 619 in December 2024. Ideally, outstanding debt owed to the municipality should be decreasing; however, in this case, it continues to rise as community members fail to settle their accounts for services rendered.

The summary below provides a detailed breakdown of the status of debtors by customer group and by town.

1. Customer Group

Row Labels	Total Oustanding
Amptenare	1 695 157.51
Commercial	7 795 962.39
Councillors	125 560.97
Farms	16 737 437.56
Government	15 400 402.58
Households	211 021 040.51
Grand Total	**252 775 561.52**

Ageing:

Row Labels	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	+181 Days
Amptenare	81 680.74	36 085.80	35 098.65	37 324.59	42 769.98	51 436.85	1 410 760.90
Commercial	776 462.79	197 879.15	198 966.03	177 333.52	150 328.43	373 598.09	5 921 394.38
Councillors	8 536.33	3 696.63	2 680.83	2 619.27	2 563.95	2 849.49	102 614.47
Farms	535 431.01	247 841.47	243 147.47	237 613.32	232 313.85	213 547.43	15 027 543.01
Government	902 457.70	429 110.87	387 977.38	399 674.95	2 063 733.13	781 641.65	10 435 806.90
Households	7 022 794.78	3 082 834.54	2 985 974.09	3 016 319.47	3 256 258.93	3 872 679.36	187 784 179.34
Grand Total	**9 327 363.35**	**3 997 448.46**	**3 853 844.45**	**3 870 885.12**	**5 747 968.27**	**5 295 752.87**	**220 682 299.00**

2. Per Town

Towns	Total Oustanding
Carnarvon Rd	2 681 050.01
Fraserburg Rd	818 922.09
Loxton	15 555 051.65
Richmond	106 153 316.86
Richmond Rd	4 134 243.72
Victoria-wes	110 000 231.81
Victoria-wes Rd	13 432 745.38
(blank)	
Grand Total	**252 775 561.52**

Ageing:

Services	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	+181 Days	Total
Carnarvon Rd	62 344.14	30 985.14	30 860.55	30 735.88	30 443.23	34 791.59	2 460 889.48	2 681 050.01
Fraserburg Rd	17 845.19	8 702.70	8 668.80	8 629.40	8 040.83	10 169.00	756 866.17	818 922.09
Loxton	980 422.34	426 194.33	428 228.13	390 365.64	483 579.42	370 800.20	12 475 461.59	15 555 051.65
Richmond	3 440 929.24	1 444 788.51	1 451 713.40	1 536 117.89	1 650 958.43	2 056 119.20	94 572 690.19	106 153 316.86
Richmond Rd	181 229.34	78 973.75	77 000.59	74 368.02	72 178.72	68 522.66	3 581 970.64	4 134 243.72
Victoria-wes	4 147 044.90	1 767 656.23	1 620 309.80	1 596 861.91	3 271 547.93	2 508 391.85	95 088 419.19	110 000 231.81
Victoria-wes Rd	497 548.20	240 147.80	237 063.18	233 806.38	231 219.71	246 958.37	11 746 001.74	13 432 745.38
(blank)								
Grand Total	**9 327 363.35**	**3 997 448.46**	**3 853 844.45**	**3 870 885.12**	**5 747 968.27**	**5 295 752.87**	**220 682 299.00**	**252 775 561.52**

Indigents

As of the end of Quarter 2 of the 2025/26 financial year, the municipality has a total of 1205 registered indigents.

- Ward 1: 124
- Ward 2: 61
- Ward 3: 306
- Ward 4: 294
- Ward 5: 254
- Ward 6: 166

For the new financial year, the number of registered indigents has decreased to 1205, compared to 1434 in the previous financial year. The process for registering indigents remains open throughout the remainder of the financial period.

