



**Annexure A: Quarterly Financial Report –  
30 September 2013**

## CONTENTS

|  |           |
|--|-----------|
| <b>PART 1 - IN-YEAR REPORT .....</b>   | <b>2</b>  |
| Budget Statement Summary .....   | 2         |
| Budget Statement – Financial Performance (revenue and expenditure by municipal vote) .....       | 4         |
| Budget Statement – Financial Performance (revenue by source and expenditure by type) .....       | 9         |
| Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) ... | 13        |
| Budget Statement – Financial Position .....  | 17        |
| Budget Statement – Cash Flow .....   | 19        |
| Budget Statement – Actual and revised targets for cash receipts and cash flows .....             | 21        |
| <b>PART 2 - SUPPORTING DOCUMENTATION .....</b>   | <b>23</b> |
| Debtors' analysis .....  | 23        |
| Creditors' analysis .....  | 24        |
| Outstanding commitments against Cash and Cash Equivalents .....                                  | 24        |
| Allocation and grant receipts and expenditure .....  | 25        |
| Corporate performance – material variance explanations .....                                     | 27        |
| Capital programme performance .....  | 28        |

The 'Audited Outcome' columns in the ensuing tables have been populated with 2012/13 unaudited figures.

## PART 1 - IN-YEAR REPORT

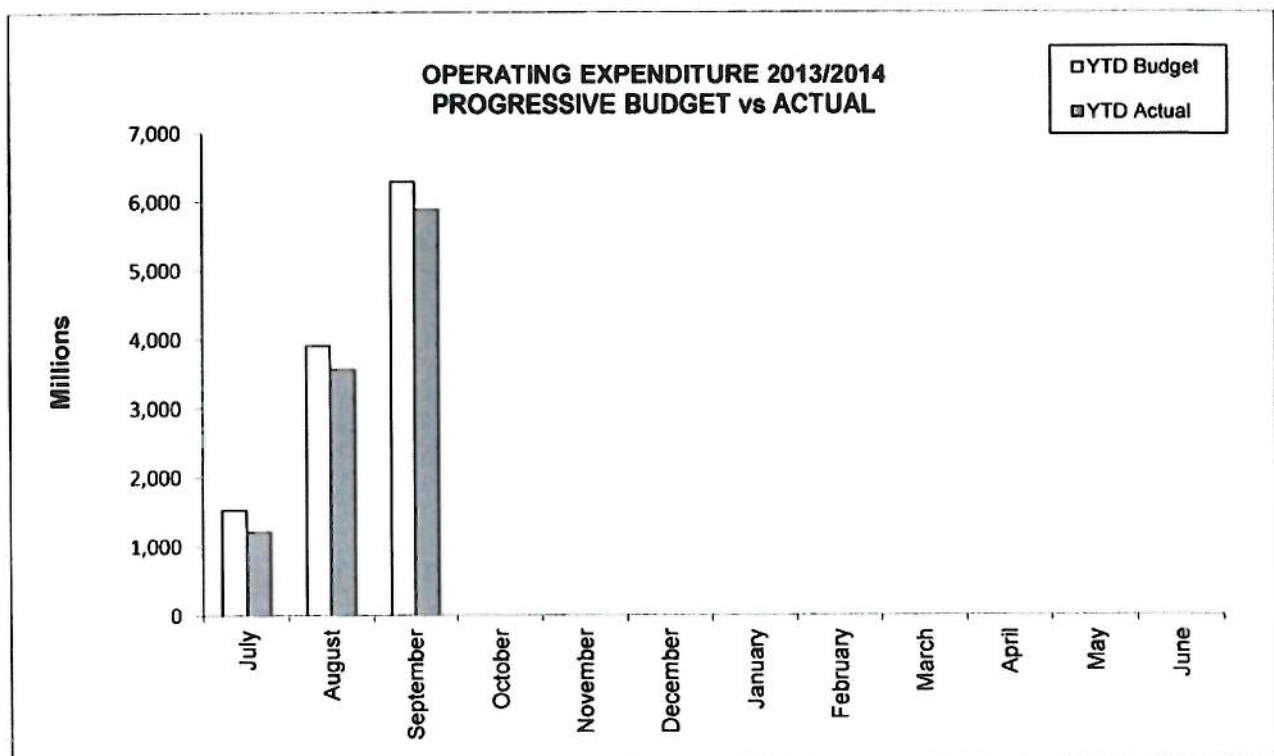
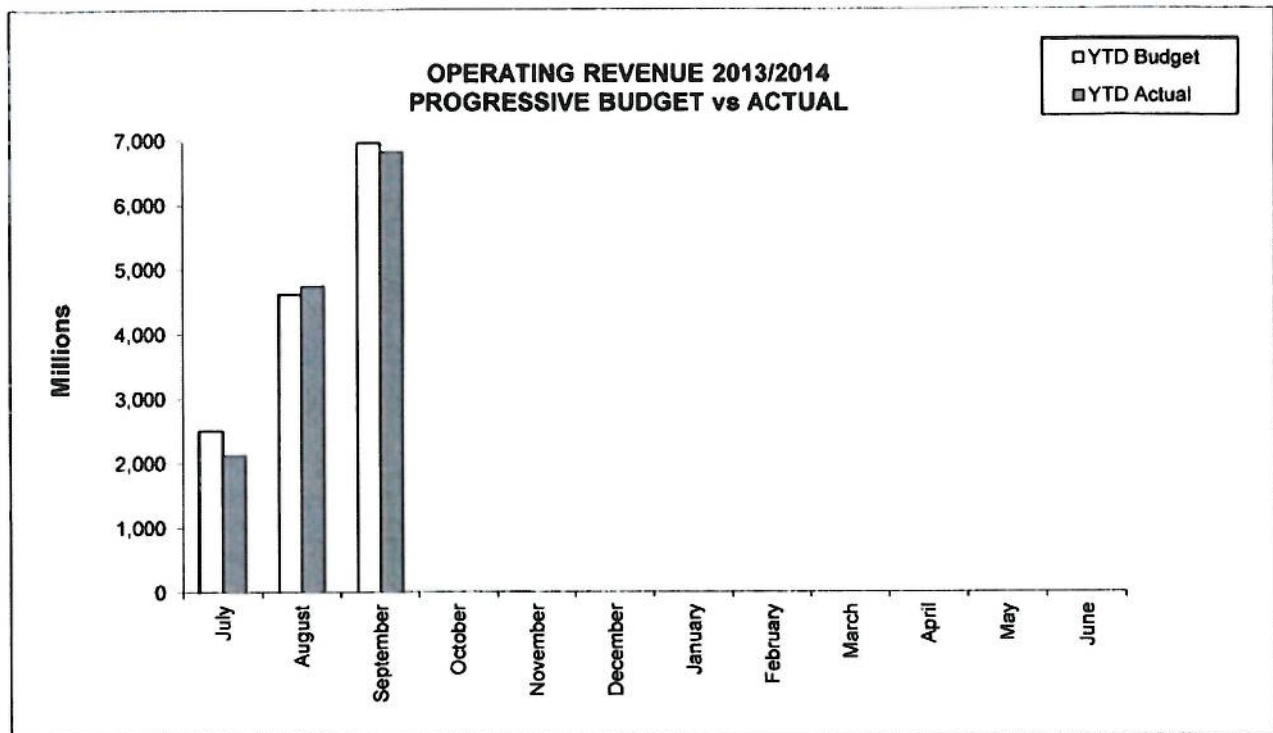
### Budget Statement Summary

The table below provides a high-level summation of the City's operating- and capital budgets, actuals to date, financial position and cash flow.

