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1 SYSTEM




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



Mogale City
Local Municipality



City of Johannesburg
Municipality



City of Tshwane
Municipality

West Rand
District Municipality

2022/2023 Quarterly Financial Report 31 December 2022



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IN-YEAR BUDGET STATEMENT TABLES: QUARTER ENDED 31 December 2022

The financial results for the QUARTER ended 31 December 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)
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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	201,088	63%	159,562
TOTAL EXPENDITURE	(319,108)	(153,407)	(48%)	(159,554)
Operational expenditure	(273,458)	(136,820)	(50%)	(136,729)
Capital expenditure	(45,650)	(16,586)	(36%)	22,825
SURPLUS/(DEFICIT)	16	47,682	%	8

- 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 **R201** million has been recorded (representing **63%**) 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 To date, a total of **R153** million has been spent on expenditure, (this amounts to **48%** of the total approved expenditure budget for the year).
- 2.1.4 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.
- 2.1.5 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) - Q2								
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	3,070	6,662	4,885	1,777	36%	9,770
Vote 2 - Municipal Manager & Support		13,815	4,605	9,993	6,908	3,085	45%	13,815
Vote 3 - Corporate Services		27,190	8,199	20,028	13,595	6,433	47%	27,190
Vote 4 - Budget & Treasury Office		31,192	5,827	14,047	15,596	(1,549)	-10%	31,192
Vote 5 - Health & Social Development		46,720	11,519	32,034	23,360	8,674	37%	46,720
Vote 6 - Public safety		113,446	35,344	77,204	56,723	20,481	36%	113,446
Vote 7 - Regional planning & Economic Development		76,991	14,499	41,120	38,496	2,625	7%	76,991
Total Revenue by Vote	2	319,125	83,063	201,088	159,562	41,526	26%	319,125
Expenditure by Vote	1							
Vote 1 - Corporate Governance		10,946	2,118	10,998	5,473	5,525	101%	10,946
Vote 2 - Municipal Manager & Support		17,684	946	8,877	8,842	35	0%	17,684
Vote 3 - Corporate Services		35,465	2,241	16,623	17,732	(1,109)	-6%	35,465
Vote 4 - Budget & Treasury Office		26,160	1,988	14,790	13,080	1,710	13%	26,160
Vote 5 - Health & Social Development		45,717	3,040	23,941	22,858	1,083	5%	45,717
Vote 6 - Public safety		106,844	9,226	53,855	53,422	433	1%	106,844
Vote 7 - Regional planning & Economic Development		76,293	5,452	24,322	38,146	(13,824)	-36%	76,293
Total Expenditure by Vote	2	319,109	25,011	153,407	159,554	(6,148)	-4%	319,109
Surplus/ (Deficit) for the year	2	16	58,052	47,682	8	47,674		16

2.2.1 The above income and expenditure summary table indicates that to date, the municipality is at a surplus of R47,7 million in overall summary per municipal votes.

2.2.2 Public Safety contributes the largest with expenditure amount of R53,8 million (35%) from the overall quarterly expenditure of R153,4 million .

2.2.3 The profitability ratio presented below is at a positive **24%** to date due to operating surplus during the month. This indicates that the municipality's financial performance is at a surplus for the month ending 31 December 2022.

Description	Basis of calculation	% Profit/ (Deficit)
Profitability ratio	Surplus/ Total revenue	24%

2.3 Table 3: FINANCIAL PERFORMANCE REVENUE BY TYPE

This table shows income raised by the municipality for the Quarter ended 31 December 2022

DC48 West Rand - Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q2

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 Source								
Rental of facilities and equipment		2,365	176	1,080	1,183	(103)	-9%	2,365
Interest earned - external investments		2,244	329	1,415	1,122	293	26%	2,244
Interest earned - outstanding debtors		211	40	185	105	79	75%	211
Licences and permits		250	-	383	125	258	206%	250
Reversal on impairment of investment		3,600	-	-	1,800	(1,800)	-100%	3,600
Transfers and subsidies		246,405	77,947	177,496	123,203	54,294	44%	246,405
Other revenue		15,515	121	1,453	7,757	(6,305)	-81%	15,515
Gains on disposal of PPE		560	-	-	280			560
Total Revenue (excluding capital transfers and contributions)		271,149	78,612	182,011	135,575	46,436	34%	271,149

2.3.1 The total operational revenue recognised in the month of December 2022 amounted to R78,6 million representing of the total revenue collected to date (excluding capital revenue). The overall collections of total revenue for the month was contributed by the operational grants and own revenue with 99% and 1% respectively. The operational grants recognised as revenue is R908 thousand the grant spending and conditions.

