

ITEM 22

BUDGET AND TREASURY OFFICE: 2023/2024 QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING 31 DECEMBER 2023

5/1

PURPOSE

The purpose of this report is to inform the Council about the Financial Status quo of the West Rand District Municipality and to comply with Section 52(d) of the Municipal Finance Management Act and the requirements as promulgated in the Government Gazette No 32141 dated 17 April 2009.

INTRODUCTION

The Executive Mayor, must provide general political guidance over the fiscal and financial affairs of the WRDM, is required by Section 52(d) of the Municipal Finance Management Act, to submit a report on the implementation of the budget and the financial state of affairs of the WRDM, to council within 30 days after the end of each quarter.

FINANCIAL PERSPECTIVE

No financial implications

ANNEXURE

Attached as *Annexure* is the quarterly financial report ending 31 December 2023.

RECOMMENDATIONS THAT:

1. In terms of the Municipal Finance Management Act, 2003 (Act no 56 of 2003), the Council takes note of the Quarterly Financial Report of the West Rand District Municipality for the quarter ending 31 December 2023.
2. In terms of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the Council takes note of the Quarterly report on salaries and wages of the West Rand District Municipality for the quarter ending 31 December 2023.
3. In terms of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the Council takes note of the Quarterly report on bank account withdrawals of the West Rand District Municipality for the quarter ending 31 December 2023.
4. The quarterly report be placed on the WRDM website.

1R,1P,1A,1S

1 REGION, 1 PLAN, 1 ACTION
1 SYSTEM



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



West Rand
District Municipality

2023/2024

**QUARTERLY FINANCIAL
REPORT**

31 DECEMBER 2023

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IN-YEAR BUDGET STATEMENT TABLES: QUARTER ENDED 31 December 2023

The financial results for the quarter ended 31 December 2023 are attached and consists of the following tables:

MBRR TABLES:

- 1) Table C3: Quarter 3 Budget Statement - Financial Performance (Revenue and Expenditure by Municipal vote)
- 2) Table C4: Quarter 3 Budget Statement – Financial Performance (Revenue and Expenditure)
- 3) Table C5: Quarter 3 Budget Statement – Capital Expenditure by vote, standard classification and funding
- 4) Table C6: Quarter 3 Budget Statement – Financial Position
- 5) Table C7: Quarter 3 Budget Statement – Cash Flow
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- 9) Table SC7: Quarter 3 Budget Statement – Transfer and grant expenditures
- 10) Table SC8: Quarter 3 Budget Statement – Councillor and staff benefits
- 11) Table 16: Councillors remuneration.



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 Council 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

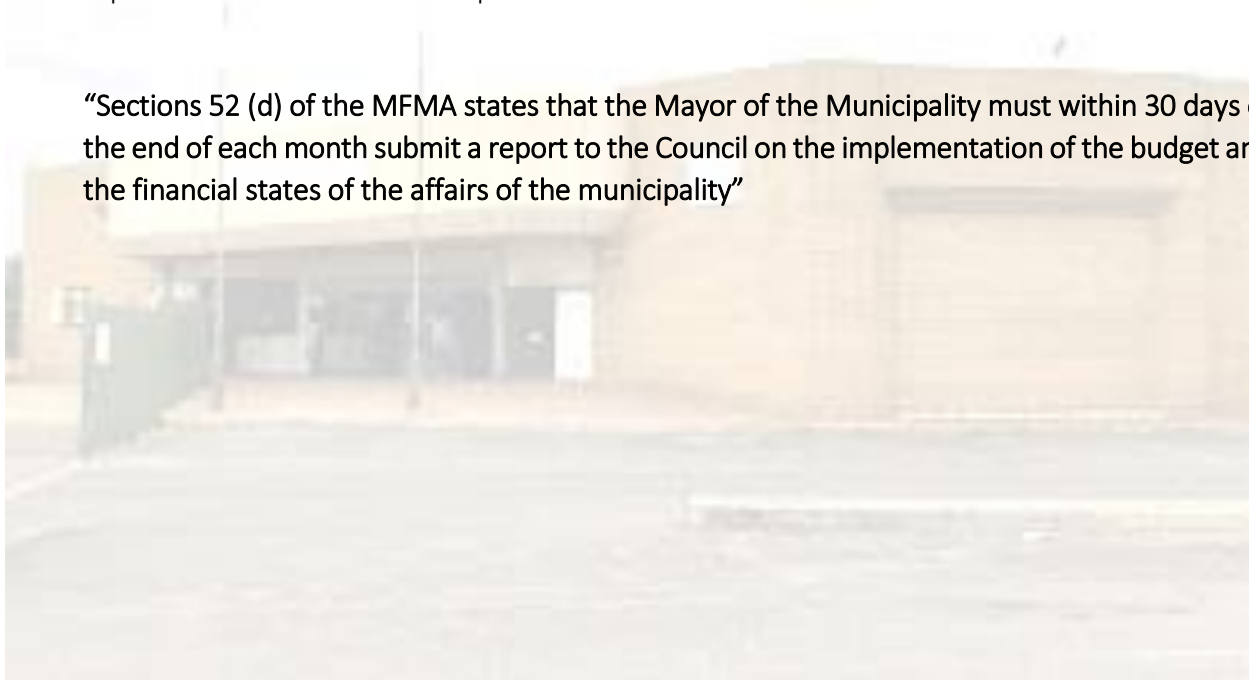
1.2. STRATEGIC OBJECTIVE

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

	2023/24 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 COLLECTED	374,078	275,424	74%	187,039
TOTAL REVENUE RECOGNISED	374,078	230,160	62%	187,039
TOTAL EXPENDITURE	(374,075)	(176,535)		(187,038)
Operational expenditure	(300,625)	(145,391)	(48%)	(150,313)
Capital expenditure	(73,450)	(31,144)	(42%)	(36,723)
SURPLUS/(DEFICIT)	3	53,625		