| Description  | 2012/13           | Budget Year 2013/14 |                   |                   |                  |                  |                |                    |
|--|-------------------|---------------------|-------------------|-------------------|------------------|------------------|----------------|--------------------|
|  | Audited Outcome   | Original Budget     | Adjusted Budget   | YearTD actual     | YearTD budget    | YTD variance     | YTD variance % | Full Year Forecast |
| R thousands  |                   |                     |                   |                   |                  |                  |                |                    |
| <b>Financial Performance</b>   |                   |                     |                   |                   |                  |                  |                |                    |
| Property rates   | 5,161,502         | 5,527,109           | 5,527,109         | 1,408,719         | 1,330,213        | 78,506           | 6%             | 5,527,109          |
| Service charges  | 13,099,805        | 14,442,391          | 14,442,391        | 3,438,545         | 3,615,348        | (176,803)        | -5%            | 14,442,391         |
| Investment revenue   | 368,324           | 284,618             | 284,618           | 79,388            | 82,680           | (3,291)          | -4%            | 403,422            |
| Transfers recognised - operational                                   | 1,985,809         | 2,595,904           | 2,581,301         | 668,791           | 738,061          | (69,270)         | -9%            | 2,581,301          |
| Other own revenue  | 3,296,766         | 3,045,068           | 3,045,068         | 884,207           | 888,985          | (4,778)          | -1%            | 3,045,068          |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>23,912,206</b> | <b>25,895,089</b>   | <b>25,880,486</b> | <b>6,479,651</b>  | <b>6,655,286</b> | <b>(175,635)</b> | <b>-3%</b>     | <b>25,999,291</b>  |
| Employee costs   | 7,446,199         | 8,253,458           | 8,261,495         | 1,924,298         | 1,993,183        | (68,885)         | -3%            | 8,261,495          |
| Remuneration of Councillors  | 111,673           | 123,721             | 123,721           | 28,331            | 30,930           | (2,600)          | -8%            | 123,721            |
| Depreciation & asset impairment                                      | 1,627,385         | 1,934,741           | 1,934,741         | 480,320           | 478,710          | 1,610            | 0%             | 1,934,741          |
| Finance charges  | 720,766           | 863,894             | 863,894           | 192,544           | 197,690          | (5,146)          | -3%            | 863,894            |
| Materials and bulk purchases   | 6,675,379         | 7,257,562           | 7,257,225         | 1,761,169         | 1,896,597        | (135,428)        | -7%            | 7,257,225          |
| Transfers and grants   | 103,144           | 39,544              | 83,350            | 32,706            | 26,612           | 6,094            | -              | 83,350             |
| Other expenditure  | 7,235,181         | 7,671,163           | 7,605,054         | 1,457,984         | 1,666,131        | (208,147)        | -12%           | 7,605,054          |
| <b>Total Expenditure</b>   | <b>23,919,727</b> | <b>26,144,082</b>   | <b>26,129,479</b> | <b>5,877,352</b>  | <b>6,289,854</b> | <b>(412,502)</b> | <b>-7%</b>     | <b>26,129,479</b>  |
| <b>Surplus/(Deficit)</b>   | <b>(7,521)</b>    | <b>(248,993)</b>    | <b>(248,993)</b>  | <b>602,298</b>    | <b>365,432</b>   | <b>236,866</b>   | <b>65%</b>     | <b>(130,188)</b>   |
| Transfers recognised - capital                                       | 3,414,645         | 2,535,058           | 2,567,723         | 299,095           | 296,994          | 2,101            | 1%             | 2,567,723          |
| Contributions & Contributed assets                                   | 36,603            | 48,250              | 49,820            | 39,756            | 6,374            | 33,382           | 524%           | 80,997             |