2.3.2 The interest received was realised from external short-term investments for the month amounts to R329 thousand giving a total year to date of R1,4 million. 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 91% 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 month ended 31 December 2022 is made up from the following sources as presented on the table below:

Item Description	Monthly	Quarterly (Oct – December 2022)
Sales of Goods and Rendering of Services: Fire Services	38,768	245,954
Handling fees	7,005	159,794
Sales of Goods and Rendering of Services: Health Certificate	6,026	29,432
Recovery of electricity from tenants	60,740	168,564
Operation revenue(Donaldson Dam)	5,765	38,400
Sales of Goods and Rendering Of Services: Tender documents	3,044	46,261
Sale of Property: Auction	-	307,943
TOTAL	121,348	996,348

2.4 Table 4: GRANTS RECEIVED FOR THE QUARTER ENDED 31 December 2022

The table for transfers and subsidies received by the municipality as at the Quarter end of December

DC48 West Rand - Supporting Table SC6 Quarterly Budget Statement - transfers and grant receipts - Q2

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	77,300	168,604	232,673	(64,069)	-56%	232,673
Local Government Equitable Share		48,516	16,118	54,368	48,516	5,852	12.1%	48,516
RSC Levy Replacement		181,736	60,633	112,180	181,736	(69,556)	-38.3%	181,736
Finance Management		1,200	-	1,200	1,200	-		1,200
EPWP Incentive		1,221	550	856	1,221	(365)	-29.9%	1,221
Provincial Government:		11,932	4,773	12,357	11,932	425		11,932
Health Subsidy		11,932	4,773	11,932	11,932	-		11,932
GRAP 17		-	-	425	-	425		-
Other grant providers:		1,800	288	1,990	1,800	190	11%	1,800
LG SETA		1,800	288	1,990	1,800	190	10.5%	1,800
Total Operating Transfers and Grants	5	246,405	82,360	182,951	246,405	(63,454)	-25.8%	246,405
Capital Transfers and Grants								
National Government:		45,775	-	36,342	45,775	(833)	-1.8%	45,775
Neighbourhood Development Partnership		43,000	-	34,400	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
Fire Rescue Services		2,200	-	2,200	2,200	-		2,200
Total Capital Transfers and Grants	5	47,975	-	38,542	47,975	(833)	-1.8%	47,975
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	294,380	82,360	221,493	294,380	(64,287)	-21.8%	294,380

2.4.1 The total transfers and grants received for the 2022/23 financial year amount amounts to R221,5 million which is made up of R183 million and R38,5 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 In the month of December the municipality has received LG SETA grant of R288 thousand for skills and development programme.

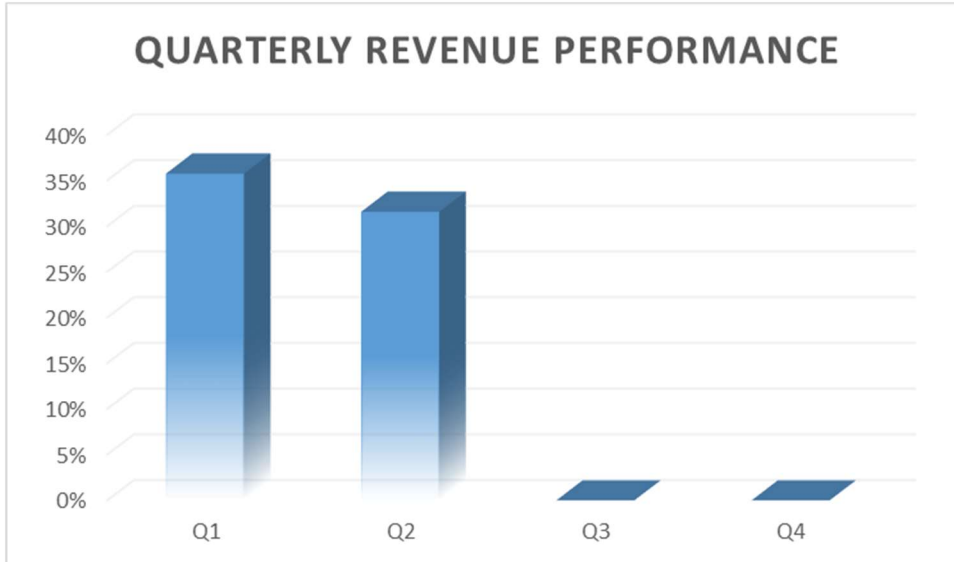
2.4.3 The table below presents the total conditional grants transfers and unspent grants as per their conditions:

Grants	Gazetted	Roll-over	Received per bank statement	Spent to date	Unspent	% Spent to date
FMG	1,200,000	-	1,200,000	508,629	691,371	42%
EPWP	1,221,000	-	856,000	614,460	241,540	72%
Health subsidy	11,932,000	1,260,000	11,932,000	6,619,200	5,312,800	55%
Fire & Rescue Services	2,200,000		2,200,000	-	2,200,000	0%
Rural Asset Management Grants	2,775,000	-	1,942,000	1,348,240	593,760	69%
Neighbourhood Development Partnership	43,000,000	-	34,400,000	19,077,349	15,322,651	55%
GRAP 17	-	424,845	-	129,945	294,900	31%
TOTAL "R"	62,328,000	1,684,845	52,530,000	28,297,823	24,657,022	

2.4.3.1 The above table depicts year to date conditional grants movement. The municipality has received R52,5 million (84%) of the total grants of R62,3 million gazetted during the year and the remaining portion is expected to be received before end of the financial year.

2.4.3.2 In terms of mSCOA reporting specifications revenue recognition for conditional grants is only considered once the expense has been incurred by the municipality and in turn, a liability was initially recognised for the particular grant amount received therefore only R23,8 million spent to date can be recognised as revenue and unspent portion of R28,2 million be recorded as a liability until the conditions are met.

CHART 1: QUARTERLY REVENUE PERFORMANCE



The above chart represents the quarterly revenue % of the total revenue raised as at 31 December 2022

2.5 Table 6: FINANCIAL PERFORMANCE EXPENDITURE BY TYPE

This table shows expenditure incurred by the municipality for the Quarter ended 31 December 2022

Description	Budget Year 2022/23						
	Original budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type							
Employee related costs	211 367	18 745	106 061	105 684	377	0%	211 367
Remuneration of councillors	13 132	1 284	6 207	6 566	(359)	-5%	13 132
Debt impairment	650	-	-	325	(325)	-100%	650
Depreciation & asset impairment	3 800	-	-	1 900	(1 900)	-100%	3 800
Interest cost and penalties	530	-	753	265	488	184%	530
Other materials	250	4	148	125	23	19%	250
Contracted services	11 358	528	3 299	5 679	(2 380)	-42%	11 358
Transfers and subsidies	11 932	-	6 619	5 966	653	11%	11 932
Other expenditure	20 439	580	13 732	10 220	3 513	34%	20 439
Total Expenditure	273 458	21 141	136 820	136 729	90	0%	273 458

2.5.1 The total monthly operating expenditure as at 31 December 2022 amounted to **R21,1 million** and the year to date actual expenditure against approved budget is R136,8 million which represents 50% of the approved operational expenditure budget.

2.5.2 The total employee related costs including councillor's remuneration is **95%** of the total operating expenditure incurred by end of December 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 amount spent on contracted services and other operational expenditure for the quarter are listed are listed below.

