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1 SYSTEM



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



West Rand
District Municipality

2022/2023 Quarterly Financial Report 31 March 2023



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

The financial results for the quarter ended 31 March 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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- 7) Table SC4: Quarter 3 Budget Statement – Aged Creditors
- 8) Table SC5: Quarter 3 Budget Statement – Investment Portfolio
- 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 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 Adjusted Budget (R'000)	Actual performance to date (in R and as a % of the Adjusted budget)		YTD Adjusted Budget (R'000)
		(R'000)	%	
TOTAL REVENUE	334,481	285,886	85%	250,861
TOTAL EXPENDITURE	(334,466)	(228,963)	(68%)	(250,849)
Operational expenditure	(287,366)	(201,565)	(70%)	(215,524)
Capital expenditure	(47,100)	(27,398)	(58%)	(35,325)
SURPLUS/(DEFICIT)	15	56,923	%	11

Note: Capitalised expenditure excluded, refer to table 4.1

Positive Revenue & Negative (Expenditure)

- 2.1.1 During the 2022/23 financial year the municipality has anticipated to raise **R334** million in revenue which is inclusive of operational and capital grants.
- 2.1.2 The total revenue of **R285,6** million has been recorded (representing **85%**) of the total adjusted 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 **R201** million has been spent on the operational adjusted budget and **R27,3** million was spent on capital expenditure to date. (this amounts to **68%** 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) - Q3									
Vote Description	Ref	Budget Year 2022/23							
		Original Budget	Adjusted budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Revenue by Vote</u>	1								
Vote 1 - Corporate Governance		9,770	9,516	2,548	9,210	7,137	2,073	29%	9,516
Vote 2 - Municipal Manager & Support		13,815	13,815	3,822	13,815	10,361	3,454	33%	13,815
Vote 3 - Corporate Services		27,190	30,390	6,845	27,485	22,793	4,692	21%	30,390
Vote 4 - Budget & Treasury Office		31,192	45,058	4,821	19,679	33,794	(14,115)	-42%	45,058
Vote 5 - Health & Social Development		46,720	48,504	9,566	46,952	36,378	10,574	29%	48,504
Vote 6 - Public safety		113,446	109,300	29,519	106,863	81,975	24,888	30%	109,300
Vote 7 - Regional planning & Economic Development		76,991	77,898	12,924	61,882	58,424	3,459	6%	77,898
Total Revenue by Vote	2	319,125	334,481	70,046	285,886	250,861	35,025	14%	334,481
<u>Expenditure by Vote</u>	1								
Vote 1 - Corporate Governance		10,946	10,000	1,802	16,348	7,500	8,848	118%	10,000
Vote 2 - Municipal Manager & Support		17,684	18,734	915	11,367	14,051	(2,684)	-19%	18,734
Vote 3 - Corporate Services		35,465	36,713	2,946	25,707	27,535	(1,827)	-7%	36,713
Vote 4 - Budget & Treasury Office		26,160	38,025	2,063	20,460	28,519	(8,058)	-28%	38,025
Vote 5 - Health & Social Development		45,717	46,947	2,768	37,585	35,210	2,375	7%	46,947
Vote 6 - Public safety		106,844	106,754	8,134	78,726	80,066	(1,339)	-2%	106,754
Vote 7 - Regional planning & Economic Development		76,293	77,293	5,616	38,769	57,970	(19,201)	-33%	77,293
Total Expenditure by Vote	2	319,109	334,466	24,244	228,963	250,850	(21,887)	-9%	334,466
Surplus/ (Deficit) for the year	2	16	15	45,802	56,923	11	56,912		15

2.2.1 The above income and expenditure summary table indicates that to date, the municipality is at a surplus of R56,9 million in overall summary per municipal votes.

2.2.2 Public Safety contributes the largest with expenditure amount of **R78,7 million** (34%) from the overall quarterly expenditure of **R228,9 million** per total expenditure by vote.

2.2.3 The Regional Planning and Economic Development function reported a year-to-date total expenditure of **R38,8 million** (50%) of budgeted amount. The main expenditure contributor to date is capital expenditure of R27 million (vat excl.) for the construction of Finsbury Multi-Purpose Centre.