Note: Capitalised expenditure excluded, refer to table 4.1
Positive Revenue & Negative (Expenditure)

2.1.1 During the 2023/24 financial year the municipality has anticipated to raise **R374** million in revenue which is inclusive of operational and capital grants.

2.1.2 The total revenue of **R230,16** million has been recognised (representing 62%) 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.

Description	Monthly Actual 2023/2024 R0'000	Year to date Actual 2023/2024 R0'000
Interest on primary bank account	11	402
Interest on Short Term Investments and Call Accounts	102	2 757
Licences or Permits	34	313
Interest on debtors	31	151
Rental	13	932
Fire Prevention Fees	45	515
Commission	7	209
Sale of tender documents	12	16
Donaldson Dam	-	47
Electricity	7	230
Transfers and Subsidies:Rural Road Asset Management Systems Grant	559	1 387
LG Seta	179	1 436
Transfers and Subsidies:Local Government Financial Management Grant	69	426
Transfers and Subsidies:Fire Services Grant	132	828
Transfers and Subsidies:Expanded Public Works Programme	147	730
Transfers and Subsidies: Neighbourhood Partnership Development Grant	1 122	30 554
Transfers and Subsidies: HIV & Aids Grant	4 154	11 735
Transfers and Subsidies:Equitable Share	79 174	177 492
	85 798	230 160

- 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 **R176,48** million has been spent on the operational original budget and **R31,144** million was spent on capital expenditure to date. (this amounts to **42%** 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) - Q02

Vote Description	Ref	Budget Year 2023/24						
		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		13 171	2 788	6 761	6 586	176	3%	13 171
Vote 2 - Municipal Manager & Support		21 481	4 546	10 507	10 740	(234)	-2%	21 481
Vote 3 - Corporate Services		42 663	9 223	21 556	21 332	224	1%	42 663
Vote 4 - Budget & Treasury Office		30 556	6 682	17 365	15 278	2 087	14%	30 556
Vote 5 - Health & Social Development		55 074	15 845	38 374	27 537	10 837	39%	55 074
Vote 6 - Public safety		128 598	27 414	73 634	64 299	9 334	15%	128 598
Vote 7 - Regional planning & Economic Development		82 535	19 300	61 964	41 267	20 697	50%	82 535
Total Revenue by Vote	2	374 078	85 798	230 160	187 039	43 121	119%	374 078
Expenditure by Vote	1							
Vote 1 - Corporate Governance		13 171	1 159	7 579	6 586	993	15%	13 171
Vote 2 - Municipal Manager & Support		21 480	2 738	12 412	10 740	1 671	16%	21 480
Vote 3 - Corporate Services		42 663	2 220	18 762	21 331	(2 570)	-12%	42 663
Vote 4 - Budget & Treasury Office		30 556	1 599	13 511	15 278	(1 767)	-12%	30 556
Vote 5 - Health & Social Development		55 074	7 283	30 165	27 537	2 628	10%	55 074
Vote 6 - Public safety		128 597	8 971	59 435	64 299	(4 863)	-8%	128 597
Vote 7 - Regional planning & Economic Development		82 534	1 694	34 625	41 267	(6 642)	-16%	82 534
Total Expenditure by Vote	2	374 075	25 664	176 489	187 038	(10 549)	-7%	374 075
Surplus/ (Deficit) for the year	2	3	60 134	53 671	2	53 670	126%	3

2.2.1 The above income and expenditure summary table indicates that to date, the municipality is at a surplus of R53,67 million in overall summary per municipal votes.

2.2.2 Public Safety contributes the largest year-to-date expenditure with a total of **R59,43 million** (46%) from the overall year-to-date expenditure of **R176,53 million** per total expenditure by vote.

2.2.3 The Regional Planning and Economic Development function reported a year-to-date total expenditure of **R34,62 million** (42%) of the budgeted amount. The main expenditure contributor to date is capital expenditure of R30,55 million for the Neighbourhood Development Partnership Grant expenditure.

2.2.4 The low expenditure to date on corporate governance vote is due to allocation of political staff who functionally reports to corporate services on portfolio committees.

2.2.5 The profitability ratio presented below, is at a positive **(25%)**. This indicates that the municipality's year to date financial performance is at a surplus as at 31 December 2023.