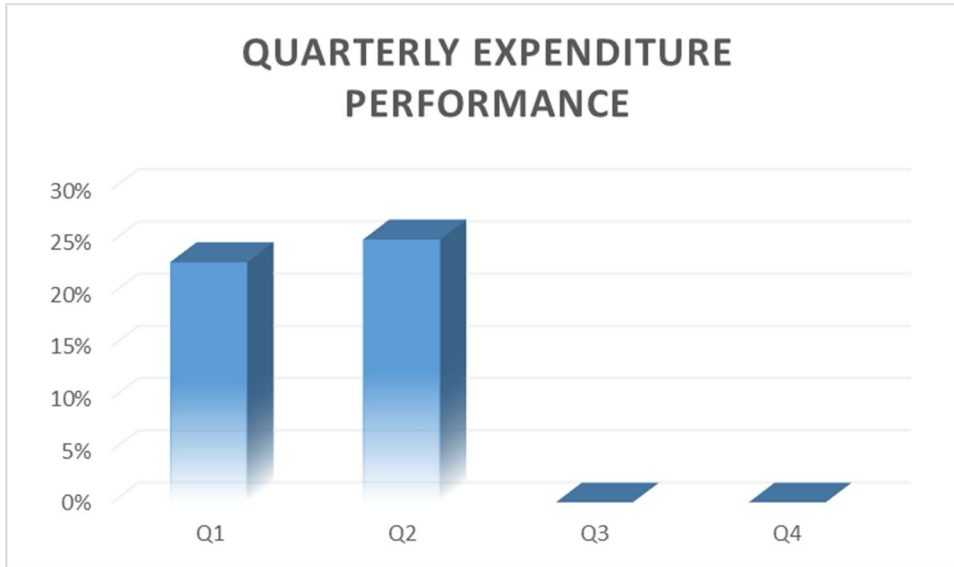
The breakdown of contracted services for the quarter ended 31 December 2022 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure (Oct – Dec 2022)
Audit Committee	78,030	156,378
Maintenance of buildings & Facilities	98,387	133,740
Business & Financial Management	28,500	28,500
Security Services	272,634	817,902
Legal Advice and Litigation	-	286,438
Accounting and Auditing	40,142	169,689
Human Resources	-	75,411
Burial Services	10,000	64,522
TOTAL CONTRACTED SERVICES	527,693	1,732,580

The breakdown of other expenditure for the month ended 31 December 2022 is made up of the following sources presented below:

Item Description	Monthly expenditure	Quarterly expenditure (Oct – Dec 2022)
Operating lease: Office Equipment	-	96,389
External audit fees	-	3,293,981
Learnerships & Internships	-	218,520
Telegraph and Telex	17,884	51,410
Computer software licences	250,577	751,746
Skills Development Fund Levy	159,126	439,799
Municipal Services	-	643,938
Bank charges	2,630	10,034
Insurance premiums	-	4,000
Municipalities newsletters	-	40,284
Staff Recruitment	-	29,976
Motor Vehicle license and registration	-	1,068
Professional bodies membership & subscription	-	7,381
Seminars & conference workshops	-	8,000
Subsistence and accommodation	-	4,713
Fuel	150,000	290,000
TOTAL OTHER EXPENDITURE	580,216	5,891,242

Chart 2: QUARTERLY EXPENDITURE PERFORMANCE



The above chart represents the quarterly expenditure % of the total expenditure as at the 31 December 2022.

3 DEBTORS AND CREDITORS

3.1 TABLE 7: DEBTORS AGE ANALYSIS - QUARTER ENDED 31 December 2022

DC48 West Rand - Supporting Table SC3 Quarterly Budget Statement - aged debtors - Q2

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	296	286	287	279	278	377	1,079	10,662	13,544	12,675	3,770	7,185
Total By Income Source	2000	296	286	287	279	278	377	1,079	10,662	13,544	12,675	3,770	7,185
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	-	-	7,185	7,185	7,185	-	7,185
Commercial	2300	296	286	287	279	278	377	1,079	3,477	6,359	5,490	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	3,770	-
Total By Customer Group	2600	296	286	287	279	278	377	1,079	10,662	13,544	12,675	3,770	7,185

3.1.1 Debtors who are 90 days and older for WRDM is **R12,6 million** as at 31 December 2022. 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.

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 were mainly affected during COVID-19.

- 3.1.3 The municipality has issued a contract termination letter to one of the major debtor BP Garage as their contract is ending by end of January 2023. However the debtor wants to exercise their rights to extend their contract, the matter has been taken to legal department.
- 3.1.4 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 31 December 2022

DC48 West Rand - Supporting Table SC4 Quarterly Budget Statement - aged creditors - Q2										
Description	NT Code	Budget Year 2022/23								
		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	Total
R thousands										
Creditors Age Analysis By Customer Type										
Trade Creditors	0700	360	585	521	25,793	-	-	-	-	27,258
Auditor General	0800	-	1,818	4	261	-	-	-	-	2,083
Other	0900	25,929	-	-	-	-	-	-	30,444	56,374
Total By Customer Type	1000	26,289	2,403	525	26,054	-	-	-	30,444	85,715

- 3.2.1 The municipality is currently owing the suppliers a total amount of R29,3 million as at the end of the month. The main contribution is from the creditors within 120 days which constitutes 89% 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 amount owing to Auditor General was reduced from R4 million to R2 million in December 2022.