2.2.4 The low expenditure to date on Municipal Manager & support and Budget and treasury office is due to annual expenditure to be incurred on financial year end transactions

2.2.5 The profitability ratio presented below, is at a positive **(20%)**. This indicates that the municipality's year to date financial performance is at a surplus as at 31 March 2023.

Description	Basis of calculation	% Profit/ (Deficit)
Profitability ratio	Surplus/ Total revenue	20%

2.3 Table 3: FINANCIAL PERFORMANCE REVENUE BY TYPE

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

DC48 West Rand - Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q3

Description	Ref	Budget Year 2022/23							
		Original Budget	Adjusted 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	2 365	177	1 609	1 774	(165)	-9%	2 365
Interest earned - external investments		2 244	2 244	240	2 104	1 683	421	25%	2 244
Interest earned - outstanding debtors		211	368	45	312	276	36	13%	368
Licences and permits		250	774	–	409	581	(172)	-30%	774
Reversal on impairment of investment		3 600	3 600	–	–	2 700	(2 700)	-100%	3 600
Transfers and subsidies		246 405	249 290	64 230	247 791	186 968	60 824	33%	249 290
Other revenue		15 515	26 560	309	2 154	19 920	(17 766)	-89%	26 560
Gains on disposal of PPE		560	306	–	–	230			306
Total Revenue (excluding capital transfers and contributions)		271 149	285 507	65 000	254 379	214 130	40 249	19%	285 507

- 2.3.1 The total operational revenue recognised in the quarter of March 2023 amounts to R65 million representing of the total revenue collected to date (excluding capital revenue). The overall collections of total revenue for the quarter was contributed by the operational grants and own revenue with 99% and 1% respectively. The municipality received last trench of equitable share of R63,7 million in
- 2.3.2 Million The transfers and subsidies is made up of Equitable share of R63,7 million received in March which is expected to sustain municipal running cost for the next quarter and LG Seta grant received and revenue recognition of conditional grants. The LG Seta recognised as revenue amounts to R272 thousand as the grant spending and conditions are met.
- 2.3.3 The interest received was realised from external short-term investments for the quarter amounts to R240 thousand giving a total year to date of R2.1 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 realised 91% of the year to date projection for rental of facilities. 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 March 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	214,737	355,218
Sales of Goods and Rendering of Services: Health Certificate	10,522	23,895
Transaction Handling fees	7,145	21,252
Electricity recovery from tenants	47,622	130,435
Staff and Councillors Recoveries		5,000
Tender Documents		3,957
TOTAL	280,026	539,757

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

Item Description	Monthly Income	Quarterly Income
Donaldson Dam	25,909	44,804
TOTAL	25,909	44,804

The breakdown of Merafong flora's revenue for the quarter ended 31 March 2023 is made up from the following sources as presented on the table below:

Item Description	Monthly Income	Quarterly Income
Merafong Flora	3,083	3,083
TOTAL	3,083	3,083

2.4 Table 4: GRANTS RECEIVED FOR THE QUARTER ENDED 31 March 2023

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

DC48 West Rand - Supporting Table SC6 Quarterly Budget Statement - transfers and grant receipts - Q3

Description	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	232 673	232 673	64 069	232 673	232 673	–	0%	232 673
Local Government Equitable Share	48 516	48 516	–	48 516	48 516	–		48 516
RSC Levy Replacement	181 736	181 736	63 704	181 736	181 736	–		181 736
Finance Management	1 200	1 200	–	1 200	1 200	–		1 200
EPWP Incentive	1 221	1 221	365	1 221	1 221	–		1 221
Provincial Government:	11 932	13 617	14 372	26 729	13 617	13 112		13 617
Health Subsidy	11 932	13 192	–	11 932	13 192	(1 260)	-9.6%	13 192
GRAP 17	–	425	–	425	425	(0)		425
Fire services & Disaster Management		–	14 372	14 372	–	14 372	0.0%	–
Other grant providers:	1 800	3 000	251	2 416	3 000	(584)	-19.5%	3 000
LG SETA	1 800	3 000	251	2 416	3 000	(584)	-19.5%	3 000
Total Operating Transfers and Grants	246 405	249 290	78 692	261 818	249 290	12 528	5.0%	249 290
Capital Transfers and Grants								
National Government:	45 775	46 775	9 600	46 775	46 775	–		46 775
Neighbourhood Development Partnership	43 000	44 000	9 600	44 000	44 000	–		44 000
Rural Roads Asset Management Systems	2 775	2 775	–	2 775	2 775	–		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	47 975	48 975	9 600	48 975	48 975	–		48 975
TOTAL RECEIPTS OF TRANSFERS & GRANTS	294 380	298 265	88 292	310 793	298 265	12 528	4.2%	298 265

