

West Rand District Municipality



Mid-Year Budget and Financial
Performance Assessment for the
2019/2020 Financial Year

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Glossary

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

Purpose

The purpose of this report is to present the mid-year budget and financial performance which incorporates the quarterly financial report for the quarter ended 31 December 2019 submitted to council in terms of section 52(d) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003).

Legislative Background

Section 72 of the MFMA states that:

- (1) The accounting officer of a municipality must by 25 January of each year –
 - (a) Assess the performance of the municipality during the first half of the financial year, taking into account –
 - (i) The monthly statement referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) The past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) The performance of every municipal entity under the sole or shared control of the municipality' taking into account reports in the terms of section 88 from any such entities, and
 - (b) Submit a report on such assessment to –
 - (i) The mayor of the municipality;
 - (ii) The national treasury; and
 - (iii) The relevant provincial treasury
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsections (1)(b) of this section.
- (3) The statement accounting officer must, as part of the review –
 - (a) Make recommendations as to whether an adjustments budget is necessary; and
 - (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Table 1: Financial Performance (Income and Expenditure by Municipal Vote)

DC48 West Rand - Table C3 Consolidated Quarterly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q2 Second Quarter

Vote Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue by Vote										
Vote 1 - Corporate Governance	1	24,000	12,371	19,587	7,427	15,051	9,793	5,258	53.7%	19,587
Vote 2 - Municipal Manager & Support		-	17,119	26,813	5,947	12,659	13,406	(747)	-5.6%	26,813
Vote 3 - Corporate Services		4,259	33,985	50,146	9,256	22,702	25,073	(2,371)	-9.5%	50,146
Vote 4 - Budget & Treasury Office		14,118	31,491	44,620	8,149	20,317	22,310	(1,993)	8.9%	44,620
Vote 5 - Health & Social Development		8,218	36,678	52,853	13,221	28,638	26,427	2,211	8.4%	52,853
Vote 6 - Public Safety		258,769	72,249	-	25,524	53,073	-	53,073	#DIV/0!	-
Vote 7 - Regional Planning & Economic Development		4,317	29,812	25,887	5,440	12,539	12,944	(405)	-3.1%	25,887
Vote 8 - Development Agency		4,356	8,844	8,844	130	312	4,422	(4,110)	-92.9%	8,844
Total Revenue by Vote	2	318,036	242,549	228,750	75,093	165,291	114,375	50,916	44.5%	228,750
Expenditure by Vote										
Vote 1 - Corporate Governance	1	21,838	24,269	21,077	1,948	10,754	10,539	215	2.0%	21,077
Vote 2 - Municipal Manager & Support		15,801	18,010	18,010	874	7,550	9,005	(1,455)	-16.2%	18,010
Vote 3 - Corporate Services		39,601	44,357	43,290	2,010	21,002	21,649	153	0.7%	43,290
Vote 4 - Budget & Treasury Office		45,254	22,549	21,210	2,282	10,575	10,605	(30)	-0.3%	21,210
Vote 5 - Health & Social Development		32,228	36,954	36,654	7,016	18,062	18,327	(265)	-1.4%	36,654
Vote 6 - Public Safety		92,135	104,868	33,744	10,155	55,839	16,872	38,967	231.0%	33,744
Vote 7 - Regional Planning & Economic Development		18,912	22,068	22,068	1,518	8,500	11,034	(2,534)	23.0%	22,068
Vote 8 - Development Agency		6,129	8,541	8,541	422	1,059	4,271	(3,212)	-75.2%	8,541
Total Expenditure by Vote	2	271,979	281,617	204,603	27,025	134,140	102,301	31,839	31.1%	204,603
Surplus/ (Deficit) for the year	2	46,057	(39,068)	24,147	48,068	31,150	12,073	19,077	158.0%	24,147

1.1 The municipality had presented a special adjustments budget with a task to transfer back the Fire Services & Disaster Management functions in order to reduce the overall expenditure with the aim of servicing the needs of the community and provide regional support to our local municipalities through strong district governance. The FRP acknowledges that the local municipalities are still recipient of the basic service allocation included in the equitable share for this service. The process continues to be in discussion with the MEC of Finance and COGTA and as a result, the municipality continues to incur costs associated with the department.

