

# ITEMS FOR DISCUSSION

**SEC 01/02/2024**

**REPORT ON THE 2023/24 ADJUSTMENTS BUDGET TO COUNCIL.**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

<b>1.</b>	<b>INTRODUCTION:</b>
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.
<b>2.</b>	<b>BACKGROUND:</b>
<b>2.1</b>	<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"> <li>a) must adjust the revenue and expenditure estimates downwards if there is material under collection of revenue during the current year;</li> <li>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;</li> <li>c) may, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;</li> <li>d) may authorize the utilization of projected savings in one vote towards spending under another vote</li> <li>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;</li> <li>f) may correct any errors in the annual budget; and</li> <li>g) May provide for any other expenditure within a prescribed framework."</li> </ul>
<b>3</b>	<b>PURPOSE OF THE REPORT:</b>
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.

<b>4</b>	<b>DISCUSSION:</b>
4.1	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. The tables of the proposed adjustment budget are attached to the report.
<b>5.</b>	<b>LEGAL IMPLICATIONS:</b>
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.
<b>6.</b>	<b>FINANCIAL IMPLICATIONS:</b>
6.1.	<ul style="list-style-type: none"> <li>• Operating Revenue has a net increase of R38.9 million</li> <li>• Operating expenditure has a net decrease of R62.8 million.</li> <li>• Capital expenditure has a net decrease of R138.9 million.</li> </ul>
<b>7.</b>	<b>IT IS THEREFORE RECOMMENDED:</b>
7.1.	<b>THAT</b> council approves the adjusted operating and capital revenue and expenditure by vote for the 2023/24 financial year.
7.2	<p><b>THAT</b> council further approves the 2023/24 adjustments budget as set out in the following tables and schedules:</p> <ul style="list-style-type: none"> <li>i. Adjustments Budget Summary reflected as table B1 <b>(attached as page 14)</b></li> <li>ii. Adjustments Budget Financial Performance (standard classification) reflected as table B2 <b>(attached as pages 15 to 19)</b></li> <li>iii. Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) reflected as table B3 <b>(attached as pages 20 to 23)</b></li> <li>iv. Adjustments Budget Financial Performance (revenue and expenditure) reflected as table B4 <b>(attached as pages 24)</b></li> <li>v. Adjustments Capital Expenditure Budget by vote and funding reflected as table B5 <b>(attached as pages 25 to 28)</b></li> <li>vi. Adjustments Budget Financial Position reflected as table B6 <b>(attached as pages 29)</b></li> <li>vii. Adjustments Budget Cash Flows reflected as table B7 <b>(attached as pages 30)</b></li> <li>viii. Cash backed reserves/ accumulated surplus reconciliation reflected as table B8 <b>(attached as pages 31)</b></li> <li>ix. Asset Management reflected as table B9 <b>(attached as pages 32 to 34)</b></li> <li>x. Basic Service Delivery Measurement reflected as table B10 <b>(attached as pages 35)</b></li> <li>xi. Supporting information and explanations of trends and anomalies for each table are reflected as tables SB1 to SB20 <b>(attached as pages 36 to 74)</b></li> </ul>