

**ROLL-OVER FROM 2023/2024 FINANCIAL YEAR - ADJUSTMENTS BUDGET
2024/2025 - 20 AUGUST 2024**

File No. /s:

Responsible Official: R Ontong

Directorate: Financial Services

Portfolio: Financial Services

Purpose:

To submit an Adjustments Budget for the 2024/25 financial year as a result of roll-overs from the 2023/24 financial year.

Background:

Section 28 (2) (e) of the MFMA states the following: An Adjustments Budget – “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;”

In terms of the Budget and reporting regulations, Regulation 23(5) on Government Gazette No: 32142, Notice No: 393 of 2009 states; An adjustments budget referred to in section 28(2) (e) of the MFMA may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year, following the financial year to which roll-overs relate.

Further, section 30 of the MFMA states that; “The appropriation of funds in an annual or adjustments budget lapses to the extent that those funds are unspent at the end of the financial year to which the budget relates, except in the case of an appropriation for expenditure made for a period longer than that financial year in terms of section 16 (3).” Conditional grant funding must also be rolled over or refunded to the allocating authority.

“Municipalities may not rollover unspent conditional grant spending in terms of 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.

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.”

Financial Implications:

Financial implications are contained in the detail in this report.

Applicable Legislation / Council Policy:

1. The MFMA Section 28, 30 and 16(3)
2. Municipal Budget and Reporting Regulations
3. Council Budget related Policies

ADJUSTMENTS BUDGET 2024/25



BREEDDE VALLEY

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

20 August 2024

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SECTION A – Part 1

1. Glossary

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments.

DORA – Division of Revenue Act. The annual piece of legislation that indicate the allocations from National Government to Local Government.

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

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a Municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

LM – Breede Valley Municipality.

MFMA - Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level.

Operating Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

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

Strategic Objectives – The main priorities of a municipality as set out in the IDP Budgeted spending must contribute towards achievement of these strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at department level.

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources

HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt-hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

2. Mayors Report

The 2024/25 Roll-over Adjustments Budget serves the purpose of allocating unspent and underspent funds, which were committed to identifiable projects in the 2023/24 financial year budget. These projects, due to unforeseen circumstances could not be fully implemented during the 2023/24 financial year, and therefor need to be rolled over to the current (2024/25) financial year to ensure continued service delivery.

3. Resolutions

That council approves the following:

- (a) To approve the adjustments budget as tabled in terms of section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).
- (b) The recommendations with regard to resolutions are contained at the end of this report and have been prepared and presented according to the budget regulations.

4. Executive Summary

The 2024/25 Adjustments Budget was compiled in accordance with section 28 of the Municipal Finance Management Act and regulation 23 of the Municipal Budget and Reporting Regulations.

In compiling the 2024/2025 Roll-over Adjustments Budget, the importance of credibility, sustainability, responsiveness and affordability remains integral in striving to achieve the desired outcome of effective and efficient service delivery.

Below is the list of projects to be rolled over from the 2023/24 financial year to the 2024/25 financial year:

Description	Finance Code	Roll overs from 2023/24
Rawsonville WwTW: Extension of WwTW (0,24 Ml/day)	External Loan	2 384 711
Upgrading of Sewer Network: External Loan	External Loan	137 794
Augmentation Touwsriver WWTW (CRR)	CRR / Own Funds	4 340 894
Refurbishment of electrical system	CRR / Own Funds	2 487 162
Robertson Road Substation	External Loan	1 186 201
Playparks	CRR / Own Funds	636 751
Upgrading of Gravel Road (Arries Street, Yssel to Sampson, Smith Str., Industrial Area)	CRR / Own Funds	13 992 956
Building of Roads - Ward 14 (Kroon Street)	CRR / Own Funds	200 000
WWTW Pump station upgrading and refurbishment	External Loan	484 867
Water: Upgrading of Offices (Fairbairn Street)	CRR / Own Funds	187 037
Avian Park Industrial - Electricity	External Loan	990 000
Avian Park Industrial - Sewer Pumpstation	External Loan	9 976 733
Replacement of fence perimeter	CRR / Own Funds	912 524
Safeguarding of Assets	CRR / Own Funds	170 000

Contractual commitments are in place for all the abovementioned projects, in line with the relevant criteria for this Adjustments Budget. The implementation or finalization of these projects prior to the end of the 2023/24 financial year is due to the following:

- Unresponsive bidders and / or lack of supply
- Adverse weather conditions
- Extensive nature of SCM processes

1. Adjustments Budget Tables – refer to Annexure A

Please refer to Annexure A for the complete and visually enhanced / user friendly version of the Schedule B tables mentioned in this document.