|  | 3,443,726         | 2,334,315           | 2,368,550         | 941,149           | 668,800          | 272,349          | 41%            | 2,518,531          |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | -                 | -                   | -                 | -                 | -                | -                | -              | -                  |
| Share of surplus/ (deficit) of associate                             | -                 | -                   | -                 | -                 | -                | -                | -              | -                  |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>3,443,726</b>  | <b>2,334,315</b>    | <b>2,368,550</b>  | <b>941,149</b>    | <b>668,800</b>   | <b>272,349</b>   | <b>41%</b>     | <b>2,518,531</b>   |
| <b>Capital expenditure &amp; funds sources</b>                       |                   |                     |                   |                   |                  |                  |                |                    |
| Capital expenditure  | 5,780,762         | 5,450,592           | 5,612,765         | 506,160           | 618,192          | (112,031)        | -18%           | 5,547,240          |
| Capital transfers recognised   | 3,414,645         | 2,537,158           | 2,569,823         | 299,095           | 295,774          | 3,321            | 1%             | 2,536,704          |
| Public contributions & donations                                     | 35,076            | 46,150              | 47,720            | 8,579             | 6,374            | 2,205            | 35%            | 43,770             |
| Borrowing  | 1,665,377         | 2,149,497           | 2,228,669         | 154,940           | 246,562          | (91,622)         | -37%           | 2,208,558          |
| Internally generated funds   | 665,664           | 717,788             | 766,554           | 43,547            | 69,482           | (25,935)         | -37%           | 758,208            |
| <b>Total sources of capital funds</b>                                | <b>5,780,762</b>  | <b>5,450,592</b>    | <b>5,612,765</b>  | <b>506,160</b>    | <b>618,192</b>   | <b>(112,031)</b> | <b>-18%</b>    | <b>5,547,240</b>   |
| <b>Financial position</b>  |                   |                     |                   |                   |                  |                  |                |                    |
| Total current assets   | 12,900,815        | 11,085,279          | 11,370,810        | 11,353,840        |                  |                  |                | 11,370,810         |
| Total non current assets   | 28,945,779        | 33,525,815          | 35,848,981        | 28,821,869        |                  |                  |                | 35,848,981         |
| Total current liabilities  | 7,900,648         | 8,556,364           | 10,979,467        | 5,270,778         |                  |                  |                | 10,979,467         |
| Total non current liabilities  | 11,488,750        | 11,249,547          | 11,402,697        | 11,505,122        |                  |                  |                | 11,402,697         |
| <b>Community wealth/Equity</b>                                       | <b>22,457,196</b> | <b>24,805,183</b>   | <b>24,837,627</b> | <b>23,399,808</b> |                  |                  |                | <b>24,837,627</b>  |
| <b>Cash flows</b>  |                   |                     |                   |                   |                  |                  |                |                    |
| Net cash from (used) operating                                       | 5,418,872         | 4,194,026           | 4,317,630         | 221,529           | 985,286          | (763,757)        | -78%           | 4,317,629          |
| Net cash from (used) investing                                       | (6,263,563)       | (5,109,063)         | (5,544,435)       | (791,276)         | (1,794,528)      | 1,003,252        | -56%           | (5,544,435)        |
| Net cash from (used) financing                                       | 2,252,382         | (345,066)           | (598,143)         | (119,428)         | (181,602)        | 62,175           | -34%           | (598,143)          |
| <b>Cash/cash equivalents at the month/year end</b>                   | <b>8,099,366</b>  | <b>6,279,360</b>    | <b>6,274,417</b>  | <b>7,410,191</b>  | <b>6,548,619</b> | <b>861,572</b>   | <b>13%</b>     | <b>6,274,417</b>   |