2.4.1 The total transfers and grants received for the 2022/23 financial year amount amounts to **R310,7 million** which is made up of R250,4 million and R60,3 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 March the municipality received an additional grant allocation of R14,3 million for fire services and disaster management function from provincial government. The grant will be utilised for its intended purposes to ensure that conditions are met.

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

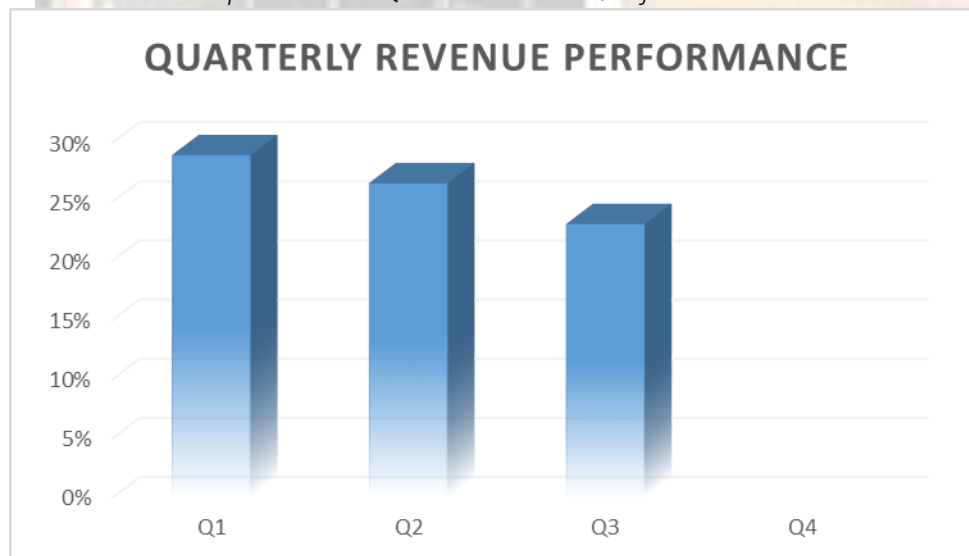
Grants for the month ended 31 March 2023						
Grants	Gazetted	Roll-over	Received per bank statement	Spent to date	Unspent	% Spent to date
FMG	1 200 000	-	1 200 000	720 342	479 658	60%
EPWP	1 221 000	-	1 221 000	1 020 661	200 339	84%
Health subsidy	11 932 000	1 260 000	11 932 000	11 932 000	-	100%
Fire & Rescue Services	13 550 000	-	13 550 000	-	13 550 000	0%
Rural Asset Management Grants	2 775 000	-	2 775 000	1 588 776	1 186 224	57%
Neighbourhood Development Partnership	44 000 000	-	44 000 000	31 506 897	12 493 103	72%
GRAP 17	-	424 845	-	129 945	294 900	31%
Disaster Management Grant	3 022 000	-	3 022 000	-	3 022 000	0%
TOTAL "R"	77 700 000	1 684 845	77 700 000	46 898 621	31 226 224	

2.4.3.1 The above table depicts year to date conditional grants movement. The municipality has received **R77,7 million (100%)** of the total grants gazetted during the year.

2.4.3.2 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 R46,8 million spent to date can be recognised as revenue and unspent portion of R31,2 million be recorded as a liability until the conditions are met.

