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REPOSITIONING THE **WEST RAND** FOR A BETTER LIFE FOR ALL



West Rand
District Municipality

2022/2023 Quarterly Financial Report 30 September 2022



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IN-YEAR BUDGET STATEMENT TABLES: QUARTER ENDED 30 September 2022

The financial results for the Quarter ended 30 September 2022 are attached and consists of the following tables:

MBRR TABLES:

Table C3: Quarterly Budget Statement - Financial Performance (Revenue and Expenditure by Municipal vote)

- 2) Table C4: Quarterly Budget Statement – Financial Performance (Revenue and Expenditure)
- 3) Table C5: Quarterly Budget Statement – Capital Expenditure by vote, standard classification and funding
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Abbreviations

MFMA	Municipal Finance Management Act
MWIG	Municipal Water Infrastructure Grant
GDARD	Gauteng Department of Agriculture and Rural Development
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
GIFA	Gauteng Infrastructure Financing Agency
MSIG	Municipal Systems Improvement Grant
RSC	Regional Services Council
WRDM	West Rand District Municipality
WRDA	West Rand Development Agency
DoRA	Division of Revenue Act
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium Term Revenue and Expenditure Framework
MMC	Member of Mayoral Committee
CPIX	Consumer Price Inflation Index
GDP	Gross Domestic Product
FFC	Financial and Fiscal Commission
IDP	Integrated Development Plan
SDBIP	Service Delivery Budget Implementation Plan
MFRS	Municipal Financial Recovery Services
FRP	Financial Recovery Plan
MEC	Member of Executive Council
NPG	Neighbourhood development partnership grant
GRAP 17	General Reporting Accounting Practices
LG SETA	Local Government Sector Education and Training Authority
CCTV	Closed Circuit Television
YTD	Year to date

1 INTRODUCTION

1.1. PURPOSE

The purpose of this report is to inform the Section 80 Finance portfolio committee about the Financial Status quo of West Rand District Municipality and to comply with **Section 52(d) of the MFMA** and the requirements as promulgated in the Government Gazette No 32141 of 17th April 2009

1.2. STRATEGIC OBJECTIVE

The application of sound financial management principles for the compilation of West Rand District Municipality financial plan is essential and critical to ensure that the municipality remains financially viable, and those sustainable municipal services are provided economically and equitably to all communities

1.3. Legislative Background

Sections of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Regulations” necessitates those specific financial particulars be reported on and in the format prescribed.

“Sections 52 (d) of the MFMA states that the Mayor of the Municipality must within 30 days of the end of each month submit a report to the Council on the implementation of the budget and the financial states of the affairs of the municipality”

2 STATEMENT OF FINANCIAL PERFORMANCE

2.1 TABLE 1: SUMMARY OF THE TOTAL BUDGET PERFORMANCE

	2022/23 Original Budget (R'000)	Actual performance to date (in R and as a % of the Original Budget)		YTD Original Budget (R'000)
		(R'000)	%	
TOTAL REVENUE	319,124	104,168	33%	79,781
TOTAL EXPENDITURE	(319,108)	(73,079)	(23%)	(79,777)
Operational expenditure	(273,458)	(66,819)	(24%)	(68,365)
Capital expenditure	(45,650)	(6,259)	(14%)	(11,413)
SURPLUS/(DEFICIT)	16	31,089	%	4

Note: Positive Revenue & Negative (Expenditure)

- 2.1.1 During the 2022/23 financial year the municipality has anticipated to raise **R319** million in revenue which is inclusive of operational and capital grants.
- 2.1.2 The total revenue of **R104** million has been recorded (representing **33%**) of the total original revenue budget. This amount is mainly contributed by revenue received from grants (National and Provincial). The municipality is mostly funded by transfers and subsidies from National and Provincial Government. The SC6 table as part of the annexure has been attached detailing the performance of the grants.
- 2.1.3 The summary of statement of financial performance in Table 4 is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure by input type.
- 2.1.4 To date, a total of **R73** million has been spent on the operational original budget, (this amounts to **23%** of the total approved expenditure budget for the year).
- 2.1.5 The main cost drivers of the expenditure are **employee related costs**.

2.2 Table 2: FINANCIAL PERFORMANCE (INCOME AND EXPENDITURE BY MUNICIPAL VOTE)

DC48 West Rand - Table C3 Quarterly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q01								
Vote Description	Ref	Budget Year 2022/23						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote	1							
Vote 1 - Corporate Governance		9,770	–	3,592	2,443	1,149	47%	9,770
Vote 2 - Municipal Manager & Support		13,815	–	5,388	3,454	1,934	56%	13,815
Vote 3 - Corporate Services		27,190	846	10,825	6,798	4,027	59%	27,190
Vote 4 - Budget & Treasury Office		31,192	474	10,338	7,798	2,540	33%	31,192
Vote 5 - Health & Social Development		46,720	216	13,815	11,680	2,135	18%	46,720
Vote 6 - Public safety		113,446	126	41,653	28,361	13,292	47%	113,446
Vote 7 - Regional planning & Economic Development		76,991	361	18,558	19,248	(690)	-4%	76,991
Total Revenue by Vote	2	319,125	2,025	104,168	79,781	24,387	31%	319,125
Expenditure by Vote	1							
Vote 1 - Corporate Governance		10,946	1,671	5,475	2,736	2,738	100%	10,946
Vote 2 - Municipal Manager & Support		17,684	1,308	3,029	4,421	(1,392)	-31%	17,684
Vote 3 - Corporate Services		35,465	3,074	9,033	8,866	166	2%	35,465
Vote 4 - Budget & Treasury Office		26,160	2,091	9,172	6,540	2,632	40%	26,160
Vote 5 - Health & Social Development		45,717	2,732	8,701	11,429	(2,728)	-24%	45,717
Vote 6 - Public safety		106,844	8,019	27,619	26,711	908	3%	106,844
Vote 7 - Regional planning & Economic Development		76,293	1,326	10,050	19,073	(9,023)	-47%	76,293
Total Expenditure by Vote	2	319,109	20,222	73,079	79,777	(6,699)	-8%	319,109
Surplus/ (Deficit) for the year	2	16	(18,197)	31,089	4	31,085		16