The ensuing tables provide further explanations on the year-to-date material variances reflected in the summary table.

The graphs below illustrate the revenue and expenditure trend per month.





**Budget Statement – Financial Performance (revenue and expenditure by municipal vote)**

The table below shows budgeted financial performance in relation to the revenue and expenditure by vote as well as the operating surplus or deficit.

|   | 2012/13           | Budget Year 2013/14 |                   |                  |                  |                  |                |                    |
|---|-------------------|---------------------|-------------------|------------------|------------------|------------------|----------------|--------------------|
|   | Audited Outcomes  | Original Budget     | Adjusted Budget   | YTD actual       | YTD budget       | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                |                   |                     |                   |                  |                  |                  |                |                    |
| <b>Revenue by Vote</b>                            |                   |                     |                   |                  |                  |                  |                |                    |
| Vote 1 - City Health                              | 390,874           | 433,136             | 433,285           | 66,181           | 93,614           | (27,433)         | -29%           | 433,285            |
| Vote 2 - City Manager                             | 30                | 41                  | 41                | 8                | 10               | (2)              | -24%           | 41                 |
| Vote 3 - Community Services                       | 182,524           | 218,688             | 219,017           | 26,050           | 35,075           | (9,026)          | -26%           | 219,017            |
| Vote 4 - Compliance and Auxiliary Services        | 3,713             | 2,963               | 2,963             | 202              | 741              | (538)            | -73%           | 2,963              |
| Vote 5 - Corporate Services                       | 60,045            | 37,936              | 32,936            | 4,907            | 1,897            | 3,010            | 159%           | 32,936             |
| Vote 6 - Deputy City Manager                      | 36,517            | 33,859              | 33,645            | 3,992            | 8,601            | (4,609)          | -54%           | 33,645             |
| Vote 7 - Economic, Environment & Spatial Planning | 104,240           | 100,661             | 112,647           | 27,374           | 21,970           | 5,403            | 25%            | 112,647            |
| Vote 8 - Finance                                  | 1,130,680         | 694,205             | 694,205           | 168,305          | 166,911          | 1,394            | 1%             | 694,205            |
| Vote 9 - Human Settlements                        | 1,081,268         | 1,287,635           | 1,320,494         | 212,085          | 216,485          | (4,400)          | -2%            | 1,320,494          |
| Vote 10 - Rates & Other                           | 7,923,871         | 8,605,150           | 8,605,150         | 2,535,674        | 2,459,836        | 75,838           | 3%             | 8,605,150          |
| Vote 11 - Safety & Security                       | 185,764           | 261,949             | 265,762           | 49,016           | 62,636           | (13,621)         | -22%           | 265,762            |
| Vote 12 - Social and Early Childhood Development  | 1,027             | 401                 | 401               | 49               | 100              | (51)             | -51%           | 401                |
| Vote 13 - Tourism, Events and Marketing           | 26,770            | 87,930              | 92,071            | 1,172            | 3,251            | (2,079)          | -64%           | 92,071             |
| Vote 14 - Transport, Roads and Stormwater         | 2,556,563         | 1,656,659           | 1,638,680         | 212,417          | 188,112          | 24,305           | 13%            | 1,638,680          |