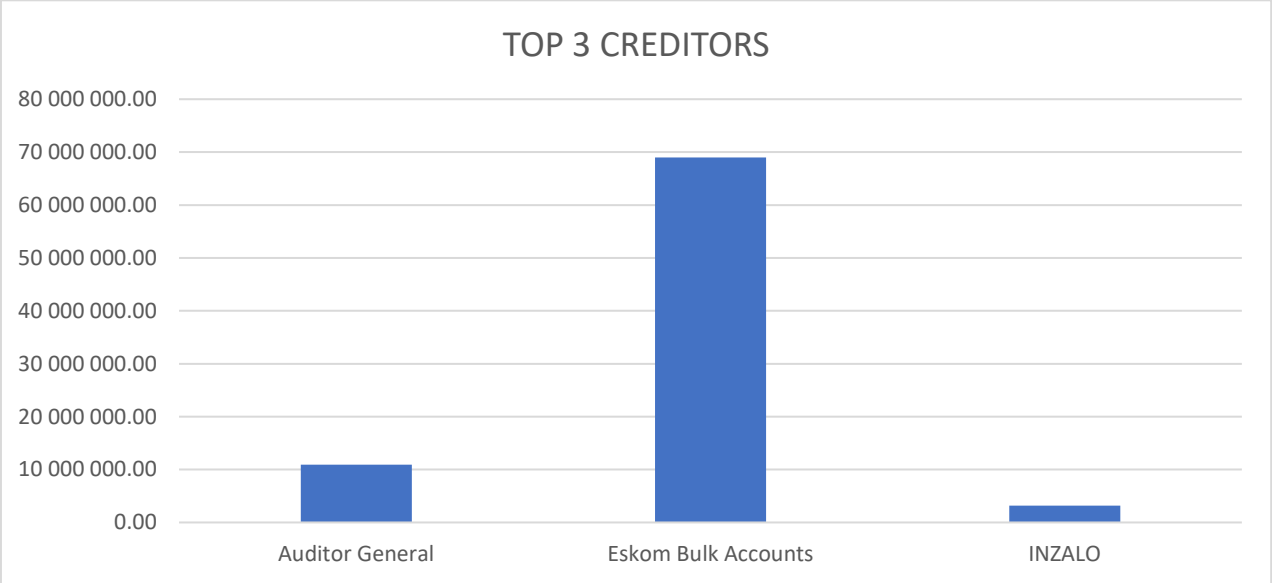
The Income Department is exploring additional strategies to strengthen the municipality's credit control measures and improve debt recovery. These initiatives include a pilot project involving a third-party service provider tasked with collecting outstanding debts through various channels, including legal action. One of the major challenges faced by the credit control unit is the frequent default on payment arrangements by consumers, which continues to hinder efforts to reduce outstanding debt.

8. SECTION 7

Expenditure management

Creditors Analysis:

The following information provides an overview of the municipality's outstanding creditors as of December 31, 2025. The total outstanding creditors amounted to R83 054 177.83 as of December 2025.



Below are the top three creditors of the municipality to date:

UBUNTU MUNICIPALITY		
CREDITORS LISTING		
DEC 2025		
		83 054 177.83
	DESCRIPTION OF CREDITOR	**Total Outstanding Balance as 31 Dec 202**
	AUDITOR GENERAL	10 892 095.83
	ESKOM BULK ACCOUNT VIC WEST&RICH	68 980 757.84
	INZALO	3 181 324.16

The municipality have currently a payment arrangement with the Auditor General whereby the Municipality pay a monthly instalment of R126 213.68 and with every Equitable Share Tranche the Municipality pay between R1m-R2,5m. The payment arrangement will come to an end in the book year ended 30 June 2029.

The Municipality are currently on the Debt Relief Programme from the National Treasury in relation to the Eskom account, whereby the Municipality must pay the current account on a monthly basis, the first 30 % of interest was written of in December 2025.

The Municipality have also a payment arrangement with INZALO on the old debt it will end in March 2026.

