CEDERBERG MUNICIPALITY



ADJUSTMENT BUDGET REPORT

October 2026















Prepared in terms of the Local Government Municipal Finance Management Act (No 56 of 2003), Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009

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1 Part 1: Adjustment Budget

1.1 Mayor's Report

The Mayor's budget speech for the October 2026 Adjustment Budget is circulated separately and will be presented by the Executive Mayor, Cllr Azrial Scheepers, during the council meeting.

1.2 Legislative Background:

In terms of Chapter 4, Section 28 of the MFMA;

(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.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing of frequency.

(5) When an adjustments budget is tabled, it must be accompanied by –

(a) an explanation how the adjustments budget affects the annual budget;

(b) a motivation of any material changes to the annual budget;

(c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

(d) Any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year excepts when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

Municipal Budget and Reporting Regulations further provides:

A. Timeframes for tabling of adjustments budgets

- An adjustments budget referred to in Chapter 4, section 28(2)(b), (d) and (f) of the Act may be tabled in Municipal Council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year;
- Only one adjustments budget referred to in sub regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in Chapter 4, section 28(2)(b) of the Act are allocations to a Municipality in a National or Provincial adjustments budget, in which case sub regulation (3) applies. If a National or Provincial adjustments budget allocates or transfer additional revenue to a Municipality, the Mayor of the Municipality must, at the next available meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustments budget referred to in Chapter 4, section (28(2) (b) of the Act in the Municipal council to appropriate these additional.
- The roll-overs relate only to Grant Funding. MFMA circular 72 para 6.6 dictates the process for Grant Funding roll-overs.
- "Municipalities may not rollover unspent conditional grant spending in terms of Chapter 4, section 28(2)(e) of the MFMA (read together with regulation 23(5) of the Municipal Budget and Reporting Regulations) because they are national / provincial funds. The applicable rollover process is then given effect through the municipal adjustments budget in January / February each year for all the cash / transfers that had already been transferred to the bank accounts of municipalities prior to the end of the financial year. In this regard refer to MFMA Budget Circular No. 51 for more information.
- Chapter 3, Section 21 of the 2013 Division of Revenue Act requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of National

Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over."

1.3 Council Resolutions

That in respect of the 2026-2027 Adjustments Budget – October 2026

It is recommended that:

1. Council approves the Adjustments Budget for 2026/27 financial year, amendments to income, operational and capital expenditure projections as set out in the following:
   - Municipal Budget tables B1 – B10
   - Municipal Budget Supporting Documentation SB1 – SB19
2. Council notes that the Service Delivery Budget Implementation Plan be amended in line with these adjustments.

1.4 Executive Summary

The purpose of this adjustment budget is to make provision for additional allocations received from both the National and Provincial Treasury. These allocations relate to the 2026/2027 financial year.

National Treasury:

The following additional allocations have been received from National Treasury:

- Municipal Disaster Response Grant to the amount of R 5 000 000.

Provincial Treasury

The following additional allocations have been received from Provincial Treasury:

- R 4 010 000 for Municipal Transport Infrastructure Grant
- R 800 000 for Municipal Water Resilience Grant.

More detail will follow in sections 1.4.2, 1.4.3 and 1.4.4 below.

1.4.1 Overall effect of the adjustments budget

The collection rate remained at a realistic rate of 94% to enable continued service delivery.

Table 1: Consolidated overview of the Adjustment Budget

Description	Budget Year 2026/27		
	Original Budget	**Adjustment Budget 1**	**Difference**
Total Operating Revenue	562 661 665	564 810 796	2 149 131
Total Operating Expenditure	562 200 861	563 272 861	1 072 000
Surplus/(Deficit)	**460 804**	**1 537 935**	**1 077 131**
Capital Transfers and Subsidies (Monetary allocations)	79 596 478	87 257 347	7 660 869
Capital Transfers and Subsidies (Allocations in-kind)	-	-	-
Surplus/ (Deficit) for the year	**80 057 282**	**88 795 282**	**8 738 000**
Total Capital Expenditure	110 667 478	120 270 413	9 602 935

The budget has been adjusted as follows from the original budget:

- The Operating revenue has been adjusted upwards by R 2.149 million
- Total Operating Expenditure has been adjusted upwards by R 1.072 million
- Capital Expenditure has increased by R 9.603 million
- The operating surplus increased by R 1.077 million to R 1.538 million (before capital transfers)