3.2.4 The breakdown of the creditors' age analysis by customer balance for the month ended 31 December 2022 is made up as follows:

Creditor Code	Creditor Name	Description of services rendered (R'000)	30days	60days	90days	120days	Total
437	AUDITOR GENERAL SOUTH AFRICA	External Audit fees		1,818,079	3,923	261,358	2,083,360
80089	LIZEL VENTER	Legal services				74,080	74,080
99348	MABOTWANE SECURITY SERVICES CC	Security services	313,529			177,821	491,350
4298	MAXIMUM PROFIT RECOVERY (PTY)	Provision of VAT services	46,163				46,163
7262	MTN	Communication services				236,450	236,450
2077	NOZUKO NXUSANI INCORPORATED	Legal and advisory services to WRDM				570,025	570,025
99339	PK FINANCIAL CONSULTANTS	Preparation and submission of VAT returns to SARS				320,460	320,460
6857	RAND WEST C L M (DONALDSON)	Rates and taxes for Donaldson Dam		53,413	53,207	886,667	993,288
99902	RAND WEST CITY LOCAL MUNICIPAL	Outstanding payments for water and lights provided by Rand West City		468,601	463,874	16,722,643	17,655,118
13852	SALGA	Invoices relate to SALGA membership charged annually				6,304,444	6,304,444
3248	SUNDAY KIT UNIFORM SUPPLIERS C	Uniform				459,540	459,540
98705	TVNB MANZI FUNERAL PARLOUR	Funeral services		62,700			62,700
87	ZEVOLI 151 (PTY) LTD T/A NASHU	Printing machinery				40,570	40,570
Total			359,692	2,402,794	521,004	26,054,057	29,337,547

3.2.5 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)	25,929,379

Creditors (unspent conditional grants)	Amount
FMG	691,371
Health subsidy	5,312,800
Rural Asset Management Grants	593,760
Expended Public Works Programme	241,540
Neighbourhood Development Partnership	15,322,651
GRAP 17	294,900
Fire services grant	2,200,000
Total grants and accruals	50,586,401

3.2.1 The municipality has a leave payable balance of R25,9 million by 31 December 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 31 December 2022

	2022/23 Original Budget	Actual spend to date (in R and as a % of the Original Budget)		Pro rata Budget to date
	R	R	%	R
EXPENDITURE (Excl. VAT)	45,650,000	16,979,691	37%	22,825,000
VAT @ 15%	-	2,546,954	-	-
EXPENDITURE (Incl. VAT)	45,650,000	19,546,954	43%	22,825,000

4.1.1 The table below represents the capital expenditure as at 31 December 2022 per functional classification and funding:

DC48 West Rand - Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q2

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	-	312	225	87	39%	450
Finance and administration		450	-	312	225	87	39%	450
<i>Community and public safety</i>		2,200	-	-	1,100	(1,100)	-100%	2,200
Public safety		2,200	-	-	1,100	(1,100)	-100%	2,200
<i>Economic and environmental services</i>		43,000	3,870	16,667	21,500	(4,833)	-22%	43,000
Planning and development		43,000	3,870	16,667	21,500	(4,833)	-22%	43,000
Total Capital Expenditure - Functional Classification	3	45,650	3,870	16,980	22,825	(5,845)	-26%	45,650
Funded by:								
National Government		43,000	3,870	16,667	21,500	(4,833)	-22%	43,000
Provincial Government		2,200	-	-	1,100	(1,100)	-100%	2,200
Transfers recognised - capital		45,200	3,870	16,667	22,600	(5,933)	-26%	45,200
Internally generated funds		450	-	312	225	87	39%	450
Total Capital Funding		45,650	3,870	16,980	22,825	(5,845)	-26%	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 R17 million for the quarter ended 31 December 2022.