Description	Basis of calculation	% Profit/ (Deficit)
Profitability ratio	Surplus/ Total revenue	25%

2.3 Table 3: FINANCIAL PERFORMANCE REVENUE BY TYPE

This table shows income raised by the municipality for the quarter ended 31 December 2023

DC48 West Rand - Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q02

Description	Ref	2022/23	Budget Year 2023/24						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Rental of facilities and equipment		2 027	2 606	14	932	1 303	(371)	-28%	2 606
Interest earned - external investments		3 076	3 919	102	3 077	1 960	1 118	57%	3 919
Interest earned - outstanding debtors		258	355	31	151	178	(26)	-15%	355
Licences and permits		542	701	35	314	351	(36)	-10%	701
Reversal on impairment of investment		-	4 600	-	-	2 300	(2 300)	-100%	4 600
Transfers and subsidies		296 122	262 852	85 380	224 030	131 426	92 604	70%	262 852
Other revenue		5 341	22 709	237	1 655	11 355	(9 700)	-85%	22 709
Gains on disposal of PPE		6	550	-	-	275	(275)	-100%	550
Total Revenue (excluding capital transfers and contributions)		307 372	298 292	85 798	230 160	149 146	81 014	(0)	298 292

2.3.1 The total year-to-date operational revenue recognised for the period ended 31 December 2023 amounted to R230,56 million (excluding capital transfers). The overall collections of total revenue for the quarter was mainly contributed by the operational grants with only a small portion from operational revenue consisting of fire prevention fees and rental of facilities.

2.3.2 Transfers and subsidies are made up of conditional grants namely : Rural Asset Management Grant, Financial Management Grant, Expanded Public Works Programme Grant, Fire and Rescue Services Grant, and Neighbourhood Development Partnership Grant. Revenue from these grants is recognised monthly as the funds are spent in line with stipulated grant conditions. The municipality also received its second tranche of the Equitable Share.

2.3.3 The interest received was realised from external short-term investments for the quarter amounts to R1,3 million . The over collections are due to grants received and not yet utilised, however, the funds are always available for withdrawal as and when needed.

2.3.4 The municipality is at 36% of the total budgeted rental collections for the current financial year. The municipality is of the opinion that the implementation of the credit control policy will assist the municipality to realised revenue as projected.

2.3.5 Grants are fully disclosed in Table 4. (SC6)

2.3.6 The breakdown of other revenue for the quarter ended 31 December 2023 is made up from the following sources as presented on the table below:

Item Description	Monthly Income	Quarterly Income
Sales of Goods and Rendering of Services: Fire Services	37,988	294,952
Building Plan Fees	-	4,061
Sale of tender documents	11,565	13,391
LG SETA	179,307	929,348
Sale of plants	2,004	2,004
Commission	6,623	48,125
TOTAL	237,487	1,291,881

The breakdown of Donaldson Dam revenue as at 31 December 2023 is made up from the following sources as presented on the table below:

Item Description	Monthly Income	Quarterly Income
Donaldson Dam	-	28,326
TOTAL	-	28,326



Table 4: GRANTS RECEIVED FOR THE QUARTER ENDED 31 DECEMBER 2023

The table for transfers and subsidies received by the municipality as at the quarter ended 31 December 2023

DC48 West Rand - Supporting Table SC6 Quarterly Budget Statement - Transfers and Grant Receipts - Q02

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:		240 819	79 715	180 556	240 819	(60 263)	(0)	240 819
Local Government Equitable Share		51 355	–	51 355	51 355	–		51 355
RSC Levy Replacement		187 061	79 174	127 159	187 061	(59 902)	-32.0%	187 061
Finance Management		1 200	–	1 200	1 200	–		1 200
EPWP Incentive		1 203	541	842	1 203	(361)	-30.0%	1 203
Provincial Government:		15 469	4 988	15 469	15 469	–	–	15 469
Health Subsidy		12 469	4 988	12 469	12 469	–		12 469
District Municipality:		3 000	–	–	–	–	–	–
Fire Rescue Services		3 000	–	3 000	3 000	–		3 000
Other grant providers:		9 564	179	1 439	9 564	(8 125)	–	9 564
LG SETA		9 564	179	1 439	9 564	(8 125)		9 564
Total Operating Transfers and Grants	5	265 852	84 882	197 464	265 852	(68 388)	(0)	265 852
Capital Transfers and Grants								
National Government:		72 786	–	71 950	72 786	(836)	–	72 786
Neighbourhood Development Partnership		70 000	–	70 000	70 000	–		70 000
Rural Roads Asset Management Systems		2 786	–	1 950	2 786	(836)	-30.0%	2 786
Provincial Government:		–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	72 786	–	71 950	72 786	(836)	–	72 786
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	338 638	84 882	269 414	338 638	(69 224)	(0)	338 638

2.3.7 The total year-to-date transfers and subsidies received for the 2023/24 financial year amount to **R269,41 million** which is made up of 197,46 million and R71,95 million for operational and capital commitments respectively. The grants are the main revenue contributor which is an indication that the municipality is grant dependent while seeking other sources of revenue to maintain financial stability.