- 2.2.1 The above income and expenditure summary table indicates that to date, the municipality is at a surplus of R31,089 million in overall summary per municipal votes.
- 2.2.2 Public safety is the largest function with the total expenditure amount of R27,6 million (38%) of the overall quarterly expenditure of R73,1 million.
- 2.2.3 The profitability ratio presented below is at **(30%)** to date due to grants received during the current financial year with no cash backed reserves realised from previous year's financial performance. This indicates that the municipality's financial performance is at a surplus for the quarter ending 30 September 2022.

Description	Basis of calculation	% Profit/ (Deficit)
Profitability ratio	Surplus/ Total revenue	30%

2.3 Table 3: FINANCIAL PERFORMANCE REVENUE BY TYPE

This table shows income raised by the municipality for the quarter ended 30 September 2022

- 2.3.1 The operational revenue recognised in the quarter ending September 2022 amounted to **R96,9** million, representing **36%** of the total revenue collected to date (excluding capital revenue). The overall collections from total revenue for the quarter was from the operational grants.

DC48 West Rand - Table C4 Quartely Budget Statement - Financial Performance (revenue and expenditure) - Q1

Description	Ref	Budget Year 2022/23						Full Year Forecast
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Revenue By Source								
Rental of facilities and equipment		2,365	176	551	591	(40)	-7%	2,365
Interest earned - external investments		2,244	231	775	561	214	38%	2,244
Interest earned - outstanding debtors		211	36	69	53	17	32%	211
Licences and permits		250	209	387	63	324	519%	250
Reversal on impairment of investment		3,600	-	-	900	(900)	-100%	3,600
Transfers and subsidies		246,405	968	91,654	61,601	30,053	49%	246,405
Other revenue		15,515	405	3,463	3,879	(415)	-11%	15,515
Gains on disposal of PPE		560	-	-	140			560
Total Revenue (excluding capital transfers and contributions)		271,149	2,025	96,899	67,787	29,112	43%	271,149

- 2.3.2 The interest received was realised from external short-term investments for the month amounts to R231 thousand giving a total year to date of R755 thousand. The over collections are due to grants received and not yet utilised, however, the funds are always available for withdrawal when needed.
- 2.3.3 The municipality realised 93% of the quarterly projection for rental of facilities. The implementation of the credit control policy will assist the municipality to realised revenue as projected.
- 2.3.4 Grants are fully disclosed in Table 4. (SC6)
- 2.3.5 The breakdown of other revenue for the quarter ended 30 September 2022 is made up from the following sources as presented on the table below:

Item Description (Other revenue)	Monthly	Quarterly
Sales of Goods and Rendering of Services: Fire Services	126,444	345,956
Handling fees	13,786	20,651
Operational Revenue (Donaldson Dam)	25,713	49,348
Sales of Goods and Rendering of Services: Health Certificate	7,530	15,903
Recovery of electricity from tenants	49,794	135,165
Vat recovery	181,790	2,895,397
Tender documents	-	913
TOTAL	405,057	3,463,333

2.4 Table 4: GRANTS RECEIVED FOR THE QUARTER ENDED 30 September 2022

The table for transfers and subsidies received by the municipality as at the quarter end of September

DC48 West Rand - Supporting Table SC6 Quarterly Budget Statement - transfers and grant receipts - Q1

Description	Ref	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:	1,2							
Operating Transfers and Grants								
National Government:		232,673	–	91,304	232,673	(141,369)	-168%	232,673
Local Government Equitable Share		48,516	–	38,251	48,516	(10,265)	-21.2%	48,516
RSC Levy Replacement		181,736	–	51,547	181,736	(130,189)	-71.6%	181,736
Finance Management		1,200	–	1,200	1,200	–		1,200
EPWP Incentive		1,221	–	306	1,221	(915)	-74.9%	1,221
Provincial Government:		11,932	1,685	8,844	11,932	(3,088)		11,932
Health Subsidy		11,932	1,260	8,419	11,932	(3,513)	-29.4%	11,932
GRAP 17		–	425	425	–	425		–
Other grant providers:		1,800	621	1,159	1,800	(641)	-36%	1,800
LG SETA		1,800	621	1,159	1,800	(641)	-35.6%	1,800
Total Operating Transfers and Grants	5	246,405	2,306	101,307	246,405	(145,098)	-58.9%	246,405
Capital Transfers and Grants								
National Government:		45,775	–	16,942	45,775	(833)	-1.8%	45,775
Neighbourhood Development Partnership		43,000	–	15,000	43,000			43,000
Rural Roads Asset Management Systems		2,775	–	1,942	2,775	(833)	-30.0%	2,775
Provincial Government:		2,200	2,200	2,200	2,200	–		2,200
Fire Rescue Services		2,200	2,200	2,200	2,200	–		2,200
Total Capital Transfers and Grants	5	47,975	2,200	19,142	47,975	(833)	-1.8%	47,975
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	294,380	4,506	120,449	294,380	(145,931)	-49.6%	294,380

2.4.1 The total transfers and grants received for the quarter amounts to R120,4 million which is made up of R101,3 million and R19,1 million for operational and capital commitments respectively. The grants are the main revenue contributor which is an indication that the municipality is grant dependence while seeking other sources of revenue to maintain financial stability.