1.4.2 Operating Revenue Framework

Table 2: Operating Revenue by Source

WC012 Cederberg - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 October 2026			
Description	Budget Year 2026/27		
	Original Budget	Adjusted Budget 1	Difference
R thousands			
Revenue			
Exchange Revenue			
Service charges - Electricity	185 513	185 513	-
Service charges - Water	35 218	35 218	-
Service charges - Waste Water Management	16 470	16 470	-
Service charges - Waste management	15 852	15 852	-
Sale of Goods and Rendering of Services	6 115	6 115	-
Agency services	4 325	4 325	-
Interest	–	–	-
Interest earned from Receivables (Exchange)	6 766	6 766	-
Interest earned from Current and Non Current Assets	11 234	11 234	-
Dividends	–	–	-
Rent on Land	–	–	-
Rental from Fixed Assets	947	947	-
Special rating levies	–	–	-
Licence and permits	2	2	-
Development Charges	55	55	
Operational Revenue	394	394	-
Non-Exchange Revenue			
Property rates	83 139	83 139	–
Surcharges and Taxes	700	700	–
Fines, penalties and forfeits	57 548	57 548	–
Licence and permits	–	–	–
Transfers and subsidies - Operational	103 728	105 877	2 149
Interest	4 389	4 389	–
Fuel Levy	–	–	–
Operational Revenue	4 813	4 813	–
Gains on disposal of Assets	10 000	10 000	–
Other Gains	15 453	15 453	–
Discontinued Operations	–	–	–
Total Revenue (excluding capital transfers and contributions)	**562 662**	**564 811**	**2 149**

Overall, the operating revenue increased by R 2.149 million due to the following:

Transfers and Subsidies – Operational: The increase is due to the effect of the additional allocations received.

1.4.3 Operating Expenditure Framework

Table 3: Operating Expenditure Framework

WC012 Cederberg - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 October 2026			
Description	Budget Year 2026/27		
	Original Budget	Adjusted Budget 1	Difference
Expenditure By Type			
Employee related costs	181 982	181 982	–
Remuneration of councillors	6 847	6 847	-
Bulk purchases - electricity	161 484	161 484	-
Inventory consumed	17 180	18 642	1 462
Debt impairment	46 271	46 271	-
Depreciation and amortisation	37 690	37 690	-
Interest	12 470	12 470	-
Contracted services	40 505	40 259	(246)
Transfers and subsidies	850	852	2
Irrecoverable debts written off	13 680	13 680	-
Operational costs	40 055	39 909	(146)
Losses on Disposal of Assets	–	–	-
Other Losses	3 188	3 188	-
Total Expenditure	**562 201**	**563 273**	**1 072**

The Operating Expenditure increased by R 1.072 million from the original budget due to the following:

The categories of expenditure increased in line with the additional allocations. The differences above includes virements.

1.4.4 Capital Expenditure Framework

Table 4: Capital Expenditure - Functional Classification

WC012 Cederberg - Table B5 Adjustments Capital Expenditure Budget by vote - 28 October 2026			
Description	Budget Year 2026/27		
	Original Budget	Adjusted Budget 1	Difference
Executive and council	–	–	–
Finance and administration	1 795	2 055	260
Internal audit	–	–	–
Community and social services	5 683	7 426	1 742
Sport and recreation	1 844	1 844	–
Public safety	1 200	1 400	200
Housing	49 000	49 000	–
Health	–	–	–
Planning and development	130	3 617	3 487
Road transport	16 354	16 354	–
Environmental protection	–	–	–
Energy sources	1 900	4 409	2 509
Water management	8 661	11 096	2 435
Waste water management	13 610	13 610	–
Waste management	10 490	9 460	(1 030)
Other	–	–	–
Total Capital Expenditure - Functional	**110 667**	**120 270**	**9 603**

Table 5: Capital Expenditure Funding

	Original Budget	Adjustment Budget 1	Difference
Grants	79 596 478	87 257 347	7 660 869
Internally Generated Funds	31 071 000	33 013 066	1 942 066
Total	**110 667 478**	**120 270 413**	**9 602 935**

The capital budget has been increased by R 9.603 million in comparison to the original budget. This is as result of the additional allocation for the Municipal Disaster Grant, Water Resilience Grant and Transport Infrastructure Grant.

Additional contribution in own funds has also been made for completion of the Graafwater Multi-Purpose Centre.

1.5 Adjustment Budget Tables

The tables are included in Annexure A & B.

2 Part 2: Supporting Documentation

2.1 Supporting Budget Tables

Supporting Table SB 1 to SB 19 are included in Annexure A & B.

2.2 Municipal Manager's quality certificate

Municipal Manager Quality Certificate

I, **Gerrit Matthyse**, Municipal Manager of CEDERBERG MUNICIPALITY, hereby Certify that the adjustment 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 adjustment budget and supporting documents are consistent with the Integrated Development Plan of the Municipality,

Print Name: **G.F. Matthyse**

Municipal Manager of **CEDERBERG MUNICIPALITY**

Signature:

Date: **28 October 2026**