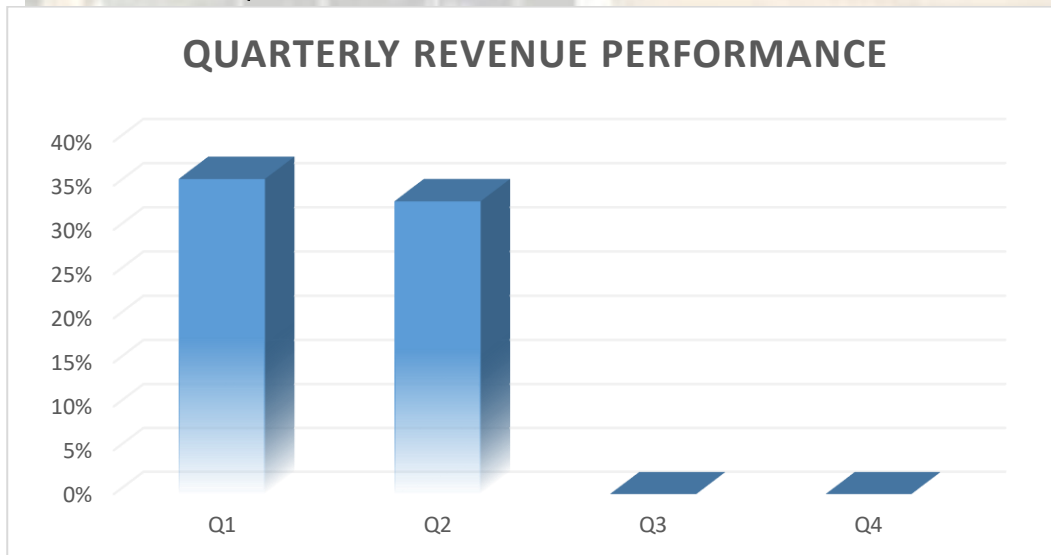
2.3.8 The table below presents the total conditional grant transfers and unspent grants as per their conditions:

Grants for the month ended 30 December 2023						
Grants	Gazetted	Roll-over 2023/2024	Received per bank statement	Spent to date	Unspent	% Spent to date
FMG	1 200 000	-	1 200 000	427 087	772 913	36%
EPWP	1 203 000	-	842 000	730 665	111 335	87%
Health subsidy	12 469 000	733 642	12 469 000	11 735 358	733 642	94%
Fire & Rescue Services Capital	3 000 000	1 876 408	3 000 000	-	4 876 408	0%
Fire & Rescue Services Operational	-	9 865 754	-	828 722	9 037 032	8%
Rural Asset Management Grants	2 786 000	297 948	1 950 000	1 387 963	562 037	71%
Disaster Management	-	2 612 508	-	-	2 612 508	
Neighbourhood Development Partnership	70 000 000	-	70 000 000	30 554 981	39 445 019	44%
GRAP 17	-	-	-	-	-	0%
TOTAL "R"	90 658 000	15 386 260	89 461 000	45 664 776	58 150 894	

2.3.8.1 The above table depicts year to date conditional grants movement. The municipality has received **R89, 46 million (99%)** of the total conditional grants gazetted during the year.

2.3.8.2 In terms of mSCOA reporting classification, revenue recognition for conditional grants is only considered once the expense has been incurred by the municipality (grants spent). In turn, a liability (unspent grants) was initially recognised for the particular grant amount not yet spent therefore only R45,66 million spent to date can be recognised as revenue and unspent portion of R58,15 million be recorded as a liability until the conditions are met.

CHART 1: QUARTER 3 REVENUE PERFORMANCE



The above chart represents the quarter 1 revenue % of the total revenue raised as at 31 December 2023

Table 5: FINANCIAL PERFORMANCE EXPENDITURE BY TYPE

This table shows expenditure incurred by the municipality for the quarter ended 31 December 2023

DC48 West Rand - Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q02

Description	Ref	2022/23	Budget Year 2023/24						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Expenditure By Type									
Employee related costs		209 338	222 569	17 813	109 341	111 285	(1 943)	-2%	222 569
Remuneration of councillors		11 978	13 132	1 077	6 855	6 566	289	4%	13 132
Debt impairment		(859)	650	-	-	325	(325)	-100%	650
Depreciation & asset impairment		5 072	5 800	423	2 536	2 900	(364)	-13%	5 800
Interest cost and penalties		9 095	6 135	-	620	3 068	(2 448)	-80%	6 135
Other materials			250	40	220	125	95	76%	250
Contracted services		46 666	9 464	502	6 346	4 732	1 614	34%	9 464
Transfers and subsidies		11 932	12 469	4 154	11 735	6 235	5 501	88%	12 469
Other expenditure		21 902	30 156	1 680	7 737	15 078	(7 341)	-49%	30 156
Disposal of PPE		156	-	-	-	-	-	0%	-
Total Expenditure		315 279	300 625	25 688	145 391	150 313	(4 921)	(0)	300 625

2.3.9 The total year-to date operating expenditure for the period ended 31 December 2023 amounts to **R145,39 million** which represents 48% of the approved operational budget.

2.3.10 The total employee related costs including councillors' remuneration is 49% of the total budgeted operating expenditure was incurred as 31 December 2023. The major portion of equitable share is utilised for employee costs due to limited revenue streams in the municipality.

2.3.11 The reported year to date interest charges of R620 thousand on overdue account was billed by Rand West City LM for utilities, however the amount will be written off after receiving a credit note on amount paid as per payment arrangement.

