

CENTRAL KAROO DISTRICT MUNICIPALITY

MONTHLY BUDGET STATEMENT – SECTION 71 REPORT



September 2026 | Month 03 of the 2026/2027 financial year

Amounts are stated in R thousands unless otherwise indicated. The report is compiled from the September 2026 mSCOA Version 7.1 C-Schedules supplied.

PART A: MAYOR'S REPORT

1. Purpose

This report presents the financial performance, financial position, cash flow, capital expenditure and selected financial indicators of Central Karoo District Municipality (CKDM) for September 2026 and the year-to-date period to 30 September 2026, in accordance with the monthly budget reporting framework under section 71 of the Municipal Finance Management Act.

2. Mayor's assessment

The C1 schedule reports year-to-date revenue of R32.782 million against a year-to-date budget of R16.075 million, while expenditure is R25.095 million against R18.452 million. This produces a reported year-to-date operating surplus of R7.686 million compared with a budgeted year-to-date deficit of R2.377 million. The favourable variance is material and should not be interpreted as proof of a sustainable full-year position: the C-schedules forecast a full-year deficit of R9.509 million. However the improvement can be attributed to the Roads Function extension by Department of Infrastructure.

The main management concerns are the employee-cost overspend against the year-to-date budget and the significant reliance on transfers and other own revenue.

3. Matters recommended for Council attention

- Note the September 2026 monthly budget statement and the reported full-year deficit forecast of R9.509 million.
- Require a detailed employee-cost variance analysis by cost centre, including funded vacancies, overtime, benefits, roads-function transition costs and the approved staff establishment where applicable.
- Require a capital implementation and procurement update against the adjusted capital budget of R2.235 million.

PART B: CFO / ACCOUNTING OFFICER'S ANALYSIS

4. Executive financial dashboard

Indicator	September / YTD actual	YTD budget	Variance / forecast
Operating revenue (excluding capital transfers)	R32.782m	R16.075m	R16.707m favourable
Operating expenditure	R25.095m	R18.452m	R6.643m unfavourable in expenditure terms
Reported operating surplus/(deficit)	R7.686m	(R2.377m)	R10.064m favourable
Capital expenditure YTD	R0.477m	R0.559m	R0.082m below YTD budget
Debtors	R0.482m	—	R0.393m older than one year
Creditors	R0.289m	—	Trade creditors; aging schedule needs review

Interpretation note: the C-schedules express amounts in R thousands. The report converts selected figures to R million for readability. Variances are shown as reported by the schedules; expenditure variances are described in words to avoid confusion over sign conventions.

5. Revenue performance

Revenue category	YTD actual	YTD budget	Variance	Comment
Investment revenue	R0.203m	R0.100m	R0.103m favourable	Above year-to-date budget.
Transfers and subsidies – operational	R17.531m	R11.555m	R5.976m favourable	Significant contributor to revenue overperformance; confirm grant conditions and timing.
Other own revenue	R15.048m	R4.420m	R10.628m favourable	Large variance; revenue classification, supporting documentation and collectability should be reviewed.
Total revenue excluding capital transfers	R32.782m	R16.075m	R16.707m favourable	203.9% of YTD budget, as calculated from C1.

The revenue profile is dominated by operational transfers and other own revenue. Finance should confirm whether the favourable variances reflect actual receipts, timing differences, once-off items, roads-function-related transactions, accruals or classification issues. The C-schedules alone do not establish the underlying cause.

6. Expenditure performance

Expenditure category	YTD actual	YTD budget	Variance	Management comment
Employee costs	R17.313m	R12.547m	R4.766m unfavourable	Material overspend; reconcile payroll, vacancies, benefits, overtime and cost-centre allocations.
Councillor remuneration	R1.304m	R1.229m	R0.075m unfavourable	Review against approved remuneration and timing of payments.
Depreciation, amortisation and impairment	R0.335m	R0.247m	R0.088m unfavourable	Confirm asset-register and depreciation postings.
Inventory consumed and bulk purchases	R0.098m	R0.176m	R0.078m favourable	Monitor consumption and timing.
Transfers and subsidies	R0.013m	R0.037m	R0.024m favourable	Confirm transfer payments and commitments.
Other expenditure	R6.032m	R4.217m	R1.816m unfavourable	Obtain line-item analysis of contracts, operational costs and non-recurring items.
Total expenditure	R25.095m	R18.452m	R6.643m unfavourable	136.0% of YTD budget, as calculated from C1.

The largest identified expenditure pressure is employee costs, followed by other expenditure. The municipality should provide a transaction-level analysis for the significant variances and distinguish once-off timing items from recurring cost pressures.

