

ITEMS FOR DISCUSSION

SEC 01/02/2024

REPORT ON THE 2023/24 ADJUSTMENTS BUDGET TO COUNCIL.

REPORT OF THE CHIEF FINANCIAL OFFICER

1.	INTRODUCTION:
1.1.	The municipality performed a mid-year assessment in terms of Section 72 of the MFMA and submitted the assessment to council on the 31 January 2024. The mid-year performance necessitated an adjustment of the budget, which is done in terms of section 28 of the MFMA and the Municipal Budget and Reporting Regulations.
2.	BACKGROUND:
2.1	<p>In terms of Section 28(2) of the Municipal Finance Management Act, no 56 of 2003, A Municipality may revise an approved annual budget through an adjustment budget. Section 28(2) provides that an adjustments budget:</p> <ul style="list-style-type: none"> 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, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality; d) may authorize the utilization of projected savings in one vote towards spending under another vote e) may authorize 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	PURPOSE OF THE REPORT:
3.1	The purpose of this report is to submit the adjustments budget for the 2023/24 financial year to council for consideration and approval.

4	DISCUSSION:
4.1	<p>The proposed adjustment has incorporated recommendations from Limpopo Provincial Treasury which were provided to the municipality during the mid-year assessment engagement session held in Polokwane on the 12 February 2024.</p> <p>The tables of the proposed adjustment budget are attached to the report.</p>
5.	LEGAL IMPLICATIONS:
5.1.	That this report be submitted to Council in terms of Section 28 of the Municipal Finance Management Act. Act No. 56 of 2003.
6.	FINANCIAL IMPLICATIONS:
6.1.	<ul style="list-style-type: none"> • Operating Revenue has a net increase of R38.9 million • Operating expenditure has a net decrease of R62.8 million. • Capital expenditure has a net decrease of R138.9 million.
7.	IT IS THEREFORE RECOMMENDED:
7.1.	THAT council approves the adjusted operating and capital revenue and expenditure by vote for the 2023/24 financial year.
7.2	<p>THAT council further approves the 2023/24 adjustments budget as set out in the following tables and schedules:</p> <ul style="list-style-type: none"> i. Adjustments Budget Summary reflected as table B1 (attached as page 14) ii. Adjustments Budget Financial Performance (standard classification) reflected as table B2 (attached as pages 15 to 19) iii. Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) reflected as table B3 (attached as pages 20 to 23) iv. Adjustments Budget Financial Performance (revenue and expenditure) reflected as table B4 (attached as pages 24) v. Adjustments Capital Expenditure Budget by vote and funding reflected as table B5 (attached as pages 25 to 28) vi. Adjustments Budget Financial Position reflected as table B6 (attached as pages 29) vii. Adjustments Budget Cash Flows reflected as table B7 (attached as pages 30) viii. Cash backed reserves/ accumulated surplus reconciliation reflected as table B8 (attached as pages 31) ix. Asset Management reflected as table B9 (attached as pages 32 to 34) x. Basic Service Delivery Measurement reflected as table B10 (attached as pages 35) xi. Supporting information and explanations of trends and anomalies for each table are reflected as tables SB1 to SB20 (attached as pages 36 to 74)