CHART 1: QUARTER 3 REVENUE PERFORMANCE

The above chart represents the Quarter 3 revenue % of the total revenue raised as at 31 March 2023



2.5 Table 6: FINANCIAL PERFORMANCE EXPENDITURE BY TYPE

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

DC48 West Rand - Table C4 Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q3

2019 West Rand - Table 6: Authority Budget Statement - Financial Performance (Revenue and Expenditure) - 20									
Description	Ref	Budget Year 2022/23							
		Original Budget	Adjusted budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<u>Expenditure By Type</u>									
Employee related costs		211 367	214 744	16 413	155 943	161 058	(5 115)	-3%	214 744
Remuneration of councillors		13 132	12 186	1 136	9 297	9 140	158	2%	12 186
Debt impairment		650	650	–	–	488	(488)	-100%	650
Depreciation & asset impairment		3 800	5 800	–	–	4 350	(4 350)	-100%	5 800
Interest cost and penalties		530	6 103	–	756	4 577	(3 821)	-83%	6 103
Other materials		250	250	97	310	188	123	66%	250
Contracted services		11 358	11 022	449	4 464	8 267	(3 803)	-46%	11 022
Transfers and subsidies		11 932	13 192		11 932	9 894	2 038	21%	13 192
Other expenditure		20 439	23 418	1 761	18 863	17 564	1 299	7%	23 418
Total Expenditure		273 458	287 365	19 856	201 565	215 524	(13 958)	-6%	287 365

- 2.5.1 The total operating expenditure for the quarter ended 31 March 2023 amounts to **19,8 million** and the year to date actual expenditure against approved adjusted budget is R201,5 million which represents 70% of the approved adjusted operational expenditure budget.
- 2.5.2 The total employee related costs including councillors' remuneration is **88%** of the total adjusted operating expenditure incurred by end of March 2023. 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 interest cost includes annual interest charges to be incurred on actuarial valuations for post employee benefits costs. The reported year to date interest charges of R756 thousand 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.
- 2.5.5 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 March 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Maintenance of Buildings and Facilities	10,130	21,828
Security Services	272,634	817,902
Business & Advisory: Accounting and Auditing	81,751	181,513
Business & Advisory: Committees& Human Resources	84,258	84,258
Maintenance of Equipment	-	58,821
TOTAL CONTRACTED SERVICES	448,773	1,164,322

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

Item Description	Monthly Expenditure	Quarterly Expenditure
Operating lease: Office Equipment	32,015	92,329
Telegraph and Telex	17,884	54,167
Bank charges	8,273	14,469
Software licenses	398,559	1,360,553
Motor Vehicle Licence and Registrations	11,460	11,460
Professional bodies	7,661	12,470
Insurance Underwriting	55,000	56,500
Wet fuel	90,000	180,000
Advertising: Staff Recruitment	785	17580
Workmen's Compensation Fund	1,000,000	2,023,800
Internships and learnerships	-	432,261
Municipal Services	-	286,254
Skills development levy	139,297	568,588
TOTAL OTHER EXPENDITURE	1,760,934	5,110,431

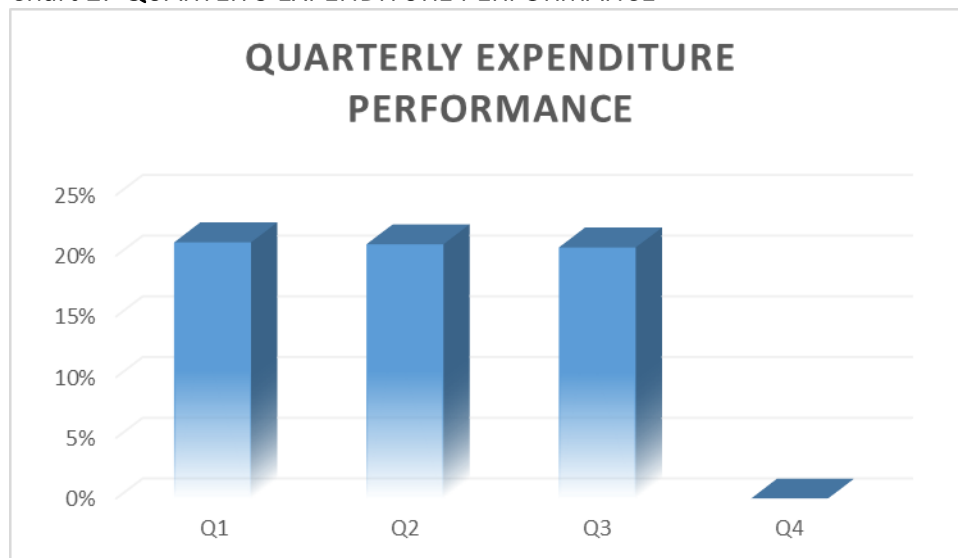
The breakdown of Donaldson Dam expenditure for the quarter ended 31 March 2023 is made up of the following sources presented below:

Item Description	Monthly Expenditure	Quarterly Expenditure
Employee Cost	60,133	123,915
Security Services	33,003	99,009
TOTAL EXPENDITURE	93,136	222,924

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

Item Description	Monthly Expenditure	Quarterly Expenditure
Employee Cost	87,453	275,717
TOTAL EXPENDITURE	87,453	275,717

Chart 2: QUARTER 3 EXPENDITURE PERFORMANCE



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

3 DEBTORS AND CREDITORS

3.1 TABLE 7: DEBTORS AGE ANALYSIS – QUARTER ENDED 31 MARCH 2023

DC48 West Rand - Supporting Table SC3 Quarterly Budget Statement - aged debtors - Q3

Description	NT Code	Budget Year 2022/23											Actual Bad Debts Written Off against Debtors	Impairm ent - 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	286	276	275	296	280	244	1,174	10,957	13,789	12,952	3,770	7,185	
Total By Income Source	2000	286	276	275	296	280	244	1,174	10,957	13,789	12,952	3,770	7,185	
Debtors Age Analysis By Customer Group														
Organs of State	2200	–	–	–	–	–	–	–	7,185	7,185	7,185	–	7,185	
Commercial	2300	286	276	275	296	280	244	1,174	3,772	6,604	5,767	–	–	
Other	2500	–	–	–	–	–	–	–	–	–	–	3,770	–	
Total By Customer Group	2600	286	276	275	296	280	244	1,174	10,957	13,789	12,952	3,770	7,185	

3.1.1 Debtors who are 90 days and older for WRDM is **R12,9 million** as at 31 March 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.

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.

3.2 TABLE 8: CREDITORS AGE ANALYSIS – QUARTER ENDED 31 MARCH 2023

DC48 West Rand - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3								
Description R thousands	NT Code	Budget Year 2022/23						Total
		0 Days	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 1 Year	
Creditors Age Analysis By Customer Type								
Unspent grants	0600		31,226	–	–	–	–	31,226
Trade Creditors	0700	81	329	505	314	23,617	–	24,845
Auditor General	0800	–	–	–	–	583	–	583
Other	0900	–	25,082	–	–	–	30,444	55,526
Total By Customer Type	1000	81	56,637	505	314	24,201	30,444	112,181

- 3.2.1 The municipality is currently owing the suppliers a total amount of **R24,5 million** as at the end of the quarter. The main contribution is from the creditors within 120 days which constitutes 30% 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 Munsoft, SALGA and Rand West Local municipality.
- 3.2.4 The amount owing to Auditor General was reduced from R2 million from last quarter to in December 2022 to R583 thousand and SALGA from R6,3 million to R5,8 million. The outstanding amount to Rand West CLM was reduced from R17,6 million to R15,3 million in the reporting quarter.

3.2.5 The breakdown of the creditors' age analysis by customer balance for the quarter ended 31 March 2023 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				583,359	583,359
99348	MABOTWANE SECURITY SERVICES CC	Security services				491,350	491,350
6845	MEDIA TORQUE & EVENTS	Advertising services	80,228				80,228
7262	MTN	Communication services				236,450	236,450
99688	MICROSOFT IRELAND OPERATIONS				504,802		504,802
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		19,985		993,288	1,013,272
99902	RAND WEST CITY LOCAL MUNICIPAL	Outstanding payments for water and lights provided by Rand West City		308,673		15,055,118	15,363,791
13852	SALGA	Invoices relate to SALGA membership charged annually				5,804,444	5,804,444
3248	SUNDAY KIT UNIFORM SUPPLIERS C	Uniform				459,540	459,540
6868	THELIDZA PERSONNEL SOLUTIONS		903				903
Total			81,132	328,658	504,802	24,514,035	25,428,626

3.2.6 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)	25,081,753
Human Settlement Grant	30,444,000