7. Operating result and full-year outlook

The C1 schedule reports a year-to-date surplus of R7.686 million compared with a budgeted year-to-date deficit of R2.377 million. After capital transfers, the reported year-to-date result remains a surplus of R7.686 million because no capital transfers are recognised as revenue year to date in C1. However, the full-year forecast remains a deficit of R9.509 million before capital transfers and R8.509 million after the forecast R1.000 million capital transfers. Management should therefore avoid treating the YTD surplus as evidence that the structural deficit has been resolved.

8. Capital expenditure and funding

Capital item	Amount
Adjusted capital budget	R2.235m
Capital expenditure for September	R0.477m
Capital expenditure year to date	R0.477m
YTD capital budget	R0.559m
YTD underspending against budget	R0.082m
Capital transfers recognised / shown in C1 YTD	R0.477m
Internally generated capital funding budget	R0.061m
Borrowing budget	Nil

C5 and C1 show that capital expenditure of R0.477 million has been recorded year to date against an adjusted capital budget of R2.235 million. The C5 schedule should be used to validate the detailed project-level split and funding source allocation. The municipality should provide project-level expenditure, commitments, procurement status and delivery milestones to determine whether implementation is on track.

9. Debtors and creditors

9.1 Debtors

SC2 reports total debtors of R482,037 (R0.482 million). Of this amount, R392,568 (approximately 81.4%) is older than one year. A further R36,540 falls in the 121–150 day bucket and R51,831 is 0–30 days. The schedule reports R429,108 as outstanding for more than 90 days. The long-outstanding balance presents a collection and recoverability risk. Finance should identify the debtors by name, age, source, dispute status, legal recovery action and impairment provision.

9.2 Creditors

SC4 reports total creditors of R288,743.50 (R0.289 million), primarily trade creditors. The schedule includes R240,906.76 in the 31–60 day bucket and a negative balance of R1,018.40 in the 181-day-to-one-year bucket. Finance should reconcile the creditor age analysis to supplier statements and the general ledger, investigate old/negative balances, and monitor compliance with payment obligations.

10. Transfers and grants

CENTRAL KAROO MTREF ALLOCATIONS: GRANT REGISTER SEPTEMBER 2026/2027								
	2026/2027 Allocations R thousands	Opening Balance	Received 2026/2027	Expenditure 2026/2027 (Excluding VAT)	VAT transferred to Revenue	Expenditure 2026/2027 (Including VAT)	Repayments 2026/2027	Closing Balance Unspent / (unpaid)
C DC5 Central Karoo								
Direct transfers								
Equitable share and related	38 947	-	-	-	-	-	-	-
Infrastructure	2 343	(183 567.70)	-	(80 654.24)	-	(99 137.88)	-	(282 705.58)
Rural roads assets management systems grant	2 343	(183 567.70)	-	(99 137.88)	-	(99 137.88)	-	(282 705.58)
Capacity building and other current transfers	2 550	1 054 064.45	-	(328 289.57)	(3 900.00)	(332 189.57)	-	721 874.88
Local government financial management grant	1 200	860 322.73	-	(104 827.07)	(3 900.00)	(108 727.07)	-	751 595.66
Expanded public works programme integrated grant for municipalities	1 350	193 741.72	-	(223 462.50)	-	(223 462.50)	-	(29 720.78)
Sub total direct transfers	43 840	1 979 601.31	-	(408 943.81)	(3 900.00)	(412 843.81)	-	1 566 757.50
Total: Transfers from National Treasury	43 840	1 979 601.31	-	(408 943.81)	(3 900.00)	(412 843.81)	-	1 566 757.50
Transfers for Provincial Departments								
Municipal Allocations from Provincial Department of which								
Provincial Treasury	-	799 389.07	-	-	-	-	-	799 389.07
Western Cape Financial Management Capability Building Grant								
--> Capacity Building BTO		278 617.93	-	-	-	-	-	278 617.93
--> Long-Term Financial Plan		500 000.00	-	-	-	-	-	500 000.00
--> Performance Management and Development System		20 771.14	-	-	-	-	-	20 771.14
--> External Bursaries		-	-	-	-	-	-	-
Community Safety	680	736 968.44	-	-	-	-	-	736 968.44
Safety initiative implementation - Whole of Society Approach (WOSA)	680	736 968.44	-	-	-	-	-	736 968.44
Local Government	2 700	3 396 346.63	1 500 000.00	(254 943.41)	(35 741.51)	(290 684.92)	-	4 605 661.71
Local Government Internship Grant		-						
Western Cape Municipal Intervention Grant		366 838.42	-	-	-	-	-	366 838.42
Municipal Service Delivers and Capacity Building Grant	200	-	-	(16 666.66)	-	(16 666.66)	-	(16 666.66)
Fire Service Capacity Building Grant	1 000	2 990 346.03	-	-	-	-	-	2 990 346.03
Municipal Water Resilience Grant	1 500	39 162.18	1 500 000.00	(238 276.75)	(35 741.51)	(274 018.26)	-	1 265 143.92
Total: Transfers from Provincial Departments	3 380	4 932 704.14	1 500 000.00	(254 943.41)	(35 741.51)	(290 684.92)	-	6 142 019.22
Transfers for Other Grant Providers								
Municipal Allocations from other grant providers of which								
Other Grant Providers	-	179 318.00	216 000.00	-	-	-	-	395 318.00
The Chemical Industries Education and Training Authority		(5 642.00)	216 000.00	-	-	-	-	210 358.00
Nedbank Winter Outreach		361.00	-	-	-	-	-	361.00
LGSETA (251200031/251200032)		-	-	-	-	-	-	-
Local Government Sector and Training Authority (Africa Creek)	-	201 784.00	-	-	-	-	-	201 784.00
Local Government Sector and Training Authority (LGLDP - 202331655 & 20233368)		(4 810.00)	-	-	-	-	-	(4 810.00)
Local Government Sector and Training Authority (LGLDP: 542&543-2025)		-	-	-	-	-	-	-
Local Government Sector and Training Authority (LGLDP - 20239677)		(12 375.00)	-	-	-	-	-	(12 375.00)
Total: Transfers from Other grant providers	-	179 318.00	216 000.00	-	-	-	-	395 318.00
TOTAL GRANT ALLOCATIONS FROM PROVINCIAL, NATIONAL AND OTHER	47 220	7 091 623.45	1 716 000.00	(663 887.22)	(39 641.51)	(703 528.73)	-	8 104 094.72