B1 Consolidated Adjustments Budget Summary

B2 Consolidated Adjustments Budget Financial Performance by Standard Classification

B3 Consolidated Adjustments Budget Financial Performance by Municipal Vote

B4 Consolidated Adjustments Budget Financial Performance (Revenue and Expenditure)

B5 Consolidated Adjustments Budget Capital Expenditure Vote and Funding

B6 Consolidated Adjustments Budget Financial Position

B7 Consolidated Adjustments Budget Cash Flows

B8 Consolidated Cash Backed Reserves/Accumulated Surplus Reconciliation

B9 Consolidated Asset Management

B10 Consolidated Basic Service Delivery Measurement

SECTION A – Part 2

1. Adjustments to Budget Inputs and assumptions

The 2024/25 Roll-over Adjustments Budget was compiled in line with Chapter 4 of the Municipal Finance Management Act and Chapter 2 Part 4 of the Municipal Budget and Reporting Regulations.

The 2024/25 Roll-over Adjustments Budget remain consistent with the Long-Term Financial Plan to ensure continued synergy between long term planning and implementation planning.

As per the legislative prescript mentioned above, the underspending was not foreseen during the compilation of the 2024/25 annual budget. Only projects committed to identifiable projects as at the end of the 2023/24 financial year are included in the roll-over Adjustments Budget, unless determined otherwise by the Accounting Officer / Municipal Manager based on the merits of these related projects.

The roll-over of the abovementioned projects came about as a result of delays outside the control of the Municipality. The causes of these delays have been established and corrective measures have been put in place to monitor progress, which will promote effective and efficient implementation in the 2024/25 financial year.

2. Adjustments to Budget Funding

Budget funding in terms of operating and capital expenditure is set out on tables B4 and B5.

3. Adjustments to Expenditure on Allocations and Grant

Detailed particulars of budgeted allocations and grants can be found on SB8.

4. Adjustment to Allocations or Grants made by the Municipality

None.

5. Adjustment to Councillor Allowances and Employees

The changes to councillor allowances and employee related cost are provided on table B4.
None.

6. Adjustment to Service Delivery and Budget

The monthly targets for revenue, expenditure and cash flows are provided in B10 - Section B Supporting Tables.

7. Adjustment to Capital Spending Detail

Information/detail regarding capital projects by vote is provided in Section B – Capital Budget, read with B5, B5B, SB16, SB17, SB18a, SB18b, SB18e and SB19.

8. Other Supporting Documents

- National treasury electronic revised budget report, SB1-SB19 as **Annexure A**
- Signed quality certificate as **Annexure B**

Comment of Directorates / Departments concerned:

Municipal Manager:	Recommendation Supported
Director: Strategic Support Services:	Recommendation Supported
Director: Financial Services:	Recommendation Supported
Director: Engineering Services:	Recommendation Supported
Director: Community Services:	Recommendation Supported
Director: Planning Development and Integrated Services:	Recommendation Supported

RECOMMENDATION:

That in respect of the Roll-over Adjustments Budget for 2024/25 – August 2024 discussed by Council at the Council meeting held on 20 August 2024

1. Council resolves that the budget of Breede Valley Municipality for the financial year 2024/25 be adjusted and approved with amendments as set out in the following Municipal Budget tables B1- B10 and Municipal Budget supporting documentation SB1 - SB19, as per Annexure A.
2. Council approves the Quality Certificate to the Adjustments Budget signed by the Accounting Officer, as per Annexure B.