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

The breakdown of contracted services for the quarter ended 31 December 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Maintenance of Buildings and Facilities	132,118	419,183
Security Services	347,921	1,043,763
Business & Advisory: Accounting and Auditing	-	84,784
Business & Advisory: Project Management	21,584	21,584
Maintenance of Equipment	-	67,163
Audit Committee	-	22,152
Legal cost and Litigation	-	154,432
Expenditure: Contracted Services: Upgrade Financial System	-	33,891
TOTAL CONTRACTED SERVICES	501,623	1,846,952

The breakdown of other expenditure for the quarter ended 31 December 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Bank charges	1,997	6,855
Operating lease: Office Equipment	30,939	141,935
Uniform and protective clothing	29,134	29,134
Communication (Telephone & Cellular)	18,764	210,776
Advertising: Newsletters	-	30,258
Software licenses	275,714	827,271
Municipal Services	-	672,554
Motor Vehicle Licence and Registrations	-	1,443
Wet fuel	130,000	370,000
Internships and Learnerships	-	750,040
Skills development levy	143,013	446,777
External audit fees	1,050,672	2,112,581
Seminars Conferences Workshops and Event	-	1,345
TOTAL OTHER EXPENDITURE	1,680,233	5,600,969

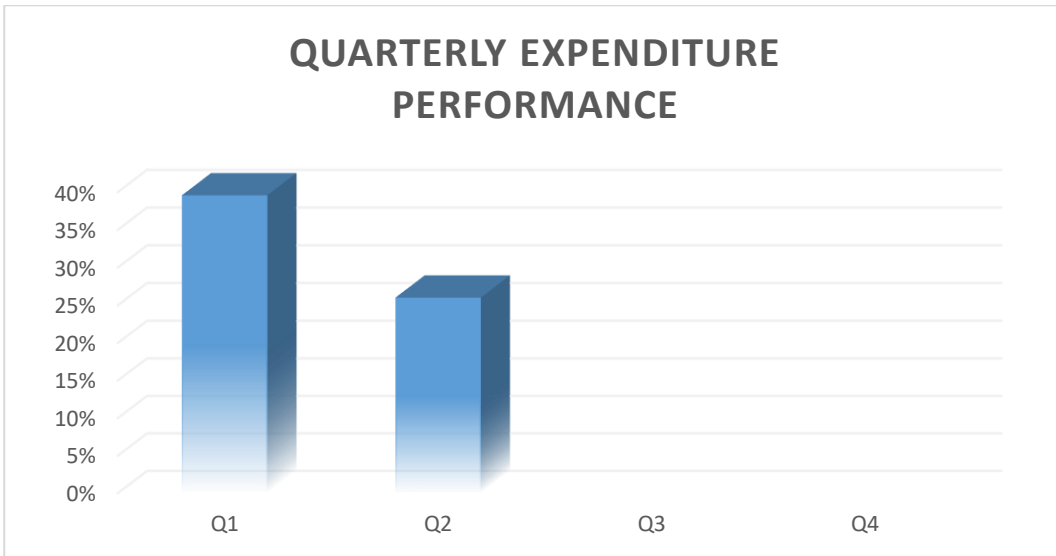
The breakdown of Donaldson Dam expenditure for the quarter ended 31 December 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Employee Cost	44,909	134,727
Security Services	60,103	180,309
TOTAL EXPENDITURE	105,012	315,036

The breakdown of Merafong flora expenditure for the quarter ended 31 December 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Employee Cost	195,435	586,305
Security Services	60,103	180,309
TOTAL EXPENDITURE	255,538	766,614

Chart 1: QUARTER 3 EXPENDITURE PERFORMANCE



The above chart represents the Quarter 3 expenditure % of the total expenditure as at the 31 December 2023.

3 DEBTORS AND CREDITORS

3.1 TABLE 6: DEBTORS AGE ANALYSIS – QUARTER ENDED 31 DECEMBER 2023

Description	NT Code	Budget Year 2023/24										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	135	206	166	160	133	155	776	10 070	11 801	11 294	3 770	7 185
Total By Income Source	2000	135	206	166	160	133	155	776	10 070	11 801	11 294	3 770	7 185
107656.6 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	-	-	7 185	7 185	7 185	-	7 185
Commercial	2300	135	206	166	160	133	155	776	2 885	-	-	-	-
Impairment		-	-	-	-	-	-	-	-	-	-	-	8 237
Other	2500	-	-	-	-	-	-	-	-	-	-	3 770	-
Total By Customer Group	2600	135	206	166	160	133	155	776	10 070	7 185	7 185	-	15 422

3.1.1 Debtors who are 90 days and older for WRDM is **R11,80 million** as at 31 December 2023. The longer an account is outstanding, it imposes high risk of collection to the municipality and can be reviewed as impaired if non-payment status persist, below is a detailed aging analysis per debtor.

Debtors ageing analysis breakdown

Debtors Name	Description of services rendered	Total
Adel	Rental	537,810
Adel JUT 2	Rental	1,139,107
Adel JUT 3	Rental	94,106
NYDA	Rental	50,255
Jumbo Liquors	Rental	67,000
Capitec Bank Limited (Vacant)	Rental	295,930
BP South Africa (PTY) LTD	Rental	-65,443
United Meat and Chicken	Rental	1,528,203
Department of Health	Rental	91,792
South African Municipal Workers (Vacant)	Rental	678,524
Jumbo Furniture (Vacant)	Rental	198,495
Rand West City Local Municipality	Contributions	1,825,800
Merafong City Local Municipality	Contributions	5,400,000
Sundry Debtors Witten-Off		-40,630
Total		11,800,948

3.2 TABLE 7: CREDITORS AGE ANALYSIS – QUARTER ENDED 31 DECEMBER 2023

DC48 West Rand - Supporting Table SC4 Quarterly Budget Statement - aged creditors - Q02

Description	NT Code	Budget Year 2023/24									Total
		0 Days	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	457	491	488	573	23 660	-	-	-	-	25 669
Auditor General	0800	9	2	-	-	132	-	-	-	-	134
Other	0900	-	25 562	-	-	-	-	-	-	30 444	56 006
Total By Customer Type	1000	457	26 055	488	573	23 792	-	-	-	30 444	81 809

3.2.1 The municipality is currently owing the suppliers a total amount of **R25,66 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 adherence to 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 municipality has payment arrangements with all creditors that are in arrears.