Creditors (unspent conditional grants)	Amount
FMG	479,658
Health Subsidy	-
Rural Asset Management Grants	1,186,224
Expended Public Works Programme	200,339
Neighbourhood Development Partnership	12,493,103
GRAP 17	294,900
Disaster Management Grant and Fire services grant	14,372,000
Fire Services Grant	2,200,000
Total unspent grants	31,226,224

- 3.2.1 The municipality has a leave payable balance of R25 million by 31 March 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 MARCH 2023

	2022/23 Adjusted Budget	Actual spend to date (in R and as a % of the Adjusted Budget)		Pro rata Budget to date
	R	R	%	R
EXPENDITURE (Excl. VAT)	47,100,000	27,787,993	59%	35,294,000
VAT @ 15%	-	4,168,199	-	-
EXPENDITURE (Incl. VAT)	47,100,000	31,956,192	68%	35,294,000

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

DC48 West Rand - Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3

Vote Description	Ref	Budget year 2022/23							
		Original Budget	Adjusted 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	372	-	312	248	64	26%	372
Finance and administration		450	372	-	312	248	64	26%	372
<i>Community and public safety</i>		2 200	2 200	-	-	1 650	(1 650)	-100%	2 200
Public safety		2 200	2 200	-	-	1 650	(1 650)	-100%	2 200
<i>Economic and environmental services</i>		43 000	44 528	4 388	27 476	33 396	(5 920)	-18%	44 528
Planning and development		43 000	44 528	4 388	27 476	33 396	(5 920)	-18%	44 528
Total Capital Expenditure - Functional Classification	3	45 650	47 100	4 388	27 788	35 294	(7 506)	-21%	47 100
Funded by:									
National Government		43 000	44 528	4 388	27 476	33 396	(5 920)	-18%	44 528
Provincial Government		2 200	2 200	-	-	1 650	(1 650)	-100%	2 200
Transfers recognised - capital		45 200	46 728	4 388	27 476	35 046	(7 570)	-22%	46 728
Internally generated funds		450	372	-	312	248	64	26%	372
Total Capital Funding		45 650	47 100	4 388	27 788	35 294	(7 506)	-21%	47 100

4.1.2 The municipality has a total budget of R47,1 million for capital expenditure. This includes R44,5 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 R27,4 million for the quarter ended 31 March 2023. The delay in spending was due to raining seasons which negatively affected the project.

4.1.3 The capital grant of R2,2 million allocated to Public safety is not yet spent for fire rescue services. The municipality is currently awaiting for delivery of vehicles from Toyota plant.

5 Cash Flow position

5.1 CASH FLOW – QUARTER ENDED 31 MARCH 2023

DC48 West Rand - Table C7 Quarterly Budget Statement - Cash Flow - Q3

Description	Ref	Budget Year 2022/23							
		Original Budget	Adjusted 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		22 130	23 156	7 781	18 253	17 367	886	5%	23 156
Government - operating	1	246 405	249 290	78 686	262 940	186 968	75 972	41%	249 290
Government - capital	1	47 975	48 975	9 600	46 775	36 731	10 044	27%	48 975
Interest		2 244	2 244	240	2 104	1 683	421	25%	2 244
Payments									
Suppliers and employees		(256 546)	(260 069)	(42 144)	(228 190)	(195 052)	33 138	-17%	(260 069)
Finance charges		(530)	(6 103)	–	(3)	(4 577)	(4 574)	100%	(6 103)
Transfers and Grants		(11 932)	(13 192)	–	(11 932)	(9 894)	2 038	-21%	(13 192)
NET CASH FROM/(USED) OPERATING ACTIVITIES		49 745	44 301	54 162	89 947	33 226	(56 721)	-171%	44 301
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		880	–	–	305	–	305	0%	–
Increase in current investments		–	–	–	4 500	–	–	–	–
Payments									
Capital assets		(45 650)	(47 100)	5 046	(31 507)	(35 325)	(3 818)	11%	(47 100)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44 770)	(47 100)	5 046	(26 701)	(35 325)	(8 624)	24%	(47 100)
CASH FLOWS FROM FINANCING ACTIVITIES									
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		4 975	(2 799)	59 209	63 245	(2 099)			(2 799)
Cash/cash equivalents at beginning:	2	2 739	2 642		2 634	2 642			2 642
Cash/cash equivalents at month/year end:	2	7 714	(157)		65 879	543			(157)