Table 2: Financial Performance Revenue by Type

DC48 West Rand - Table C4 Consolidated Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	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		1,566	1,038	1,038	265	579	519	60	12%	1,038
Interest earned - external investments		537	-	-	44	340	-	340	#DIV/0!	-
Interest earned - outstanding debtors		-	-	-	-	2,080	-	2,080	#DIV/0!	-
Licences and permits		422	700	700	-	100	350	(250)	-71%	700
Transfers and subsidies		270,844	207,828	206,928	74,532	155,672	103,464	52,208	50%	206,928
Other revenue		42,074	18,234	17,335	252	4,596	8,668	(4,072)	-47%	17,335
Total Revenue (excluding capital transfers and contributions)		315,442	227,800	226,002	75,093	163,367	113,001	50,366	45%	226,002
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2,594	14,748	2,748	-	1,924	1,374	550	40%	2,748
Surplus/(Deficit) after capital transfers & contributions		318,036	242,548	228,750	75,093	165,291	114,375	50,916	45%	228,750

- 2.1 Revenue as at end of the quarter ending 31 December 2019 amounted to R 165,291 million. This represents 72% of the total special adjustments budget.
- 2.2 Transfers and subsidies (operational and capital) amount to R157,596 million, which represents 95% of the total revenue collected by the municipality. This is due to the fact that the municipality is heavily reliant on transfers and subsidies.
- 2.3 Below are the causes of major variances –

Source	Variance (R)	Comment
Interest earned – external investments	(340)	No interest on external investments was anticipated due to the anticipated cash flow of the municipality. The interest earned is from positive bank balances the municipality had in the previous months.
Interest earned – outstanding debtors	(2,080)	Interest charged on outstanding accounts is an indicator of non-payment of existing debtors. Credit control measures need to be put in place to collect outstanding amounts from the debtors.
Other revenue	(8,668)	The WRDA has not received most of their anticipated grants, mainly the transfers from WRDM and GDARD.

Table 3: Financial Performance Expenditure by Type

DC48 West Rand - Table C4 Consolidated Quarterly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		176,743	180,354	113,102	15,349	91,005	56,551	34,454	61%	113,102
Remuneration of councillors		13,020	14,643	11,551	1,116	7,554	5,775	1,779	31%	11,551
Debt impairment		842	-	-	-	-	-	-		-
Depreciation & asset impairment		7,206	7,000	3,578	600	3,603	1,789	1,814	101%	3,578
Finance charges		8,722	1,564	-	27	490	-	490	#DIV/0!	-
Other materials		166	200	200	33	65	100	(35)	-35%	200
Contracted services		17,241	28,758	27,375	3,341	11,843	13,687	(1,844)	-13%	27,375
Transfers and subsidies		13,144	12,640	12,640	4,701	4,701	6,320	(1,619)	-26%	12,640
Other expenditure		34,895	36,458	36,158	1,858	14,878	18,079	(3,201)	-18%	36,158
Total Expenditure		271,979	281,617	204,603	27,025	134,140	102,301	31,839	31%	204,603

3.1 Expenditure as at the quarter ending 31 December 2019 amounted to R 134,140 million. This represents 66% of the special adjustments budget.

3.2 The municipality's operational expenditure budget is mainly driven by employee related costs. These costs represent 57% of the total expenditure spent as at 31 December 2019.

3.3 Below are the causes of major variances –

Type	Variance (R)	Comment
Employee related costs	56,551	The municipality anticipated that the fire & rescue services would have been transferred back to the local municipalities. Due to the non-occurrence of that event, the municipality continues to incur costs associated with the function.
Remuneration of councillors	1,779	The municipality anticipated that the fire & rescue services would have been transferred back to the local municipalities. Due to the non-occurrence of that event, the municipality continues to incur costs associated with councillors of the function.
Contracted services	(1,814)	The underspending on contracted services is due to costs containment measures put in place.
Transfers and subsidies	(1,619)	To date, no subsidy has been transferred to the WRDA due to the financial constraints faced by the municipality.
Other expenditure	(3,201)	The underspending of other expenditure is due to certain invoices not being received to date. This should change in the subsequent months.