4.1.3 The capital grant of R2,2 million allocated to Public safety is not yet spent for fire rescue services. The SCM procurement processes has already started to ensure that the grant is spends within the financial year.

5 Cash Flow position

5.1 CASH FLOW – QUARTER ENDED 31 December 2022

DC48 West Rand - Table C7 Monthly Budget Statement - Cash Flow - Q2

Description	Ref	Budget Year 2022/23						Full Year Forecast
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1							
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Other revenue		22,130	765	8,030	11,065	(3,035)	-27%	22,130
Government - operating	1	246,405	82,360	184,078	123,203	60,875	49%	246,405
Government - capital	1	47,975	-	36,342	23,988	12,355	52%	47,975
Interest		2,244	329	1,415	1,122	293	26%	2,244
Investments recovered			-	-	-			
Payments								
Suppliers and employees		(256,546)	(36,231)	(148,166)	(128,273)	19,893	-16%	(256,546)
Finance charges		(530)	-	(3)	(265)	(262)	99%	(530)
Transfers and Grants		(11,932)	-	(6,619)	(5,966)	653	-11%	(11,932)
NET CASH FROM/(USED) OPERATING ACTIVITIES		49,745	47,223	75,077	24,873	(50,204)	-202%	49,745
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		880	-	305	440	(135)	-31%	880
Increase in current investments			4,500	4,500				
Payments								
Capital assets		(45,650)	(4,451)	(19,077)	(22,825)	(3,748)	16%	(45,650)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44,770)	49	(14,272)	(22,385)	(8,113)	36%	(44,770)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		4,975	47,272	60,805	2,488			4,975
Cash/cash equivalents at beginning:	2	2,739		2,634	2,739			2,739
Cash/cash equivalents at month/year end:	2	7,714		63,439	5,227			7,714

5.2 Free Cash flow analyses

Total Application of cash and investments:	Closing balance (R '000)
WRDM (FNB transactional accounts)	322
Call Account Investment – WRDM	58,080
Standard Bank	536
Standard Bank Fixed Deposit	4,500
Total cash available	63,438
Unspent conditional grants	(24,657)
Free cash flow	38,781
Equitable share – March 2023	63,704
January 2023 obligations	(23,329)
February 2023 obligations	(20,055)
March 2023 obligations	(19,387)
Total obligations	(62,771)
Cash available /(shortfall) by end of April 2023	39,714

- 5.2.1 A summary of the cash flow for the month ended in December 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 R24,7 million remains at R38,8 million which will be insufficient to cover for the next three months as the total short term obligation amounts to R62,7 million. However, the municipality is anticipating to receive the third trench of equitable share in March 2023.
- 5.2.4 The reported cash and cash equivalent of R63,4 million at the end of December 2022 from cash flow statement will not be sufficient to cover normal operations after considering short term obligations shown in the cash flow analysis table for the first two months.
- 5.2.5 Although it is unlikely that all the “applications” will be 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 31 December 2022

DC48 West Rand - Supporting Table SC5 Quarterly Budget Statement - investment portfolio - Q2

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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
		Yrs/Months								
R thousands										
Municipality										
FNB Call Account		N/A	Call account	Yes	Fixed	8,345	320	(32,407)	81,823	58,081
Standard Bank		NA	Call account	Yes	Fixed	3	-	-	-	3
Standard Bank Fixed Investment Account		N/A	96 Days	Yes	Fixed	-	-	-	4,500	4,500
TOTAL INVESTMENTS AND INTEREST	2					8,348	320	(32,407)	86,323	62,584

- 5.3.1 During the month ended 31 December 2022, withdrawals of R32 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 31 December 2022

DC48 West Rand - Table C6 Quarterly Budget Statement - Financial Position - Q2

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	–	62,581	–
Consumer debtors		3,568	–	13,544	–
Other debtors		1,260	2,995	–	2,995
Inventory		402	122	150	122
Total current assets		7,872	10,832	79,558	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	151,531	74,128
<u>LIABILITIES</u>					
Current liabilities					
Trade and other payables		105,381	65,825	85,715	65,825
Provisions		15,400	15,754	–	15,754
Total current liabilities		120,781	81,579	85,715	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	152,525	143,988
NET ASSETS	2	(107,746)	(69,860)	(994)	(69,860)
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)		(107,746)	(77,133)	(994)	(77,133)
TOTAL COMMUNITY WEALTH/EQUITY	2	(107,746)	(77,133)	(994)	(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	0,93:1
2	Liquidity ratio	(Current assets – Inventory)/ Current liabilities	0,93:1
3	Working capital	Current assets – Current liabilities	(R6,2 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 0,93:1 shows that the municipality's ability to meet its short term obligation for the reporting period is 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 0,93:1 shows that the municipality will struggle 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.