5.2 Free Cash flow analysis

Total Application of cash and investments:	Closing balance (R '000)
WRDM (FNB transactional accounts)	1,010
Call Account Investment – WRDM	60,335
Standard Bank	34
Standard Bank Fixed Deposit	4,500
Total cash available	65,879
Unspent conditional grants	(31,226)
Free cash flow	34,653
April 2023 obligations	(17,699)
May 2023 obligations	(17,849)
June 2023 obligations	(17,999)
Total obligations	(53,547)
Cash available /(shortfall) by June 2023	(18,894)

5.2.1 A summary of the cash flow for the quarter ended March 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 flow after subtracting unspent conditional grants of R31,2 million remains at R34,6 million which will be insufficient to cover for the next three months as the total short term obligation amounts to R53,5 million.

5.2.4 The reported cash and cash equivalent of R65,9 million at the end of March 2023 from cash flow statement will not be sufficient to cover normal operations after considering short term obligations shown in the cash flow analysis table.

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

DC48 West Rand - Supporting Table SC5 Quarterly Budget Statement - investment portfolio - Q3

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
R thousands		Yrs/Months								
Municipality										
FNB Call Account		N/A	Call account	Yes	Fixed	9,607	227	(24,533)	75,034	60,335
Standard Bank		NA	Call account	Yes	Fixed	3	–	–	–	3
Standard Bank Fixed Investment Account		N/A	90 Days	Yes	Fixed	4,500	–	–	–	4,500
TOTAL INVESTMENTS AND INTEREST	2					14,110	227	(24,533)	75,034	64,838

5.3.1 During the quarter ended 31 March 2023, withdrawals of R24 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 MARCH 2023

DC48 West Rand - Table C6 Monthly Budget Statement - Financial Position - Q3

Description	Ref	2021/22	Budget year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		2,273	7,714	2,642	1,044	2,642
Call investment deposits		369	–	–	64,835	–
Consumer debtors		3,655	–	–	13,789	–
Other debtors		1,260	2,995	3,655	–	3,655
Inventory		402	122	102	209	102
Total current assets		7,958	10,832	6,399	79,878	6,399
Non current assets						
Long-term receivables		–	255	–	–	–
Investment property		8,400	6,700	8,400	8,400	8,400
Property, plant and equipment		63,345	56,206	63,345	63,345	63,345
Biological		228	136	228	228	228
Total non current assets		71,973	63,297	71,973	71,973	71,973
TOTAL ASSETS		79,931	74,128	78,372	151,851	78,372
<u>LIABILITIES</u>						
Current liabilities						
Trade and other payables		105,381	65,825	70,588	112,181	70,588
Provisions		13,653	15,754	15,502	11,976	15,502
Total current liabilities		119,034	81,579	86,090	124,157	86,090
Non current liabilities						
Employee benefit obligation		–	–	–	–	–
Provisions		68,557	62,409	68,557	66,810	68,557
Total non current liabilities		68,557	62,409	68,557	66,810	68,557
TOTAL LIABILITIES		187,591	143,988	154,647	190,967	154,647
NET ASSETS	2	(107,660)	(69,860)	(76,275)	(39,116)	(76,275)
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		(107,660)	(77,133)	(76,275)	(39,116)	(77,133)
TOTAL COMMUNITY WEALTH/EQUITY	2	(107,660)	(77,133)	(76,275)	(39,116)	(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	0,64:1
2	Liquidity ratio	(Current assets – Inventory)/ Current liabilities	0,64:1
3	Working capital	Current assets – Current liabilities	(R44,279 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 0,64:1 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 0,64:1 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	Adjusted Budget	YTD 2022/2023
Employee costs as % of total expenditure	79%	77%
Number of permanent employees	362	471
Number of temporary employees	50	65

7.2 Table 15: COUNCILLORS AND STAFF BENEFITS

DC48 West Rand - Supporting Table SC8 Quarterly Budget Statement - councillor and staff benefits - Q3