| Vote 15 - Utility Services                        | 13,679,568        | 15,057,184          | 15,046,730        | 3,511,069        | 3,699,414        | (188,345)        | -5%            | 15,046,730         |
| <b>Total Revenue by Vote</b>                      | <b>27,363,454</b> | <b>28,478,397</b>   | <b>28,498,029</b> | <b>6,818,501</b> | <b>6,958,654</b> | <b>(140,153)</b> | <b>-2.0%</b>   | <b>28,498,029</b>  |
| <b>Expenditure by Vote</b>                        |                   |                     |                   |                  |                  |                  |                |                    |
| Vote 1 - City Health                              | 731,906           | 839,300             | 839,300           | 167,817          | 201,514          | (33,697)         | -17%           | 839,300            |
| Vote 2 - City Manager                             | 83,395            | 101,107             | 101,185           | 27,030           | 32,272           | (5,242)          | -16%           | 101,185            |
| Vote 3 - Community Services                       | 1,350,696         | 1,392,541           | 1,392,541         | 286,098          | 334,166          | (48,068)         | -14%           | 1,392,541          |
| Vote 4 - Compliance and Auxiliary Services        | 410,035           | 485,895             | 485,378           | 104,620          | 109,505          | (4,885)          | -4%            | 485,378            |
| Vote 5 - Corporate Services                       | 1,832,474         | 1,575,214           | 1,575,214         | 391,755          | 391,804          | (49)             | 0%             | 1,575,214          |
| Vote 6 - Deputy City Manager                      | 79,283            | 115,861             | 115,576           | 12,335           | 28,278           | (15,942)         | -56%           | 115,576            |
| Vote 7 - Economic, Environment & Spatial Planning | 466,002           | 516,546             | 519,668           | 125,565          | 130,037          | (4,472)          | -3%            | 519,668            |
| Vote 8 - Finance                                  | 1,624,149         | 1,862,695           | 1,860,445         | 450,256          | 465,925          | (15,670)         | -3%            | 1,860,445          |
| Vote 9 - Human Settlements                        | 772,487           | 1,124,286           | 1,096,635         | 216,939          | 193,488          | 23,450           | 12%            | 1,096,635          |
| Vote 10 - Rates & Other                           | 744,135           | 837,495             | 838,695           | 199,893          | 200,970          | (1,078)          | -1%            | 838,695            |
| Vote 11 - Safety & Security                       | 1,389,000         | 1,528,458           | 1,522,948         | 335,405          | 368,465          | (33,060)         | -9%            | 1,522,948          |
| Vote 12 - Social and Early Childhood Development  | 73,502            | 77,280              | 78,410            | 15,089           | 18,203           | (3,114)          | -17%           | 78,410             |
| Vote 13 - Tourism, Events and Marketing           | 420,568           | 531,454             | 531,454           | 104,255          | 108,439          | (4,184)          | -4%            | 531,454            |
| Vote 14 - Transport, Roads and Stormwater         | 1,547,244         | 1,889,690           | 1,897,490         | 341,182          | 381,335          | (40,152)         | -11%           | 1,897,490          |
| Vote 15 - Utility Services                        | 12,394,851        | 13,266,261          | 13,274,540        | 3,099,114        | 3,325,454        | (226,340)        | -7%            | 13,274,540         |
| <b>Total Expenditure by Vote</b>                  | <b>23,919,727</b> | <b>26,144,082</b>   | <b>26,129,479</b> | <b>5,877,352</b> | <b>6,289,854</b> | <b>(412,502)</b> | <b>-6.6%</b>   | <b>26,129,479</b>  |
| <b>Surplus/ (Deficit) for the year</b>            | <b>3,443,726</b>  | <b>2,334,315</b>    | <b>2,368,550</b>  | <b>941,149</b>   | <b>668,800</b>   | <b>272,349</b>   | <b>40.7%</b>   | <b>2,368,550</b>   |