2.4.2 The rollover application for unspent conditional grants health subsidy and GRAP 17 of R1,260 million and R425 thousand respectively were approved by provincial government and recorded back to municipal books as grant receipts other than liability that was recognised in 2021/22 financial year.

2.4.3 The LG seta grant projection is not informed by government gazette. It is a discretionary grant received by the municipality as and when the requirements and conditions of skills development programmes are met.

2.4.4 The municipality has received the capital grant of R2,2 million to be utilised for fire and rescue services. The funds will be ring-fenced under call account and be utilised as and when conditions are met.

2.4.5 The table below presents the total conditional grants transfers and unspent grants as per their conditions:

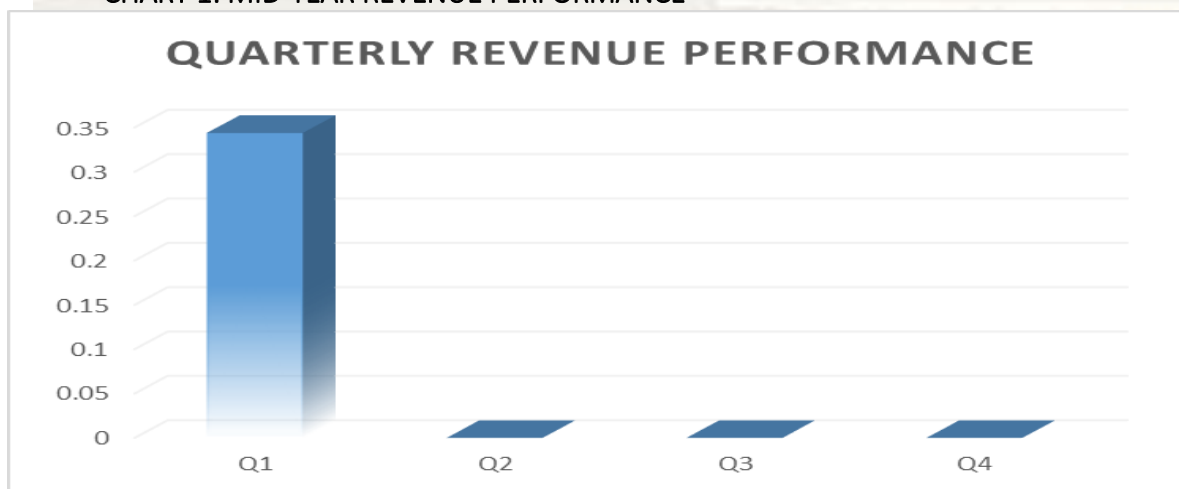
Grants	Gazetted	Roll-over	Received per bank statement	Spent to date	Unspent	% Spent to date
FMG	1 200 000	-	1 200 000	291 210	908 790	24%
EPWP	1 221 000	-	306 000	207 585	98 415	68%
Health subsidy	11 932 000	1 260 000	7 159 200	-	7 159 200	0%
Fire & Rescue Services	2 200 000	-	2 200 000	-	2 200 000	0%
Rural Asset Management Grants	2 775 000	-	1 942 000	269 315	1 672 685	14%
Neighbourhood Development Partnership	43 000 000	-	15 000 000	7 197 873	7 802 127	48%
GRAP 17	-	424 845	-	97 170	327 675	23%
TOTAL "R"	62 328 000	1 684 845	27 807 200	8 063 153	20 168 892	

2.4.5.1 The above table depicts year to date conditional grants movement. The municipality has received R27,8 million (45%) of the total grants of R62,3 million gazetted during the first quarter and the remaining portion is expected to be received before end of the financial year.

2.4.5.2 The unspent conditional grants including GRAP 17 rollover constitute 68% of the total amount received to date, the grants will be utilised for their intended purposes during the financial year. In short, in the first quarter the municipality has received R27,8 million from provincial and national government for conditional grants including the approved rollovers of R1,6 million. In terms of mSCOA reporting only R8 million spent to date can be recognised as revenue and unspent portion of R20,1 million be recorded as a liability until the conditions are met.

2.4.5.3 The HIV rollover of R1,260 is not included under unspent grant as it was already transferred to local municipalities on the previous financial year.

CHART 1: MID-YEAR REVENUE PERFORMANCE



The above chart represents the Quarterly revenue % of the total revenue raised as at 30 September 2022

2.5 Table 6: FINANCIAL PERFORMANCE EXPENDITURE BY TYPE

This table shows expenditure incurred by the municipality for the quarter ended 30 September 2022

DC48 West Rand - Table C4 Quartely Budget Statement - Financial Performance (revenue and expenditure) - Q1

Description	Ref	Budget Year 2022/23						Full Year Forecast
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Expenditure By Type								
Employee related costs		211,367	16,279	53,967	52,842	1,125	2%	211,367
Remuneration of councillors		13,132	977	2,937	3,283	(346)	-11%	13,132
Debt impairment		650	-	-	163	(163)	-100%	650
Depreciation & asset impairment		3,800	-	-	950	(950)	-100%	3,800
Interest cost and penalties		530	148	446	133	314	237%	530
Other materials		250	73	84	63	21	34%	250
Contracted services		11,358	611	1,567	2,840	(1,273)	-45%	11,358
Transfers and subsidies		11,932	-	-	2,983	(2,983)	-100%	11,932
Other expenditure		20,439	2,135	7,818	5,110	2,708	53%	20,439
Total Expenditure		273,458	20,222	66,819	68,365	(1,545)	-2%	273,458

2.5.1 The Municipality's operating expenditure as at end of September 2022 amounted to **R20,2 million** and the year to date actual expenditure against approved budget is R66,8 million which represents **24%** of the approved operational expenditure budget.