Table 4: Capital Expenditure

DC48 West Rand - Table C5 Consolidated Quarterly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - Q2 Second Quarter)										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	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>		-	6,200	6,200	-	2,749	3,100	(351)	-11%	6,200
Finance and administration		-	6,200	6,200	-	2,749	3,100	(351)	-11%	6,200
<i>Community and public safety</i>		-	6,539	-	-	-	-	-	-	-
Public safety		-	6,539	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	12,000	-	-	-	-	-	-	-
Planning and development		-	12,000	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	-	24,739	6,200	-	2,749	3,100	(351)	-11%	6,200
Funded by:										
National Government		-	12,000	-	-	-	-	-	-	-
Transfers recognised - capital		-	12,000	-	-	-	-	-	-	-
Internally generated funds		-	12,739	6,200	-	2,749	3,100	(351)	-11%	6,200
Total Capital Funding		-	24,739	6,200	-	2,749	3,100	(351)	-11%	6,200

The West Rand District Municipality anticipated that during the 2019/2020 MTREF, the lease of vehicles would not be renewed and the municipality would make an outright purchase of vehicles. Due to the financial situation and service delivery needs of the municipality, the outright purchase could not happen. The municipality therefore needs to adjust the capital budget of R6,2 million and allocate the R6,2 million expenditure to the operating lease of vehicles.

Table 5: Cash Flow

DC48 West Rand - Table C7 Consolidated Quarterly Budget Statement - Cash Flow - Q2 Second Quarter

Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Other revenue		25,134	40,022	38,223	408	22,596	20,011	140,957	704%	40,022
Government - operating		273,818	207,828	205,928	79,559	160,968	103,914	(101,950)	-58%	207,828
Government - capital		2,594	14,748	2,748	-	1,924	7,374	#REF!	#REF!	14,748
Interest		571	-	-	44	407	-	407	#DIV/0!	-
Payments										
Suppliers and employees		(278,515)	(229,451)	(231,555)	(64,366)	(170,356)	(114,726)	55,630	-48%	(229,451)
Finance charges		(1,739)	-	-	-	-	-	-	-	-
Transfers and Grants		-	(12,640)	(12,640)	-	-	(6,320)	(6,320)	100%	(12,640)
NET CASH FROM/(USED) OPERATING ACTIVITIES		21,863	20,506	3,694	15,645	15,540	10,253	(5,287)	-52%	20,506
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		5,260	-	-	-	-	-	-	-	-
Payments										
Capital assets		(52)	(24,739)	(6,200)	(2,749)	(2,749)	(12,369)	(9,621)	78%	(24,739)
NET CASH FROM/(USED) INVESTING ACTIVITIES		5,208	(24,739)	(6,200)	(2,749)	(2,749)	(12,369)	(9,621)	78%	(24,739)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Payments										
Repayment of borrowing		(15,547)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(15,547)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		11,524	(4,233)	(2,506)	12,897	12,792	(2,116)			(4,233)
Cash/cash equivalents at beginning:		(4,014)	4,233	2,506		7,510	2,506			7,510
Cash/cash equivalents at month/year end:		7,510	0	-		20,302	390			3,277

5.1 A summary of the cash flow for the year is reflected in the table below.

Municipality	Closing balance (R)
West Rand District Municipality	15,202,909
West Rand Development Agency	5,098,999
Total	20,301,909

5.2 Included in the amount for cash and cash equivalents as at 31 December 2019 are call account investments which were opened during the 2019/20 financial year to ring-fence the conditional grants. These call accounts are available on demand and are reflected in the table below.

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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 realized	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands														
Municipality														
FNB Call Account		N/A	Call account	Yes	Fixed	6.35%			N/A	-			6,000	6,000
Municipality sub-total										-			6,000	6,000
Entities														
FNB Call Account		N/A	Call account	Yes	Fixed	6.35%			N/A	-			4,000	4,000
Entities sub-total										-			4,000	4,000
TOTAL INVESTMENTS AND INTEREST	2									-			10,000	10,000

