

# RATLOU LOCAL MUNICIPALITY

## 7.AJUSTMENT BUDGET FOR THE 2021 – 2022 FINANCIAL YEAR FOR RATLOU LOCAL MUNICIPALITY

### PURPOSE

To seek approval of the 2021/22 adjustment budget as a consequence of the mid - year budget and performance review.

### BACKGROUND

Section 28 (2) of the MFMA states that an adjustment budgets

(a) must adjust 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;

(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; (f)

may correct any errors in the annual budget;

and (g) may provide for any other expenditure within a prescribed framework.

ADJUSTMENT BUDGET BREAKDOWN FOR REVENUE AND EXPENDITURE IS SHOWN IN THE TABLE BELOW:

Description			
	Original budget	Total Adjusts	Adjustment budget
Total Operating Revenue	176 598	8 676	185 273
Total Operating Expenditure	195 668	22 523	218 191
Surplus /Deficit	(19 070)	(13 848)	(32 918)
Capital Budget	34 342	17 227	51 569

Revenue

G.K. LEEPO 25/02/2022

The revenue has been adjusted upwards with an amount of R 8 676 000 though few of revenue items had to be reduced.

**Reduction on revenue is realised due to the following:**

- Supplementary valuation roll
- Late response on SETA accreditation resulting in delayed registration for telecentre students.
- E tender introduction which resulted in less sale of tenders

**Increase in revenue is realised due to the following:**

- High performance in service charges
- High performance in interest on investments
- Support grant received from NMMDM

**Expenditure**

The expenditure has been adjusted upwards with an amount of R 22 749 028 plus R 17 001 055 for an approved roll over on Additional equitable share ( Covid related grant) inclusive of capital budget. Funding for the expenditure as adjusted will be the NMMDM support grant and the surplus from previous year as the municipality is having a positive bank balance with previous year savings including vat returns as received.

The main contributing factors towards the increase in expenditure are on the following expenditure items : IT Systems , mSCOA Support-Financial System, Legal fees, security services, rental of copy machine, fuel ,insurance , maintenance of municipal assets, electricity, vehicles, Rollovers, Accruals etc

**RESOLVED:**

- a. That council takes note & approves the content of the 2021/22 adjustment budget
- b. That the proposed 2021/22 adjustment budget approved as set out in the Municipal Budget and Reporting Regulations schedules
- c. That the special adjustment budget be submitted to treasury and all stake holders

**Resolution No. 10/2022**

Signed by Speaker: C. K. LEEPO  
Cllr KG Leepo

**25 February 2022**

Date: 25 / 02 / 2022