2.5.2 The total employee related costs including councillor's remuneration is **85%** of the total operating expenditure incurred by end September 2022. The major portion of equitable share is utilised for employee costs due to limited revenue streams in the municipality.

2.5.3 The annual depreciation and asset impairment are non-cash items to be reported on a yearly basis. During the year end reporting the municipality will report its performance as required by applicable standards and regulations.

2.5.4 The finance charges for the reporting month of September is at R148 thousand and for the quarter is at R446 thousand. The interest was charged by local municipality on outstanding municipal account for utilities. The interest charges by Rand West LM is expected to be lower as the municipality has concluded payment arrangements for outstanding debt.

2.5.5 The amount spent on contracted services and other operational expenditure for the month are listed are listed below.

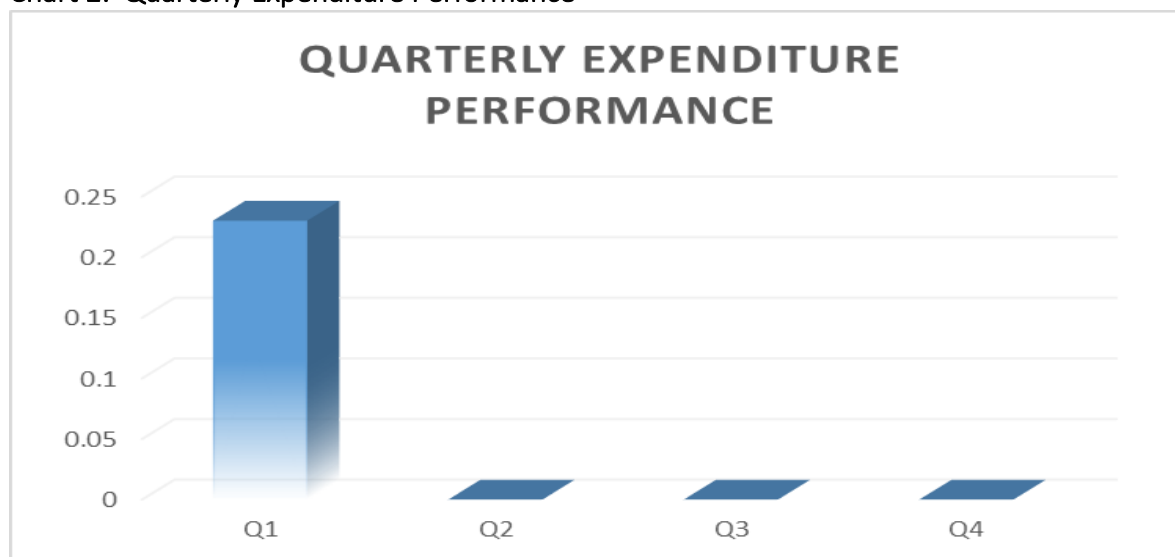
The breakdown of contracted services for the quarter ended 30 September 2022 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Accounting & Auditing Services	88,620	312,791
Audit Committee	27,390	36,022
Business & Financial Management	50,196	50,196
Commissions & Committees	8,632	8,632
Human Resources	46,818	46,818
Maintenance of buildings & Facilities	45,136	45,136
Professional Staff	71,394	71,394
Security Services	272,634	817,902
Actuaries	-	20,700
Legal Advice and Litigation	-	157,076
TOTAL CONTRACTED SERVICES	610,821	1,566,667

The breakdown of other expenditure for the quarter ended 30 September 2022 is made up of the following sources presented below:

Item Description	Monthly expenditure	Quarterly expenditure
Operation Cost: Fuel	140,000	470,000
Operating lease: Office Equipment	58,803	58,803
Advertising Staff Recruitment	33,636	53,083
Advertising for tenders	20,355	46,349
External audit fees	453,766	457,430
Learnerships & Internships	468,600	617,901
Telegraph and Telex	16,223	45,950
Computer software licences	250,577	1,418,346
Skills Development Fund Levy	264,385	865,143
Municipal Services	420,093	1,197,097
Professional body and subscription fees	5,917	17,750
Bank charges	2,675	9,132
Municipal newsletters	-	47,988
Insurance premiums	-	2,501,930
Motor vehicle license & registrations	-	10,728
Accommodation	-	610
TOTAL OTHER EXPENDITURE	2,135,029	7,818,241

Chart 2: Quarterly Expenditure Performance



The above chart represents the Quarterly expenditure % of the total expenditure as at the 30 September 2022.

3 DEBTORS AND CREDITORS

3.1 TABLE 7: DEBTORS AGE ANALYSIS - QUARTER ENDED 30 September 2022

DC48 West Rand - Supporting Table SC3 Quarterly Budget Statement - aged debtors - Q1

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Other	1900	279	278	390	278	228	236	1,237	10,437	13,363	12,416	3,293	7,185
Total By Income Source	2000	279	278	390	278	228	236	1,237	10,437	13,363	12,416	3,293	7,185
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	-	-	7,185	7,185	7,185	-	7,185
Commercial	2300	279	278	390	278	228	236	1,237	3,252	6,178	5,231	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	3,293	-
Total By Customer Group	2600	279	278	390	278	228	236	1,237	10,437	13,363	12,416	3,293	7,185

3.1.1 Debtors who are 90 days and older for WRDM is **R5,2 million** as at end of the first quarter.

3.1.2 The larger proportion of current outstanding debtors have been accrued from previous financial years including the amount owing by commercial customers that are no longer active. The long outstanding debtors were taken to Council to be considered for write offs.