Table 6: Financial Position

DC48 West Rand - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		7,510	-	-	10,302	-
Call investment deposits		-	-	-	10,000	-
Other debtors		41,400	26,585	26,585	29,824	26,585
Inventory		387	136	136	99	136
Total current assets		49,297	26,721	26,721	50,225	26,721
Non current assets						
Long-term receivables		255	-	-	255	-
Investment property		5,600	5,370	5,800	5,600	5,370
Investments in Associate		-	-	-	-	-
Property, plant and equipment		71,567	58,912	27,613	67,964	-
Biological		331	338	338	331	338
Intangible		0	-	-	-	-
Other non-current assets		-	14,579	14,579	-	14,579
Total non current assets		77,753	79,200	48,331	74,150	20,288
TOTAL ASSETS		127,050	105,921	75,052	124,375	47,008
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		6,869	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		149,517	131,836	41,131	89,447	131,836
Provisions		6,208	5,355	4,173	6,208	5,355
Total current liabilities		162,595	137,191	45,304	95,655	137,191
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		53,787	74,589	56,637	53,787	74,589
Total non current liabilities		53,787	74,589	56,637	53,787	74,589
TOTAL LIABILITIES		216,381	211,780	101,941	149,442	211,780
NET ASSETS	2	(89,331)	(105,860)	(26,889)	(25,067)	(164,772)
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(89,331)	(105,860)	(26,889)	(25,067)	(105,860)
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(89,331)	(105,860)	(26,889)	(25,067)	(105,860)

6.1 The table above reflects the total assets and liabilities of the municipality. The municipality's financial position clearly indicates that the municipality's liabilities far exceed the assets and as a result, no reserves are available as at 31 December 2019.

Table 7: Debtors

DC48 West Rand - Supporting Table SC3 Quarterly Budget Statement - aged debtors - Q2 Second Quarter												
Description	NT Code	Budget Year 2019/20									Actual Bad Debts Written Off Against Debtors	Impairment - Bad Debts i/L to 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		
R thousands												
Debtors Age Analysis By Income Source												
Other	1900	6 179	152	154	153	143	(37)	183	29 860	36 786	30 302	(6 962)
Total By Income Source	2000	6 179	152	154	153	143	(37)	183	29 860	36 786	30 302	(6 962)
2018/19 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	3 000	-	-	-	-	-	-	21 526	24 526	21 526	(3 669)
Commercial	2300	222	152	154	153	143	(37)	183	5 056	6 010	5 483	(3 669)
Other	2500	2 957	-	-	-	-	-	15	3 278	6 250	3 293	(3 293)
Total By Customer Group	2600	6 179	152	154	153	143	(37)	183	29 860	36 786	30 302	(6 962)

6.1 The total outstanding debtors amount of the municipality amount to R36,7 million as at 31 December 2019 for the 2019/2020 budget year.

6.2 The table below indicates the top outstanding debtors of the municipality.

DC48 West Rand - Top 10 Debtors Age Analysis - Q2 Second Quarter											
Description	Budget Year 2019/20										Total over 90 days
	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		
R thousands											
Debtor											
Mogale City Local Municipality	1,000	-	-	-	-	-	-	12,300	13,300	12,300	
Merafong City Local Municipality	1,000	-	-	-	-	-	-	7,400	8,400	7,400	
BP Southern Africa (Pty) Ltd	74	73	73	72	72	-	72	2,633	3,069	2,849	
Rand-West City Local Municipality	1,000	-	-	-	-	-	-	1,826	2,826	1,826	
United Meat And Chicken	334	27	27	27	27	-	71	1,442	1,955	1,567	
Adel Jut Trading Enterprise 2	25	19	19	19	19	-	20	669	788	726	
South African Municipal Worker	11	11	11	11	11	-	12	371	438	405	
Vacant (Jumbo Furnishers)	1	1	1	1	1	-	1	186	192	189	
Adel Jut Trading Enterprise	14	10	10	10	10	-	11	120	184	151	
Jumbo Liquors	75	17	-	-	-	-	-	-	92	-	
Total By Income Source	3,534	157	140	139	139	-	187	26,947	31,244	27,412	

6.3 Letters of demand have been issued to the commercial debtors to settle outstanding amount owed to the municipality and should that not be adhered to, legal recovery processes will be undertaken by the municipality's legal department.