Quarter 2 expenditure per category

Sub Category	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025	YTD Total	Final Budget 2025/2026	Available Budget 2025/2026	YTD % Spending
General Expenditure	897 759.30	1 376 270.49	910 912.90	765 480.14	803 466.65	1 341 468.20	**6 095 357.68**	**15 557 314.00**	**9 461 956.32**	39%
Salaries and Wages	3 581 948.15	3 651 392.22	3 617 700.41	3 524 835.51	3 557 080.42	3 523 928.64	**21 456 885.35**	**41 671 355.00**	**20 214 469.65**	51%
Remuneration of Councillors	428 837.21	428 837.21	428 837.21	428 837.21	428 837.21	428 837.21	**2 573 023.26**	**5 105 976.00**	**2 532 952.74**	50%
Consultancy Fees	1 053 060.83	2 148 651.01	692 488.28	21 402.00	817 198.70	1 212 954.67	**5 945 755.49**	**11 777 072.00**	**5 831 316.51**	50%
Telephone & Postage	46 221.11	59 270.27	28 686.50	46 778.31	60 418.26	30 260.71	**271 635.16**	**675 800.00**	**404 164.84**	40%
Repairs and Maintenance	95 514.90	197 179.61	375 533.20	120 611.73	683 844.12	704 779.85	**2 177 463.41**	**4 617 564.00**	**2 440 100.59**	47%
Accommodation Cost	74 484.51	110 224.44	91 159.97	90 128.57	136 278.31	35 225.65	**537 501.45**	**1 457 688.00**	**920 186.55**	37%
Bulk Electricity	3 546 302.92	3 551 112.79	2 593 697.88	1 736 172.32	1 738 726.99	2 642 333.40	**15 808 346.30**	**28 085 577.00**	**12 277 230.70**	56%
Finance Cost	337 525.01	117 095.71	69 588.23	66 064.18	32 499.92	291 015.71	**913 788.76**	**1 137 340.00**	**223 551.24**	80%
Bulk Water	104 399.10	251 247.06	132 311.92	47 939.10	275 255.00	- 66 578.00	**744 574.18**	**1 782 672.00**	**1 038 097.82**	42%
Audit Fees	32 647.50	313 591.80	975 190.53	-	109 751.03	3 784 629.50	**5 215 810.36**	**8 093 892.00**	**2 878 081.64**	64%
Fuel Cost	112 178.61	137 245.29	119 389.32	138 621.64	123 636.54	120 706.70	**751 778.10**	**2 078 688.00**	**1 326 909.90**	36%
Security Services	303 030.24	303 030.23	303 030.23	303 331.08	303 331.08	303 331.08	**1 819 083.94**	**4 100 000.00**	**2 280 916.06**	44%
Travel Costs	112 614.20	166 358.84	194 567.17	70 780.15	33 537.08	76 805.09	**654 662.53**	**1 005 492.00**	**350 829.47**	65%
Total Operational Expenditure	**10 726 523.59**	**12 811 506.97**	**10 533 093.75**	**7 360 981.94**	**9 103 861.31**	**14 429 698.41**	**64 965 665.97**	**127 146 430.00**	**62 180 764.03**	51%
Capital Expenditure (Own Funds)	-	-	-	-	-	-	-	1 000 000.00	1 000 000.00	-100%
Capital Expenditure (Grants)	585 200.00	2 485 236.20	5 351 727.11	-	2 532 795.00	4 245 189.16	15 200 147.47	35 779 004.00	20 578 856.53	42%
Total Operational + CAPEX	**11 311 723.59**	**15 296 743.17**	**15 884 820.86**	**7 360 981.94**	**11 636 656.31**	**18 674 887.57**	**80 165 813.44**	**163 925 434.00**	**83 759 620.56**	49%

9. SECTION 8

Conditional grant management

Operational Grant Spending:

High level Summary of Total Grants Gazetted 2025/2026 MTREF							
Description	Adjustment Budget 2024-25	Final Budget 2026/2026	Received To Date 2025/2026	YTD Spending 2025/2026	YTD Remaining Budget 2024/2025	Received vs Spending	Budget vs Spending
Grants: Operational							
Equitable Share	52 389 000.00	53 718 000.00	38 752 000.00	38 750 515.69	14 967 484.31	100%	72%
Expanded Public Works Programme Integrated Grar	1 200 000.00	1 256 000.00	879 000.00	674 446.50	581 553.50	77%	54%
Local Government Financial Management Grant	2 900 004.00	2 900 000.00	2 900 000.00	1 827 114.84	1 072 885.16	63%	63%
Northern Cape Arts and Cultural	1 527 000.00	1 600 000.00	800 000.00	640 929.76	959 070.24	80%	40%
	58 016 004.00	59 474 000.00	43 331 000.00	41 893 006.78	17 580 993.22		

Financial Management Grant

The grant expenditure stands at 63%, reflecting a significant portion of the allocated funds utilized. Funded projects include the updating of the Asset Register, compilation of the Annual Financial Statements (AFS), and financial system training and maintenance.

Library Grant

The allocation for the 2025/26 financial year is R1,600,000, with 80% of the received amount spent on salaries and other administrative expenses. Received amount to date is R800 000.

The library continues to rely on additional funding from the municipality, as the allocated amount does not cover the total operational costs.

EPWP Grant

The grant's performance stood at 77% as of December 31, 2025, based on the amount received to date. The municipality is currently awaiting the second tranche of the allocation. The amount received to date is R879 000.