3.1.3 The municipality followed the municipal policies to write off the amount of R78 thousand of study loans assistance for resigned and deceased employees and R3,7 million on fire debtors was recommended for written off .

3.1.4 The municipality is currently struggling to receive rental income timeously from commercial debtors. Credit control processes have been commenced by the Finance department by engaging with debtors for payment arrangements.

3.1.5 The local municipalities owing regional contributions because of these commitments for regional transformation. During 2021/22 financial year-end reporting the outstanding amount was considered as impaired after following relevant GRAP standard on impairment of bad debt.

3.2 TABLE 8: CREDITORS AGE ANALYSIS - QUARTER ENDED 30 September 2022

DC48 West Rand - Supporting Table SC4 Quarterly Budget Statement - aged creditors - Q1										
Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Trade Creditors	0700	1,724	1,333	1,034	26,840	-	-	-	-	30,931
Auditor General	0800	463	-	4	258	-	-	-	-	724
Other	0900	26,373	-	-	-	-	-	-	30,444	56,817
Total By Customer Type	1000	28,560	1,333	1,038	27,098	-	-	-	30,444	88,472

3.2.1 The municipality is currently owing the suppliers a total amount of R31.7 million as at the end of the quarter. The main contribution is from the creditors within 120 days which constitutes 31% of the total creditors. The main creditor is local municipality for utilities. Other suppliers are paid timeously, within 30 days as and when there is cash available to meet short term commitments.

3.2.2 The municipality has payment arrangements with those creditors that are in arrears to comply with and improve section 65(2) (e) of the MFMA. The institution is obliged to honour payment arrangement terms as the interest charges will remain suspended.

3.2.3 The breakdown of the creditors' age analysis by customer balance for the quarter ended 30 September 2022 is made up as follows:

Creditor Code	Creditor Name	Description of services rendered (R'000)	30days	60days	90days	120days	Total
6675	ANDRIES MANGOKWANA	Performance audit committee	11,784				11,784
7230	APEX BUSINESS SYSTEMS	Leasing of office equipment	67,623				67,623
437	AUDITOR GENERAL SOUTH AFRICA	External Audit fees	462,821		3,664	257,693	724,179
80089	LIZEL VENTER	Legal services			139,397		139,397
7189	LEANO CONSTRUCTION WORKS	Maintenance and repairs	13,563				13,563
99348	MABOTWANE SECURITY SERVICES CC	Security services	313,529	313,529	313,529	177,821	1,118,408
7234	MAKTECK ENTERPRISE(PTY)LTD	Supplier of laptops and bags	217,200				217,200
7270	MASEKO MAPHANGA	Audit committee	8,632				8,632
4298	MAXIMUM PROFIT RECOVERY (PTY)	Provision of VAT services	12,986				12,986
6845	MEDIA TORQUE & EVENTS	Advertising services	57,574				57,574
6685	MONGALO MAKGOBA PERCY	Performance audit committee	19,428				19,428
7262	MTN	Communication services					236,450
5927	MUNSOFT	Amount relates to Quarterly service fees for utilisation of financial management system.	288,163	288,163			576,326
2077	NOZUKO NXUSANI INCORPORATED	Legal and advisory services to WRDM				570,025	570,025
7316	ORATILE SENOKOANE	Performance audit committee	1,308				1,308
99339	PK FINANCIAL CONSULTANTS	Preparation and submission of VAT returns to SARS				320,460	320,460
6694	PS FOURIE	Audit committee	5,892				5,892
7314	PTRUCK TOWING	Towing services	9,430				9,430
6857	RAND WEST C L M (DONALDSON)	Rates and taxes for Donaldson Dam	53,001	52,795	52,778	728,094	886,667
99902	RAND WEST CITY LOCAL MUNICIPAL	Outstanding payments for water and lights provided by Rand West City	574,208	550,208	528,309	17,669,993	19,322,643
13852	SALGA	Invoices relate to SALGA membership charged annually				6,636,925	6,636,925
7263	SEABOA PAUL KHOZA	Performance audit committee	11,784				11,784

3248	SUNDAY KIT UNIFORM SUPPLIERS C	Uniform			459,540		459,540
163	TELKOM SA LIMITED	Communication services	18,595	17,883			36,478
7279	THARAGA ENTERPRICES	Cleaning materials		110,750			110,750
98782	THE EXPERIENCE PEST CONTROL	Pest control chemicals	28,348				28,348
6865	TWANANANI TRADING ENTERPRISE	Maintenance and repairs	8,560				8,560
6893	VIKILE MATHODLANA	Risk management committee	499				499
87	ZEVOLI 151 (PTY) LTD T/A NASHU	Printing machinery				40,570	40,570
Total			2,186,647	1,333,252	1,037,678	27,097,570	31,655,147

3.2.4 Other creditors for other accruals and deferred income on unspent conditional grants breakdown is presented below:

Creditors (other accrual)	Amount
Leave payable (days not taken)	26,372,877

Creditors (unspent conditional grants)	Amount
FMG	908,790
EPWP	98,415
Health subsidy	7,159,200
Rural Asset Management Grants	1,672,685
Neighbourhood Development Partnership	7,802,127
GRAP 17	327,675
Fire services grant	2,200,000
Total grants and accruals	46,541,769

3.2.1 The municipality has a leave payable balance of R26 million by 30 September 2022 due to accumulated leave accrued to employees in terms of the main collective agreement. The accumulated leave payables is limited to 48 days per employee.