11. Financial indicators

Indicator	September schedule reading	Assessment
Current ratio	0.50:1	Below 1:1; reported current assets do not cover current liabilities.
Liquidity ratio	-0.35:1	Negative due to negative monetary assets in the schedule; reconcile cash and monetary asset balances.
Repairs and maintenance / revenue	0.07% YTD	Low recorded proportion; verify whether all repairs and maintenance are captured in the correct accounts.
Interest and depreciation / revenue	0.69% YTD; full-year forecast 7.64%	Confirm depreciation and forecast assumptions.

Indicator calculations and interpretations are provisional because the underlying financial-position schedule contains negative cash/monetary assets and a non-balancing equity check.

12. Material matters and corrective action plan

Issue	Required action	Suggested responsibility	Target
Employee costs R4.766m above YTD budget	Provide payroll variance by cost centre, employee category, overtime, benefits and vacancies; identify recurring vs timing items.	HR and Budget Office	Next monthly report; immediate explanation
Other expenditure R1.816m above YTD budget	Provide detailed ledger-level variance, contract and procurement analysis and corrective measures.	Budget managers / SCM / CFO	Next monthly report
Long-outstanding debtors R0.393m over one year	Prepare debtor-by-debtor collection plan, validate recoverability and assess impairment/legal action.	Revenue / Legal / CFO	Next monthly report
Creditors aged balances and negative bucket	Reconcile supplier statements and age profile; investigate negative/old items and payment due dates.	Expenditure / Creditors team	Next monthly report
Capital implementation	Submit project-level spend, commitments, procurement status, delivery milestones and forecast completion.	Technical / Budget Office	Next monthly report

PART C: PROPOSED COUNCIL RESOLUTION

It is recommended that Council:

1. notes the September 2026 Section 71 monthly budget statement for Central Karoo District Municipality;
2. notes the year-to-date reported surplus of R7.686 million and the full-year forecast deficit of R9.509 million;
3. notes the material employee-cost and other-expenditure variances, long-outstanding debtors and capital budget implementation position; and
4. requires management to implement and report on the corrective actions set out in this report.

QUALITY CERTIFICATE

I, B Koopman, the Acting Municipal Manager of the Central Karoo District Municipality, hereby certify that –

(mark as appropriate)

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The monthly budget statements

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Quarterly report on the implementation of the budget and financial state affairs of the municipality

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Mid – year budget and performance assessment

For the month of September 2026/2027 financial year, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print Name : Barbara Koopman
Acting Municipal Manager

Signature 

Date : 14 October 2026