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%	81%
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 - Q2

Summary of Employee and Councillor remuneration R thousands	Ref	Budget year 2022/23						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	B						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages		11,614	1,178	5,522	5,807	(285)	-5%	11,614
Cellphone Allowance		1,519	105	685	759	(74)	-10%	1,519
Sub Total - Councillors		13,132	1,284	6,207	6,566	(359)	-5%	13,132
Senior Managers of the Municipality	3							
Basic Salaries and Wages		8,100	470	2,819	4,050	(1,231)	-30%	8,100
Other benefits and allowances		2	0	2	1	1	77%	2
Payments in lieu of leave		44	-	-	22,194.50	(22)	-100%	
Sub Total - Senior Managers of Municipality		8,146	470	2,820	4,073	(1,253)	-31%	8,102
Other Municipal Staff								
Basic Salaries and Wages		145,907	12,224	65,446	72,953	(7,507)	-10%	145,907
Pension and UIF Contributions		25,328	2,572	14,038	12,664	1,374	11%	25,328
Medical Aid Contributions		5,365	1,226	7,323	2,683	4,640	173%	5,365
Overtime		5,406	608	3,775	2,703	1,072	40%	5,406
Performance Bonus		7,710	619	6,572	3,855	2,717	70%	7,710
Motor Vehicle Allowance		7,837	893	5,221	3,919	1,302	33%	7,837
Cellphone Allowance		944	1	7	472	(465)	-98%	944
Housing Allowances		2,252	107	576	1,126	(550)	-49%	2,252
Other benefits and allowances		651	26	195	325	(130)	-40%	651
Payments in lieu of leave		1,821	-	88	910	(823)	-90%	1,821
Sub Total - Other Municipal Staff		203,221	18,275	103,241	101,610	1,630	2%	203,221
Total Parent Municipality		224,499	20,029	112,268	112,250	18	0%	224,455



7.3 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:	December			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	48,281.75	1,700.00	-	-	-	-	49,981.75
Speaker	1	32,937.92	1,700.00	-	-	-	-	34,637.92
Member of Mayoral Committee	8	244,995.43	18,700.00	-	81,665.15	-	71,071.53	416,432.11
Chief Whips	1	43,175.50	3,400.00	-	14,391.83	-	16,228.06	77,195.39
Chairperson of Section 79 Committees	1	41,890.18	3,400.00	-	13,963.40	-	15,721.09	74,974.67
Municipal Councillors: Part-Time								
Councillors	32	254,936.51	76,500.00	19,317.44	60,699.20	-	126,151.92	537,605.07
TOTAL		666,217.29	105,400.00	19,317.44	170,719.58	-	229,172.60	1,190,826.91
Comments:								
Municipal Manager :	ME Koloi				Date:	6/1/2023		



Table 17: WITHDRAWAL STATEMENT

WITHDRAWAL STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2022

	Consolidated	Primary Bank Account	Bank 2	Bank 3	Bank 4
Bank:		First National Bank (WRDM)	Standard Bank (WRDM)	Standard Bank Fixed Investment (WRDM)	Short term Investment 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	16,166,005	3,326,372	4,494,961	-	8,344,672
Add Receipts for quarter	87,953,994	766,814	544,366	4,500,000	82,142,815
Less Payments for quarter	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
Closing cash book balance at end of quarter	63,438,963	322,239	536,021	4,500,000	58,080,702
GL Account Balance					
Payments for the month	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
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	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
Actual capital expenditure for the quarter	-	-	-	-	-
Actual operating expenditure for the quarter	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
Section 11(4) expenditure	-	-	-	-	-
Total	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
a) to defray expenditure appropriated in terms of an approved budget;	-40,681,036	-3,770,946	-4,503,305	-	-32,406,784
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					