4 SUMMARY OF CAPITAL BUDGET

4.1 CAPITAL BUDGET PERFORMANCE FOR THE QUARTER ENDED 30 September 2022

4.1.1 The table below represents the capital expenditure as at 30 September 2022 per functional classification and funding:

DC48 West Rand - Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1

Vote Description	Ref	Budget year 2022/23						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1							
Capital Expenditure - Functional Classification								
<i>Governance and administration</i>		450	217	312	113	200	178%	450
Finance and administration		450	217	312	113	200	178%	450
<i>Community and public safety</i>		2 200	–	–	550	(550)	-100%	2 200
Public safety		2 200	–	–	550	(550)	-100%	2 200
<i>Economic and environmental services</i>		43 000	–	6 259	10 750	(4 491)	-42%	43 000
Planning and development		43 000	–	6 259	10 750	(4 491)	-42%	43 000
Total Capital Expenditure - Functional Classification	3	45 650	217	6 571	11 413	(4 841)	-42%	45 650
Funded by:								
National Government		43 000	–	6 259	10 750	(4 491)	-42%	43 000
Provincial Government		2 200	–	–	550	(550)	-100%	2 200
Transfers recognised - capital		45 200	–	6 259	11 300	(5 041)	-45%	45 200
Internally generated funds		450	217	312	113	200	178%	450
Total Capital Funding		45 650	217	6 571	11 413	(4 841)	-42%	45 650

4.1.2 The municipality has a total budget of R45,7 million for capital expenditure including R43 million to be spent on construction of multi-purpose centre that is funded through neighbourhood development partnership grant gazette in a DoRA. The capital expenditure to date on the construction of multi-purpose centre is R6,3 million for the quarter ending .

4.1.3 The capital grant of R2,2 million allocated to Public safety is not yet spent of fire rescue services. The capital expenditure will be recognised once the asset is bought and brought into use.

5 Cash Flow position

5.1 CASH FLOW – QUARTER ENDED 30 September 2022

DC48 West Rand - Table C7 Monthly Budget Statement - Cash Flow - Q1

Description	Ref	2020/21	Budget Year 2022/23						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Other revenue		11 477	22 130	817	4 334	5 532	(1 199)	-22%	22 130
Government - operating	1	239 119	246 405	621	99 622	61 601	38 021	62%	246 405
Government - capital	1	7 575	47 975	2 200	19 142	11 994	7 148	60%	47 975
Interest		1 490	2 244	231	775	561	214	38%	2 244
Investments recovered		5 328		-	-	-			
Payments									
Suppliers and employees		(258 408)	(256 546)	(20 278)	(77 764)	(64 137)	13 627	-21%	(256 546)
Finance charges			(530)		(3)	(133)	(130)	98%	(530)
Transfers and Grants		-	(11 932)	-	-	(2 983)	(2 983)	100%	(11 932)
NET CASH FROM/(USED) OPERATING ACTIVITIES		6 582	49 745	(16 408)	46 106	12 436	(33 669)	-271%	49 745
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	880	-	-	220	(220)	-100%	880
Payments									
Capital assets		-	(45 650)	(7 198)	(7 198)	(11 413)	(4 215)	37%	(45 650)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(44 770)	(7 198)	(7 198)	(11 193)	(3 995)	36%	(44 770)
CASH FLOWS FROM FINANCING ACTIVITIES									
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		1 319	4 975	(23 606)	38 908	1 244			4 975
Cash/cash equivalents at beginning:	2	1 323	2 739		2 634	2 739			2 739
Cash/cash equivalents at month/year end:	2	2 642	7 714		41 542	3 983			7 714

5.2 Free Cash flow analyses

Total Application of cash and investments:	Closing balance (R '000)
WRDM (FNB transactional accounts)	245
Call Account Investment – WRDM	38,258
Standard Bank	3,038
Total cash available	41,541
Unspent conditional grants	(20,169)
Free cash flow	21,372
October 2022 obligations	(20,029)
November 2022 obligations	(20,029)
December 2022 obligations	(27,890)
Total obligations	(67,948)
Cash available by end of December 2022	(46,576)

- 5.2.1 A summary of the cash flow for the quarter ended in September is reflected in the table above.
- 5.2.2 The table in short indicates affordability status and confirms that the municipality is under financial distress hence the implementing of financial recovery plan and the financial turnaround strategy.
- 5.2.3 The free cash after subtracting unspent conditional grants of R20,2 million remain at positive R21,4 million which will be insufficient to cover for the next three months as the total short term obligation amounts to R67,9 million, however the municipality is anticipating to receive the second trench of equitable share in December 2022. The cash flow challenges in month of November will put the municipal business operations at risk due funds availability.
- 5.2.4 The reported cash and cash equivalent of R41,5 million by end of September from cash flow statement will not be enough to cover normal operations after considering short term obligations shown from cash flow analysis table for the first two months.
- 5.2.5 Although it is unlikely that all the “applications” will paid at once, this remains a legitimate financial obligation to be met in the near future.

5.3 SHORT TERM INVESTMENT AND RESERVE FOR THE QUARTER ENDED 30 September 2022

DC48 West Rand - Supporting Table SC5 Monthly Budget Statement - investment po

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands										
Municipality										
FNB Call Account		N/A	Call account	Yes	Fixed	61 640	227	(25 809)	2 200	38 258
Standard Bank		NA	Call account	Yes	Fixed	3	-	(2)	-	1
Standard Bank Fixed Investment Account		N/A	96 Days	Yes	Fixed	-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2					61 643	227	(25 811)	2 200	38 259

5.3.1 During the quarter ended 30 September 2022, withdrawals of R25,8 million were made from the Call Account for operational expenditure. The call account type is available on demand while ring-fencing conditional grants.