Table 8: Creditors

DC48 West Rand - Supporting Table SC4 Quarterly Budget Statement - aged creditors - Q2 Second Quarter											
Description	NTCode	Budget Year 2019/20									Prior year totals for chart (same period)
		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	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1,260	2,109	733	1,117	53,261	-	-	-	58,450	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	28,533	-	-	-	2,435	-	-	-	30,967	-
Total By Customer Type	1000	29,792	2,109	733	1,117	55,696	-	-	-	89,447	-

8.1 The breakdown of the creditors' age analysis by customer balance for the quarter ended 31 December 2019 is made up as follows:

8.1.1 Trade creditors

Creditor Name	Nature of Business	Total	0days	30days	60days	90days	120days
ADAPT IT	Computer systems support services	125,834	-	-	-	-	125,834
ATLAS TYRES	Maintenance of vehicles	4,910	-	-	-	-	4,910
AUDITOR GENERAL SOUTH AFRICA	Audit services	1,125,905	-	1,125,905	-	-	-
BORABORA BUSINESS ENTERPRISE	Stationery	3,549	-	-	-	-	3,549
BRILLIANT TELECOMMUNICATIONS (External computer service:network extensions	1,600,980	467,757	467,757	467,757	197,709	-
DR MARY DZIMWASHA	Medical services	8,470	-	-	-	-	8,470
FIDELITY CASH SOLUTIONS (PTY)	Security services	4,416	-	-	-	-	4,416
HUMAN COMMUNICATIONS PTY LTD	Advertising	7,682	7,682	-	-	-	-
INSTITUTE OF MUNICIPAL FINANCE	Registration of workshops	7,499	-	-	-	-	7,499
JUNO 1001 CC T/A CARLETONVILLE	Fuel and oil	663	-	-	-	-	663
KYLAN STATIONERS.	Stationery	29,164	-	-	-	29,164	-
L O TANTSI FIRE TRAINING	Training	10,800	10,800	-	-	-	-
LEGAN'S LAUNDRY C.C.	Laundry services	937	-	-	-	-	937
MABOTWANE SECURITY SERVICES CC	Security services	2,754,531	231,014	231,014	231,014	462,027	1,599,462
MAFOKO SECURITY PATROLS (PTY)	Security services	2,736,464	-	-	-	-	2,736,464
MARCE PROJECTS PTY LTD	Lease on fire engines	141,622	22,511	53,974	34,350	-	30,787
MOLALE PROPERTIES PTY LTD	Materials and supplies	28,890	28,890	-	-	-	-
MUNSOFT	Financial system	225,210	216,501	-	-	-	8,709
Microsoft Ireland Operations	Microsoft	727,569	-	-	-	-	727,569
NHLONG THATO	Materials and supplies	2,100	-	-	-	-	2,100
NOZUKO NXUSANI INCORPORATED	LEGAL SERVICES	428,460	-	-	-	428,460	-
PETER SANDRA JOSEPHINE	Subsistence allowance	1,356	-	-	-	-	1,356
PHUNGO INCORPORATED	LEGAL SERVICES	230,033	-	230,033	-	-	-
RAND WEST CITY LOCAL MUNICIPAL	Municipal charges	15,042,548	-	-	-	-	15,042,548
RANDFONTEIN STATIONERS CC	Stationery	536	-	-	-	-	536
SALGA	Professional membership	2,409,615	-	-	-	-	2,409,615
SHELL WESTONARIA	Fuel and oil	11,588	-	-	-	-	11,588
SILVERSTAR CASINO	Workshops services	3,713	-	-	-	-	3,713
TIRISANO TRAVEL	Travelling services	6,657	-	-	-	-	6,657
TJHUDUKA HOSPITALITY	Workshops services	2,200	-	-	-	-	2,200
TK TRUCK & CAR CC	Maintenance of vehicles	10,350	10,350	-	-	-	-
TRAVEL WITH FLAIR MORELETA PAR	Travelling services	5,901	-	-	-	-	5,901
TVNB MANZI FUNERAL PARLOUR	Pauper burials	22,800	22,800	-	-	-	-
UKWAKHILE PROJECTS PTY LTD	Training	170,200	170,200	-	-	-	-
VODACOM SERVICE PROVIDER CO (P	Cellphone and 3G card	138,772	71,167	-	-	-	67,605
XULU BC (MEV)	Subsistence allowance	1,356	-	-	-	-	1,356
ZA ONLINE PTY LTD	Maintenance of assets	2,230	-	-	-	-	2,230
DEPT. OF HUMAN SETTLEMENTS	Unspent grant	30,444,344	-	-	-	-	30,444,344
Total		58,479,852	1,259,672	2,108,682	733,121	1,117,360	53,261,017