The breakdown of the creditors' age analysis by customer balance for the quarter ended 31 December 2023 is made up as follows:

Creditor Code	Creditor Name	Description of services rendered	30 Days	60 Days	90 Days	120 Days	Total
7230	Apex Business Systems	Lease of printing machines	35,580		-	-	35,580
437	Auditor General South Africa	External Audit Services	11,017	-	-	131,544	142,561
99348	Mabotwane Security Services	Security Services	400,109	-	-	177,821	577,930
2077	Nozuko Nxusani Incorporated	Legal Services	-	-	-	570,025	570,025
99339	PK Financial Consultants	VAT review services	-		-	320,460	320,460
6857	Rand West City Local Municipality (Donaldson Dam)	Municipal Services	22,049	21,939	21,777	1,157,701	1,223,466
99902	Rand West City Local Municipality	Municipal Services	469,084	465,766	551,551	15,246,057	16,732,458
13852	SALGA	Membership fees	-	-	-	6,188,043	6,188,043
163	Telkom Limited	Communication Services	21,532	-	-	-	21,532
Total			959,371	487,705	573,328	23,791,651	25,812,055

3.2.4 Other payables on accruals and deferred income on unspent conditional grants breakdown is presented below:

Creditors (other accrual)	Amount
Leave payable (days not taken)	25,561,793
Human Settlement Grant	30,444,000
Total	56,005,793

Unspent conditional grants	Amount
FMG	772,913
Health Subsidy	733,642
Rural Asset Management Grants	562,037
Expended Public Works Programme	111,335
Neighbourhood Development Partnership	39,445,019
Disaster Management Grant and Fire services grant	2,612,508
Fire Services Grant (Capital)	4,876,408
Fire Services Grant (Operational)	9,037,032
Total unspent grants	58,150,894

3.2.1 The municipality has a leave payable balance of R25 million by 31 December 2023 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.

3.2.2 The municipality's employees are encouraged to take leave to reduce the liability.

4 SUMMARY OF CAPITAL BUDGET

4.1 CAPITAL BUDGET PERFORMANCE FOR THE QUARTER ENDED 31 DECEMBER 2023

	2023/24 Approved Budget	Actual spend to date (in R and as a % of the Approved Budget)		Pro rata Budget to date
	R	R	%	R
EXPENDITURE (Excl. VAT)	63,869,565	27,081,484	42%	31,934,783
VAT @ 15%	9,580,435	4,062,223	-	4,790,218
EXPENDITURE (Incl. VAT)	73,450,000	31,143,707	42%	36,725,001

4.1.1 The table below represents the capital expenditure as at 31 December 2023 per functional classification and funding:

DC48 West Rand - Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q02

Vote Description	Ref	2022/23	Budget year 2023/24						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Capital Expenditure - Functional Classification									
Governance and administration		448							
Finance and administration		448	450	-	589	225	364	162%	450
Community and public safety		387							
Public safety		387	3 000	-	-	1 500	(1 500)	-100%	3 000
Economic and environmental services		44 130							
Planning and development		44 130	70 000	1 123	30 555	35 000	(4 445)	-13%	70 000
Total Capital Expenditure - Functional Classification	3	44 966	73 450	1 123	31 144	36 725	(5 581)	0	73 450
Funded by:									
National Government		44 130	70 000	1 123	30 555	35 000	(4 445)		70 000
Provincial Government		387	3 000	-	-	1 500	(1 500)	-100%	3 000
Internally generated funds		448	450	-	589	225	364	162%	450
Total Capital Funding		44 966	73 450	1 123	31 144	36 725	(5 581)	0	73 450

4.1.2 The municipality has a total budget of R73,5 million for capital expenditure. This includes R70 million to be spent on construction of a multi-purpose centre that is funded through the Neighbourhood Development Partnership Grant gazette in a DoRA. The capital expenditure to date on the construction of a multi-purpose centre is R30,5 million for the quarter ended 31 December 2023.