Summary of Employee and Councillor remuneration	Ref	Budget year 2022/23						
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands							%	
	1	B	C					D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages		11,614	10,668	1,019	8,233	8,001	232	3%
Cellphone Allowance		1,519	1,519	117	1,064	1,139	(75)	-7%
Sub Total - Councillors		13,132	12,187	1,136	9,297	9,140	157	2%
Senior Managers of the Municipality	3							
Basic Salaries and Wages		8,100	8,100	502	4,284	6,075	(1,791)	-29%
Other benefits and allowances		2	2	-	2	1	1	59%
Payments in lieu of leave		44	44	-	-	33	(33)	-100%
Sub Total - Senior Managers of Municipality		8,146	8,146	502	4,286	6,109	(1,823)	-30%
Other Municipal Staff								
Basic Salaries and Wages		145,907	149,284	10,589	96,951	111,963	(15,011)	-13%
Pension and UIF Contributions		25,328	25,328	2,231	20,738	18,996	1,742	9%
Medical Aid Contributions		5,365	5,365	1,238	11,067	4,024	7,043	175%
Overtime		5,406	5,406	477	5,926	4,054	1,871	46%
Performance Bonus		7,710	7,710	285	7,475	5,783	1,693	29%
Motor Vehicle Allowance		7,837	7,837	947	7,991	5,878	2,114	36%
Cellphone Allowance		944	944	1	11	708	(696)	-98%
Housing Allowances		2,252	2,252	58	821	1,689	(868)	-51%
Other benefits and allowances		651	651	28	365	488	(124)	-25%
Payments in lieu of leave		1,821	1,821	58	145	1,365	(1,220)	-89%
Sub Total - Other Municipal Staff		203,221	206,598	15,911	151,492	154,948	(3,457)	-2%
Total Parent Municipality		224,499	226,930	17,549	165,075	170,198	(5,123)	-3%



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			
Municipal Grading	Grade 4			Financial Year:			
Reporting Month:	March			Total Number of Councillors:			
Contact Person:	Sam Ramaele			Telephone:			
E-Mail Address:	sramaele@wrdm.gov.za			Fax:			
Description	No. of Councillors	A. Basic salary	B. Cellphone and data allowances	C. Sitting allowances	D. Travelling expenses	F. Other benefits and allowances	F. Total monthly expenditure
Municipal Councillors: Full-Time							
Executive Mayor	1	43,216.43	2,000.00	-	-	-	45,216.43
Speaker	1	26,769.28	2,000.00	-	-	-	28,769.28
Member of Mayoral Committee	8	252,277.37	21,100.00	-	74,383.21	28,789.17	376,549.75
Chief Whips	1	43,175.50	3,700.00	-	14,391.83	6,954.88	68,222.21
Chairperson of Section 79 Committees	1	41,890.18	3,700.00	-	13,963.40	6,737.61	66,291.19
Municipal Councillors: Part-Time							
Councillors	32	254,936.51	84,100.00	56,816.00	60,699.20	94,192.45	550,744.16
TOTAL		662,265.27	116,600.00	56,816.00	163,437.64	136,674.11	1,135,793.02
Comments:							
Municipal Manager :	ME Koloi				Date:	04 12 2023	

Table 17: WITHDRAWAL STATEMENT
WITHDRAWAL STATEMENT FOR THE QUARTER ENDED 31 March 2023

	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:		622777660872	21307350	0	
Account number:		Yes	Yes	-	-
Bank reconciliation/s compiled and attached		Yes	Yes	-	-
Month:(End of Quarter)	March	March	March	March	March
Opening cash book balance at beginning of quarter	16,763,482	248,944	2,407,175	4,500,000	9,607,363
Add Receipts for quarter	108,252,628	25,656,378	7,335,122		75,261,129
Less Payments for quarter	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
Closing cash book balance at end of quarter	65,879,536	1,010,265	33,830	4,500,000	60,335,441
GL Account Balance				-	-
Payments for the month	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
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	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
Actual capital expenditure for the quarter	-	-	-	-	-
Actual operating expenditure for the quarter	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
Section 11(4) expenditure	-	-	-	-	-
Total	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
a) to defray expenditure appropriated in terms of an approved budget;	-59,136,574	-24,895,057	-9,708,467	-	-24,533,050
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					