8.1.2 Other creditors

Type of creditor	Total	0days	30days	60days	90days	120days
Leave payable (days not taken)	23,455,763	23,455,763	-	-	-	-
Leave payable (not paid)	341,573	-	341,573	-	-	-
FMG	579,129	-	-	-	-	579,129
EPWP	376,100	376,100	-	-	-	-
Health subsidy	3,299,200	3,299,200	-	-	-	-
Library Grant	1,059,963	1,059,963	-	-	-	-
Rural Asset Management Grants	826,451	-	-	-	-	826,451
Disaster Management	1,029,126	-	-	-	-	1,029,126
	30,967,305	28,191,026	341,573	-	-	2,434,705

Table 9: Transfers and grants

DC48 West Rand - Supporting Table SC6 Quaterly Budget Statement - transfers and grant receipts - Q2 Second Quarter

Description	Ref	2018/19		Budget Year 2019/20						
		Audited Outcome	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:		200,112	196,280	195,380	69,653	143,186	143,186	-		196,280
Local Government Equitable Share		34,742	39,436	39,436	-	39,436	39,436	-		39,436
RSC Levy Replacement		163,265	153,864	153,864	69,167	101,994	101,994			153,864
Finance Management		1,000	1,000	1,000	-	1,000	1,000			1,000
Municipal Systems Improvement			900	-	-	-	-			900
EPWP Incentive		1,105	1,080	1,080	486	756	756			1,080
Provincial Government:		70,478	11,548	11,548	4,699	11,548	11,548	-		11,548
Health subsidy		7,796	8,248	8,248	3,299	8,248	8,248	-		8,248
Fire brigade services grant		57,392	-	-	-	-	-			-
GDARD		367	-	-	-	-	-			-
Performance Management Services	4	-	500	500	-	500	500			500
Library Grant		2,800	2,800	2,800	1,400	2,800	2,800			2,800
Disaster Management Grant		2,123	-	-	-	-	-			-
Other grant providers:		-	-	-	180	1,208	-	1,208	0.0%	-
LG SETA		-	-	-	180	1,208	-	1,208	0.0%	-
Total Operating Transfers and Grants	5	270,590	207,828	206,928	74,532	155,942	154,734	1,208	0.8%	207,828
Capital Transfers and Grants										
National Government:		2,594	14,748	2,748	-	1,924	1,924	-		14,748
Neighbourhood Development Partnership		-	12,000	-	-	-	-			12,000
Rural Asset Management(Capital Grant)		2,594	2,748	2,748	-	1,924	1,924			2,748
Total Capital Transfers and Grants	5	2,594	14,748	2,748	-	1,924	1,924	-		14,748
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	273,184	222,576	209,676	74,532	157,866	156,658	1,208	0.8%	222,576

8.1 The municipality has received R157 millions of grants transferred from National government, Provincial government and other grant providers.

8.2 The table below reflects the unspent portion of the transfers and subsidies received.

Grants	Gazetted	Roll-over	Received per bank statement	Recovered	Conditional (Y/N)	Spent to date	Unspent	Overspent	% Spent to date
FMG	1,000,000	-	1,000,000	-	Yes	420,871	579,129	-	42%
Equitable Share	193,300,000	-	72,263,000	-	No				
Performance Management	500,000	-	500,000	-		-	500,000	-	0%
EPWP	1,105,000	-	756,000	-	Yes	379,900	376,100	-	50%
Health subsidy	8,248,000	-	8,248,000	-	Yes	4,948,800	3,299,200	-	60%
Library Grant	2,800,000	-	2,800,000	-	Yes	1,740,037	1,059,963	-	62%
Rural Asset Management Grants	2,598,000	-	1,924,000	-	Yes	1,097,549	826,451	-	57%
Disaster Management	-	7,876,550	-	-	Yes	6,847,424	1,029,126	-	0%
Fire and Rescue Services	-	20,108,423	-	-	Yes	24,854,149	-	(4,745,726)	-19%
Neighbourhood Development Partnership Grant	-	-	-	14,196,560	Yes	-	-	-	0%
TOTAL "R"	209,551,000	27,984,973	87,491,000	14,196,560		40,288,731	7,669,968	(4,745,726)	46%

8.3 The municipality has utilized 82% of the conditional grants received, including the 2018/2019 financial unspent conditional grants. As a safety measure to adhere to the MFMA and DORA, R6 million has been ring-fenced in a call account investment.