5 Cash Flow position
 5.1 CASH FLOW – QUARTER ENDED 31 DECEMBER 2023

DC48 West Rand - Table C7 Quarterly Budget Statement - Cashflow- Q02

Description	Ref	2022/23		Budget Year 2023/24					
		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		318 837	368 928	85 246	277 167	184 464			368 928
Other revenue		4 852	26 371	262	4 490	13 185	(8 695)	-66%	26 371
Government - operating	1	261 934	262 852	84 882	197 464	131 426	66 038	50%	262 852
Government - capital	1	48 975	75 786	-	71 950	37 893	34 057	90%	75 786
Interest		3 076	3 919	102	3 263	1 960	1 303	67%	3 919
Dividends		-	-	-	-	-	-	-	-
Payments		(301 698)	(294 175)	(27 663)	(162 448)	(147 088)			(294 175)
Suppliers and employees		(289 766)	(275 572)	(23 509)	(150 962)	(137 786)	(13 176)	10%	(275 572)
Finance charges		-	(6 135)	-	-	(3 067)	3 067	-100%	(6 135)
Transfers and Grants		(11 932)	(12 469)	(4 154)	(11 486)	(6 235)	(5 251)	84%	(12 469)
NET CASH FROM/(USED) OPERATING ACTIVITIES		17 139	74 752	57 583	114 719	37 376	77 343	0	74 752
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Payments									
Capital assets		(1 255)	(73 450)	(1 123)	(30 555)	(36 725)	6 170	-17%	(73 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 255)	(73 450)	(1 123)	(30 555)	(36 725)	6 170		(73 450)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-					
NET INCREASE/ (DECREASE) IN CASH HELD		15 883	1 302	56 460					
Cash/cash equivalents at beginning:	2	2 642	2 642		18 503				2 642
Cash/cash equivalents at month/year end:	2	18 526	3 944		102 667				3 944

5.2 Free Cash flow analysis

Total Application of cash and investments:	Closing balance (R '000)
WRDM (FNB transactional account)	328
WRDM (Standardbank transactional accounts)	55
Call Account Investment – WRDM (Standardbank)	87,992
Call Account Investment – WRDM (FNB)	14,291
Total cash available	102,666
Unspent conditional grants	(58,150)
Free cash flow	44,516
Outstanding obligations for January 2024- Creditors	(21,042)
Outstanding obligations for February 2024- Creditors	(20,948)
Outstanding obligations for March 2024- Creditors	(24,067)
Total obligations	(66,057)
Cash flow surplus by 30 April 2024	(21,541)

- 5.2.1 A summary of the cash flow for the quarter ended 31 December 2023 is reflected in the table above.
- 5.2.2 The table in short indicates affordability status and confirms that the municipality is in financial distress hence the implementation of the financial recovery plan and the financial turnaround strategy.
- 5.2.3 The free cash flow for the quarter ended 31 December 2023 after deducting unspent conditional grants is at R44 million. After the municipality takes into account its obligations as at 28 February 2024 the cash flow will be at a surplus of R2 million, which will be insufficient to cover the municipality's future obligations.
- 5.2.4 The municipality is expecting a last trench of equitable share in March which will assist in running daily operations and honour commitments for the remaining months in the current financial year.

5.3 SHORT TERM INVESTMENT AND RESERVE FOR THE QUARTER ENDED 31 DECEMBER 2023

DC48 West Rand - Supporting Table SC5 Quarterly Budget Statement - investment portfolio - Q02

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	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	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					7 950	91	-	6 250	14 291
Standardbank Call Account		N/A	Call account	Yes	Fixed					36 987	-	(28 169)	79 174	87 992
TOTAL INVESTMENTS AND INTEREST	2									44 936	91	(28 169)	85 424	102 283

5.3.1 During the quarter ended 31 December 2023, withdrawals of R28,1 million were made from the Standard Bank Call Account for operational expenditure and a portion of R79,1million was re-invested in the municipality’s Standard Bank Call Account and another R6,2 million invested in the municipality’s FNB Call Account. The call account type is available on demand while ring-fencing conditional grants.



6. FINANCIAL POSITION

6.1 FINANCIAL POSITION FOR THE QUARTER ENDED 31 December 2023

DC48 West Rand - Table C6 Quarterly Budget Statement - Financial Position - Q02

Description	Ref	2022/23	Budget year 2023/24		
		Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands	1				
ASSETS					
Current assets					
Cash		12 079	-	384	-
Call investment deposits		5 901	-	102 283	-
Consumer debtors		3 697	2 783	3 564	2 783
Receivables from non-exchange transactions		734	-	734	-
Inventory		238	95	233	95
Total current assets		22 648	2 878	107 197	2 878
Non current assets					
Investment property		9 200	8 845	9 200	8 845
Property, plant and equipment		59 631	53 056	59 631	53 056
Biological		162	143	162	143
Total non current assets		68 992	62 044	68 992	62 044
TOTAL ASSETS		91 640	64 922	176 190	64 922
LIABILITIES					
Current liabilities					
Trade and other payables		119 779	74 329	81 809	74 329
Provisions		12 409	15 754	12 409	15 754
Total current liabilities		132 187	90 083	94 218	90 083
Non current liabilities					
Employee benefit obligation		-	-	-	-
Provisions		73 890	62 409	73 890	62 409
Total non current liabilities		73 890	62 409	73 890	62 409
TOTAL LIABILITIES		206 077	152 492	168 108	152 492
NET ASSETS	2	(114 437)	(87 569)	8 082	152 492
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		(114 437)	(87 569)	8 082	(87 569)
Reserves					
TOTAL COMMUNITY WEALTH/EQUITY	2	(114 437)	(87 569)	8 082	(87 569)

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

Number	Description	Basis of calculation	YTD 2023/24
1	Current ratio	Current assets/ Current liabilities	1,14:1
2	Liquidity ratio	(Current assets – Inventory)/ Current liabilities	1,14:1
3	Working capital	Current assets – Current liabilities	R12,979 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 1,14:1 shows that the municipality's ability to meet its short term obligation for the reporting period is slightly below the norm. 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 1,14:1 shows that the municipality will partially be able to 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.