6 FINANCIAL POSITION

6.1 FINANCIAL POSITION FOR THE QUARTER ENDED 30 September 2022

DC48 West Rand - Table C6 Quarterly Budget Statement - Financial Position - Q1

Description	Ref	2022/23	Budget year 2022/23		
		Pre-Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands	1				
<u>ASSETS</u>					
Current assets					
Cash		2 273	7 714	3 284	7 714
Call investment deposits		369	–	39 963	–
Consumer debtors		3 568	–	13 363	–
Other debtors		1 260	2 995	–	2 995
Inventory		402	122	482	122
Total current assets		7 872	10 832	57 092	10 832
Non current assets					
Long-term receivables		–	255	–	255
Investment property		8 400	6 700	8 400	6 700
Property, plant and equipment		63 345	56 206	63 345	56 206
Biological		228	136	228	136
Other non-current assets		–	–	–	–
Total non current assets		71 973	63 297	71 973	63 297
TOTAL ASSETS		79 844	74 128	129 064	74 128
<u>LIABILITIES</u>					
Current liabilities					
Trade and other payables		105 381	65 825	88 472	65 825
Provisions		15 400	15 754	–	15 754
Total current liabilities		120 781	81 579	88 472	81 579
Non current liabilities					
Employee benefit obligation		49 730	–	49 730	–
Provisions		17 080	62 409	17 080	62 409
Total non current liabilities		66 810	62 409	66 810	62 409
TOTAL LIABILITIES		187 591	143 988	155 282	143 988
NET ASSETS	2	(107 746)	(69 860)	(26 218)	(69 860)
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)		(107 746)	(77 133)	(26 218)	(77 133)
TOTAL COMMUNITY WEALTH/EQUITY	2	(107 746)	(77 133)	(26 218)	(77 133)

The following table sets out consolidated financial performance indicators of the municipality:

Number	Description	Basis of calculation	YTD 2022/23
1	Current ratio	Current assets/ Current liabilities	0,65:1
2	Liquidity ratio	(Current assets – Inventory)/ Current liabilities	0,64:1
3	Working capital	Current assets – Current liabilities	(R31,4 million)

The **current ratio** is a financial ratio that measures whether or not the municipality has enough resources to pay its debts over the next 12 Months. It compares the municipality's current assets to its current liabilities with a standard norm of 1.5 and 3. The ratio of 0,65:1 shows that the municipality's ability to meet its short term obligation for the reporting period has decreased 1,1:1 due to major portion of grant that was received in July and utilised for the past three months. This ratio will vary from month to month and it expected to decrease due to nature of municipal revenue sources.

Liquidity ratios attempt to measure the municipality's ability to pay off its short-term debt obligations. This is done by comparing the municipality's most liquid assets (or, those that can be easily converted to cash), to its short-term liabilities. The ratio of 0,64:1 shows that the municipality will struggle meet its current obligations within the period of one month.

Working Capital is a measure of both the municipality's efficiency and its short-term financial health. Working capital is calculated as: Working Capital = Current Assets - Current Liabilities.

7 STAFF EXPENDITURE REPORT

The staff expenditure report is submitted in terms of section 66 of the Municipal Finance Management Act, which states that the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely-

- (a) Salaries and wages;
- (b) Contributions for pensions and medical aid;
- (c) Travel, motor car, accommodation, subsistence and other allowances;
- (d) Housing benefits and allowances;
- (e) Overtime payments;
- (f) Loans and advances; and
- (g) Any other type of benefit or allowance related to staff.

7.1 KEY DATA: HUMAN RESOURCES

Details	Original Budget	YTD 2022/2023
Employee costs as % of total expenditure	82%	92%
Number of permanent employees	362	343
Number of temporary employees	50	80

7.2 Table 15: COUNCILLORS AND STAFF BENEFITS

DC48 West Rand - Supporting Table SC8 Quarterly Budget Statement - councillor and staff benefits - Q1

Summary of Employee and Councillor remuneration R thousands	Ref	Budget year 2022/23						Full Year Forecast
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
	1	B						D
<u>Councillors (Political Office Bearers plus Other)</u>								
Basic Salaries and Wages		11,614	858	2,581	2,903	(322)	-11%	11,614
Cellphone Allowance		1,519	119	356	380	(24)	-6%	1,519
Sub Total - Councillors		13,132	977	2,937	3,283	(346)	-11%	13,132
<u>Senior Managers of the Municipality</u>	3							
Basic Salaries and Wages		8,100	470	1,409	2,025	(616)	-30%	8,100
Other benefits and allowances		2	0	1	0	0	71%	2
Payments in lieu of leave		44	-	-	11	(11)	-100%	
Sub Total - Senior Managers of Municipality		8,146	470	1,410	2,036	(626)	-31%	8,102
<u>Other Municipal Staff</u>								
Basic Salaries and Wages		145,907	9,910	32,366	36,477	(4,111)	-11%	145,907
Pension and UIF Contributions		25,328	2,132	6,982	6,332	650	10%	25,328
Medical Aid Contributions		5,365	1,220	3,641	1,341	2,300	171%	5,365
Overtime		5,406	633	1,987	1,351	635	47%	5,406
Performance Bonus		7,710	914	4,534	1,928	2,606	135%	7,710
Motor Vehicle Allowance		7,837	866	2,582	1,959	623	32%	7,837
Cellphone Allowance		944	1	3	236	(233)	-99%	944
Housing Allowances		2,252	88	281	563	(282)	-50%	2,252
Other benefits and allowances		651	46	137	163	(26)	-16%	651
Payments in lieu of leave		1,821	-	44	455	(411)	-90%	1,821
Sub Total - Other Municipal Staff		203,221	15,809	52,557	50,805	1,752	3%	203,221
Total Parent Municipality		224,499	17,255	56,904	56,125	779	1%	224,455