Table 10: Councilors and Staff Benefits

DC48 West Rand - Supporting Table SC8 Quarterly Budget Statement - councillor and staff benefits - Q2 Second Quarter

Summary of Employee and Councillor remuneration R thousands	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		13,020	14,643	11,551	1,116	7,554	1,220	6,334	519%	11,551
Sub Total - Councillors		13,020	14,643	11,551	1,116	7,554	1,220	6,334	519%	11,551
Senior Managers of the Municipality	3									
Basic Salaries and Wages		6,506	6,090	6,090	393	2,353	3,045	(692)	-23%	6,090
Performance Bonus		-	507	507	-	-	254	(254)	-100%	507
Motor Vehicle Allowance		1,210	1,400	1,400	79	455	700	(245)	-35%	1,400
Other benefits and allowances		73	217	217	4	27	109	(82)	-75%	217
Sub Total - Senior Managers of Municipality		7,789	8,214	8,214	477	2,835	4,107	(1,272)	-31%	8,214
Other Municipal Staff										
Basic Salaries and Wages		102,922	111,930	68,912	9,295	55,410	55,965	(555)	-1%	68,912
Pension and UIF Contributions		21,761	22,475	12,889	1,879	11,596	11,238	359	3%	12,889
Medical Aid Contributions		13,220	11,847	6,454	951	5,438	5,924	(485)	-8%	6,454
Overtime		4,839	8,323	483	578	3,754	4,162	(408)	-10%	483
Performance Bonus		8,073	9,327	6,841	532	5,887	4,664	1,224	26%	6,841
Motor Vehicle Allowance		4,265	4,397	3,573	446	2,390	2,198	191	9%	3,573
Cellphone Allowance		-	14	13	1	3	7	(4)	-53%	13
Housing Allowances		935	941	594	77	1,154	471	683	145%	594
Other benefits and allowances		3,343	1,781	2,900	899	1,472	891	581	65%	2,900
Payments in lieu of leave		6,709	1,103	2,228	-	-	552	(552)	-100%	2,228
Post-retirement benefit obligations	2	2,886	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		168,954	172,140	104,888	14,658	87,103	86,070	1,034	1%	104,888
Total Parent Municipality		189,763	194,996	124,652	16,251	97,493	91,397	6,095	7%	124,652
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	2	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	55	275	-	275	0%	-
Sub Total - Senior Managers of Entities		-	-	-	55	275	-	275	0%	-
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	159	792	-	792	0%	-
Sub Total - Other Staff of Entities		-	-	-	159	792	-	792	0%	-
Total Municipal Entities		-	-	-	214	1,067	-	1,067	0%	-
TOTAL SALARY, ALLOWANCES & BENEFITS		189,763	194,996	124,652	16,465	98,560	91,397	7,163	8%	124,652
TOTAL MANAGERS AND STAFF		176,743	180,354	113,102	15,349	91,005	90,177	828	1%	113,102

10.1 The municipality is faced with the challenge of transferring the fire & rescue services to the local municipalities and as a result, the consolidated salaries, allowances and benefits of the municipality amount to 72% of the special adjustments budget as at 31 December 2019. Considerations should be taken that the municipality may incur these costs for the entire financial year.

Conclusion

Taking all of the above into account, it is recommended that an adjustment budget in terms of MFMA Section 28 for the 2019/20 MTREF should be favorably considered and compiled for submission to the Municipal Council in February 2020.

ANNEXURES

Please find attached the following annexures:

1. 2019/20 Mid-year term performance report
2. 2019/20 Mid-year financial report of the Municipal entity (WRDA)



M.E KOLOI

ACTING MUNICIPAL MANAGER

DATE: 24/01/2020