6 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

6.1 KEY DATA: HUMAN RESOURCES

Details	Annual Budget	YTD 2023/2024
Employee costs as % of total expenditure	74%	80%
Number of permanent employees	362	341
Number of temporary employees	50	18

6.2 Table 15: COUNCILLORS AND STAFF BENEFITS

DC48 West Rand - Supporting Table SC8 Quarterly Budget Statement - Councillor and Staff Benefits - Q02

Summary of Employee and Councillor remuneration R thousands	Ref	2022/23	Budget year 2023/24						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		8 501	9 321	882	5 418	4 660	757	16%	9 321
Motor Vehicle Allowance		1 856	2 035	43	297	1 017	(720)	-71%	2 035
Cellphone Allowance		1 347	1 477	129	846	738	108	15%	1 477
Other benefits and allowances		274	300	22	294	150	144	96%	300
Sub Total - Councillors		11 978	13 132	1 077	6 855	6 566	289	4%	13 132
Senior Managers of the Municipality									
Basic Salaries and Wages	3	6 219	7 071	550	2 977	3 535	(558)	-16%	7 071
Other benefits and allowances		714	1 361	174	1 025	680	345	51%	1 361
Sub Total - Senior Managers of Municipality		6 934	8 431	723	4 002	4 216	(213)	-5%	8 431
Other Municipal Staff									
Basic Salaries and Wages		125 318	138 573	11 386	67 747	69 287	(1 539)	-2%	138 573
Pension and UIF Contributions		25 121	28 978	2 107	13 312	14 489	(1 177)	-8%	28 978
Medical Aid Contributions		12 505	12 933	1 054	5 302	6 466	(1 164)	-18%	12 933
Overtime		9 821	8 566	525	3 769	4 283	(514)	-12%	8 566
Performance Bonus		9 809	1 883	487	6 571	942	5 629	598%	1 883
Motor Vehicle Allowance		10 862	10 391	1 046	5 700	5 195	505	10%	10 391
Cellphone Allowance			16	128	140	8	132	1687%	16
Housing Allowances		1 161	1 211	106	541	606	(64)	-11%	1 211
Other benefits and allowances		7 669	1 086	249	2 043	543	1 500	276%	1 086
Payments in lieu of leave		137	4	-	213	2	211	10965%	4
Sub Total - Other Municipal Staff		202 404	203 641	17 089	105 339	101 821	3 519	3%	203 641
TOTAL SALARY, ALLOWANCES & BENEFITS		221 315	225 204	18 890	116 197	112 602	3 595	3%	225 204

6.3 Table 16: COUNCILLORS REMUNERATION

PUBLIC OFFICE-BE+B1:J21ARERS ACT, ACT NO. 20 of 1998								
MONTHLY 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:	November			Total Number of Councillors:		44		
Contact Person:	Sam Ramaele			Telephone:		011 411 5010		
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	E. Special risk insurance	F. Other benefits and allowances	F. Total monthly expenditure
Municipal Councillors: Full-Time								
Executive Mayor	1	79 637.58	3 917.00	-	-	-	-	83 554.58
Speaker	1	35 541.75	2 117.00	-	-	-	-	37 658.75
Member of Mayoral Committee	8	437 690.97	29 536.00	-	14 932.05	-	-	482 159.02
Chief Whips	1	57 976.00	3 917.00	-	-	-	-	61 893.00
Chairperson of Section 79 Committees	1	57 976.00	3 917.00	-	13 556.69	-	-	75 449.69
Municipal Councillors: Part-Time								
Councillors	32	212 924.74	86 061.00	22 410.50	14 932.05	-	-	336 328.29
TOTAL		881 747.04	129 465.00	22 410.50	43 420.79	0	-	1 077 043.33
Comments:								
Municipal Manager :	ME Koi				Date:	2023/12/31		

**Table 17: WITHDRAWAL STATEMENT
WITHDRAWAL STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2023**

Primary bank account refers to any banks account as defined in terms of Section 8 of the MFMA.

	Consolidated	Bank 1	Primary Bank Account	Bank 2	Bank 3
Bank:		First National Bank (WRDM)	Standard Bank (WRDM)	Standard Bank Call Account (WRDM)	FNB Call Account (WRDM)
Account number:		622777660872	21307350	0	
Bank reconciliation/s compiled and attached		Yes	Yes	-	-
Month:(End of Quarter)	December	December	December	December	December
Opening cash book balance at beginning of quarter	46 291 660	1 209 228	145 971	36 986 683	7 949 777
Add Receipts for quarter	170 675 857	5 370 079	79 791 026	79 174 000	6 340 752
Less Payments for quarter	-114 300 628	-6 250 344	-79 881 698	-28 168 586	-
Closing cash book balance at end of quarter	102 666 889	328 964	55 299	87 992 097	14 290 529
GL Account Balance				-	-
Payments for the month	-114 300 628	-6 250 344	-79 881 698	-28 168 586	-
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	-114 300 628	-6 250 344	-79 881 698	-28 168 586	-
Actual capital expenditure for the quarter	-	-	-	-	-
Actual operating expenditure for the quarter	-114 300 628	-6 250 344	-79 881 698	-28 168 586	-
Section 11(4) expenditure	-	-	-	-	-
Total	-114 300 628	-6 250 344	-79 881 698	-28 168 586	-