8. Table 16: COUNCILLORS REMUNERATION

PUBLIC OFFICE-BE+B1:J21ARERS ACT, ACT NO. 20 of 1998						
QUARTELY COUNCILLOR						
requested to submit a completed schedule						
DECLARATION: The Municipal Manager (or a delegate) is required to certify the correctness and accuracy of information provided in this report.						
Municipal Name:	West Rand DM			Mun Code		DC48
Municipal Grading	Grade 4			Financial Year:		2022/23
Reporting Month:	September			Total Number of Councillors:		45
Contact Person:	Sam Ramaele			Telephone:		0114115010
E-Mail Address:	sramaele@wr-dm.gov.za			Fax:		
Description	No. of Councillors	A. Basic salary	B. Cellphone and data allowances	C. Sitting allowances	D. Travelling expenses	F. Total monthly expenditure
Municipal Councillors: Full-Time						
Executive Mayor	1	50,915.00	2,000.00	-	-	52,915.00
Speaker	1	36,017.33	2,000.00	-	-	38,017.33
Member of Mayoral Committee	8	237,709.41	21,100.00	-	79,236.48	338,045.89
Chief Whips	1	41,899.18	3,700.00	-	13,966.40	59,565.58
Chairperson of Section 79 Committees	1	40,670.06	3,700.00	-	13,556.69	57,926.75
Municipal Councillors: Part-Time						
Councillors	32	247,511.20	86,100.00	37,510.00	58,931.30	430,052.50
TOTAL		654,722.18	118,600.00	37,510.00	165,690.87	976,523.05
Comments:						
Municipal Manager (Acting/Delegate):	ME Koloji				Date:	7/10/2022

Table 17: WITHDRAWAL STATEMENT

WITHDRAWAL STATEMENT FOR THE QUARTER ENDED 30 September 2022

	Consolidated	Primary Bank Account	Bank 2	Bank 3	Bank 4
		First National Bank (WRDM)	Standard Bank (WRDM)	Standard Bank Fixed Investment (WRDM)	Short term Investment WRDM
Bank:		62277660872	21307350	o	
Account number:		62277660872	21307350	o	
Bank reconciliation/s compiled and attached		Yes	Yes	-	-
Month:(End of Quarter)	September	September	September	September	September
Opening cash book balance at beginning of quarter	65,147,923	719,987	2,788,213	-	61,639,723
Add Receipts for quarter	3,869,411	1,190,397	252,162	-	2,426,852
Less Payments for quarter	-27,475,775	-1,664,950	-2,233	-	-25,808,592
Closing cash book balance at end of quarter	41,541,559	245,434	3,038,141	-	38,257,984
GL Account Balance					
Payments for the month	-27,475,775	-1,664,950	-2,233	-	-25,808,592
Recoveries from Employees / Suppliers (Amount to be entered as negative)	-	-	-	-	-
Non cash items (for the period)	-	-	-	-	-
Commitments (for the period)	-	-	-	-	-
Input VAT (for the period) (Amount to be entered as negative)	-	-	-	-	-
Accruals at end of month	-	-	-	-	-
Accruals at beginning of month (Amount to be entered as negative)	-	-	-	-	-
Total	-27,475,775	-1,664,950	-2,233	-	-25,808,592
Actual capital expenditure for the quarter	-	-	-	-	-
Actual operating expenditure for the quarter	-27,475,775	-1,664,950	-2,233	-	-25,808,592
Section 11(4) expenditure	-	-	-	-	-
Total	-27,475,775	-1,664,950	-2,233	-	-25,808,592
a) to defray expenditure appropriated in terms of an approved budget;	-27,475,775	-1,664,950	-2,233	-	-25,808,592
b) to defray expenditure authorised in terms of section 26(4);	-	-	-	-	-
<i>S26(4) - until a budget for the municipality is approved in terms of subsection (1), funds for the requirements of the municipality may, with the approval of the MEC for finance in the province, be withdrawn from the municipality's bank account in accordance with subsection (5)</i>					
Was any payment made in terms of (b) Yes/No	No	No	No	No	No
c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	-	-	-	-	-
<i>S29(1) - the mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.</i>					
Was any payment made in terms of (c) Yes/No	No	No	No	No	No
d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;	-	-	-	-	-
<i>S12(2) - a municipality may in terms of section 7 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund</i>					
Was any payment made in terms of (d) Yes/No	No	No	No	No	No
e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including -	-	-	-	-	-
i) money collected by the municipality on behalf of that person or organ of state by agreement; or (VAT, motor vehicle licensing)	-	-	-	-	-
ii) any insurance or other payments received by the municipality for that person or organ of state;	-	-	-	-	-
Was any payment made in terms of (e) Yes/No	No	No	No	No	No
f) to refund money incorrectly paid into a bank account;	-	-	-	-	-
Was any payment made in terms of (f) Yes/No	No	No	No	No	No
g) to refund guarantees, sureties and security deposits; (refund of consumer deposits)	-	-	-	-	-
Was any payment made in terms of (g) Yes/No	No	No	No	No	No
h) for cash management and investment purposes in accordance with section 13; (inter- bank transactions)	-	-	-	-	-
Was any payment made in terms of (h) Yes/No	No	No	No	No	No
i) to defray increased expenditure in terms of section 31; or	-	-	-	-	-
<i>S31 Shifting of funds between multi-year appropriations</i>					
Was any payment made in terms of (i) Yes/No	No	No	No	No	No
j) for such other purposes as may be prescribed. (making guarantees, store purchases, petty cash, loan repayments, leave payout, provisions)	-	-	-	-	-
Was any payment made in terms of (j) Yes/No	No	No	No	No	No
Specify					