Capital Grants Spending:

High level Summary of Total Grants Gazetted 2025/2026 MTREF							
Description	Adjustment Budget 2024-25	Final Budget 2026/2026	Received To Date 2025/2026	YTD Spending 2025/2026	YTD Remaining Budget 2024/2025	Received vs Spending	Budget vs Spending
Grants: Capital							
Integrated National Electrification Programme Gran	-	6 600 000.00	4 290 000.00	5 467 230.50	-	127%	83%
Municipal Infrastructure Grant	10 872 000.00	18 179 000.00	16 283 000.00	10 091 245.40	8 087 754.60	62%	56%
Water Services Infrastructure Grant	20 000 004.00	11 000 000.00	8 800 000.00	6 209 036.89	4 790 963.11	71%	56%
	30 872 004.00	35 779 000.00	29 373 000.00	21 767 512.79	12 878 717.71		

Capital grant expenditure has shown moderate performance as of December 31, 2025, with the Water Services Infrastructure Grant (WSIG) performing at a higher percentage than other grants:

- **Municipal Infrastructure Grant (MIG)** – The grant performance is currently at 62% by the end of December 2025. This is when comparing the spending to the year-to-date amount received of R16,283,000.

- **Water Services Infrastructure Grant (WSIG)** – The municipality is performing at 71%, when comparing spending to the year-to-date amount received of R8,800,000.

- **Integrated National Electrification Programme Grant (INEP)** – The municipality is performing at 127% when comparing spending to the year-to-date amount received of R4,290,000. The committed amount to date is R5,467,230.

10. SECTION 9

Asset management

Ubuntu Local Municipality has insourced the management of its movable assets, relying on consultants only for the management of infrastructure assets. Below is a summary of the different asset classes.

Accounting Sub-group	Asset Class	Sum of Cost Opening	Sum of Cost Closing	Sum of Accumulated	Sum of Accumulated	Sum of Carrying Value Closing
Investment property	Investment Property	15,724,290.76	16,248,545.30	-	-	16,248,545.30
	Land	52,445,487.18	52,707,714.61	-	-	52,707,714.61
Investment property Total		**68,169,777.94**	**68,956,259.91**	-	-	**68,956,259.91**
		68,169,777.94	**68,956,259.91**	-	-	**68,956,259.91**
Community Assets	Community facilities	88,354,105.54	88,354,105.54	(76,397,259.50)	- 1,492,326.64	10,464,519.39
	Sport and recreation facilities	33,106,520.25	41,137,278.73	(29,778,146.61)	- 791,495.15	10,567,636.97
Community Assets Total		**121,460,625.79**	**129,491,384.27**	**(106,175,406.11)**	**-2,283,821.80**	**21,032,156.36**
Infrastructure Assets	Electrical Infrastructure	55,752,566.76	55,623,976.36	(45,711,626.32)	- 278,611.89	9,633,738.15
	Roads Infrastructure	184,536,931.41	184,536,931.41	(153,291,516.84)	-	31,245,414.57
	Sanitation Infrastructure	375,356,972.96	391,203,340.59	(170,972,655.31)	- 616,268.18	219,614,417.10
	Solid Waste Infrastructure	10,580,521.83	8,489,183.81	(7,944,941.49)	-	544,242.32
	Storm water Infrastructure	24,898,628.92	24,898,628.92	(19,084,414.00)	-	5,814,214.92
	Water Supply Infrastructure	138,882,095.85	146,946,427.77	(61,431,528.48)	- 1,328,156.23	84,186,743.05
Infrastructure Assets Total		**790,007,717.73**	**811,698,488.86**	**(458,436,682.45)**	**-2,223,036.30**	**351,038,770.11**
Land	Land	113,933,998.07	113,933,998.07	-	- 77,347.71	113,856,650.36
Land Total		**113,933,998.07**	**113,933,998.07**	-	**- 77,347.71**	**113,856,650.36**
Other Assets	Housing	20,389,466.09	20,389,466.09	(18,174,877.95)	- 535,208.83	1,679,379.31
	Operational buildings	34,038,335.61	33,956,959.04	(28,644,124.27)	- 298,698.67	5,014,136.11
Other Assets Total		**54,427,801.70**	**54,346,425.13**	**(46,819,002.22)**	**- 833,907.49**	**6,693,515.42**
		1,079,830,143.29	**1,109,470,296.33**	**(611,431,090.78)**	**-5,418,113.30**	**492,621,092.25**
		1,147,999,921.23	**1,178,426,556.24**	**(611,431,090.78)**	**-5,418,113.30**	**561,577,352.16**

11. Section 10
Performance Assessment Report