Note: the above table includes capital grant and donations (CGD).

The following tables reflect the percentage variance for revenue and expenditure by vote, reasons for material deviations and the remedial action thereof.

**Material variance explanations for revenue by vote**

| Description                                       | YTD Variance<br>R thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks  |
|---|-----------------------------|---------------|--|---|
| <b>Revenue by Vote</b>                            |                             |               |  |   |
| Vote 1 - City Health                              | (27,433)                    | -29%          | The under-recovery is mainly on operating grant-funded projects where revenue is linked to expenditure incurred. The expenditure for Vaccines, Pharmaceuticals and Laboratory Testing was lower than planned to date and thus lower revenue was received to date. In addition, the Comprehensive Health Care claim payment for August was not received.  | The spending on vaccines, etc. varies from month to month and revenue will reflect as expenditure is incurred. The payment for the Comprehensive Health Care claim was received in October.   |
| Vote 2 - City Manager                             | (2)                         | -24%          | Immaterial variance.   | -   |
| Vote 3 - Community Services                       | (9,026)                     | -26%          | The under-recovery is mainly on capital grant-funded projects, due to the non alignment of period budgets with actual spending trends and delays experienced with the implementation of projects as a result of inclement weather conditions. A lower than planned rate of utilisation of facilities further contributed to this variance.   | Progress on capital grant-funded project are expected to improve in the ensuing months. Income from Rental of Facilities is monitored monthly and cannot be accurately predicted as it is dependant on consumer demand.   |
| Vote 4 - Compliance and Auxiliary Services        | (538)                       | -73%          | This under recovery is due to lower than planned recoupment of Private Telephone Calls from staff  | The situation is monitored on a monthly basis and the budget provision will be reviewed in the Mid-Year Review and Adjustments Budget process in January 2014.  |
| Vote 5 - Corporate Services                       | 3,010                       | 159%          | The over-recovery is mainly on Miscellaneous Income relating to broadband charges billed to the Western Cape Government for their buildings, which are connected to the City's broadband network. Recoveries -Other (radio trunking billed to external clients) also reflects over-recovery.   | The situation is monitored on a monthly basis and the budget provisions will be reviewed in the Mid-Year Review and Adjustments Budget process in January 2014.   |
| Vote 6 - Deputy City Manager                      | (4,609)                     | -54%          | The under-recovery is largely due to delays experienced with the appointment of temporary data-capturing staff for the EPWP (grant-funded) project office and on the Harare Square Business Hub grant-funded capital project where an accrual was raised but the final invoice is still outstanding.   | The process for the appointment of staff was completed. The finance manager will follow up on the processing of the invoice for the Harare Square Business Hub project.   |
| Vote 7 - Economic, Environment & Spatial Planning | 5,403                       | 25%           | The over-recovery is mainly due to higher than planned revenue received on Building Levies as a result of increased economic activities as well as unplanned revenue received for a hoarding permit issued for the use of City land around a construction site.  | The situation is monitored on a monthly basis and the budgeted revenue will be reviewed, if necessary.  |
| Vote 8 - Finance                                  | 1,394                       | 1%            | The over-recovery is a combined result of mainly Interest on External Investments, where the actual interest received is less than planned due to a lag in the receipting of interest earned by fund managers on the City's investments. Higher than planned revenue was also received for the Central Improvement District levies, which are based on property valuations.  | Interest on investments is monitored by the Investments section on a monthly basis. The revenue from CID Levies is monitored by the Inter-Service Liaison department. The budget provisions will be reviewed in the Mid Year Review and Adjustments Budget process in January 2014. |
| Vote 9 - Human Settlements                        | (4,400)                     | -2%           | The under-recovery mainly relates to a number of operating- and capital grant-funded projects that are in various stages of completion. Certain projects are progressing faster than envisaged whilst others are slightly delayed. There are numerous factors that impact on the progress of housing projects e.g. community dynamics, funding approvals, environmental issues and procurement delays associated with, inter alia, the tender processes. Antisocial activities and temporary accommodation challenges resulted in delays on the CRU Upgrade projects, which constitute the primary areas of underspend. The national building industry worker strike during September and the impact of the inclement weather further contributed in lost working days and delays on various projects. | The situation is monitored by the finance manager and project cash flows will be adjusted, where necessary.   |

Table continues on next page.



| Description                                      | YTD Variance<br>R thousands | Variance<br>% | Reasons for material deviations   | Remedial or corrective steps/remarks   |
|--|-----------------------------|---------------|---|--|
| Vote 10 - Rates & Other                          | 75,838                      | 3%            | The over-recovery is the combined result of over/under recovery on Property Rates and Income Forgone. Property Rates billings are done on a daily basis and it is therefore difficult to accurately align the period budget with the actual billing per month. This is further influenced by on-going valuation adjustments/corrections. The under-recovery on Income Forgone is due to lower than planned rebate applications received to date.  | The situation is monitored on a monthly basis and corrective actions will be undertaken, if necessary.   |
| Vote 11 - Safety & Security                      | (13,621)                    | -22%          | The under-recovery is mainly on Traffic Fines, due to the withdrawal and/or reduction of fines by prosecutors, non payment of fines and the capacity of the Courts to deal with the volumes of cases.   | The situation is monitored on a monthly basis. A number of interventions were implemented to improve this situation. If the current status persists, then adjustment will be made in the Mid-Year Review and Adjustments Budget process in January 2014. |
| Vote 12 - Social and Early Childhood Development | (51)                        | -51%          | The under-recovery is mainly on Rental of Facilities, due to delays in the finalisation of contracts with NGOs at the Shawco Retreat Facility.  | Contracts were signed in the beginning of October 2013.  |
| Vote 13 - Tourism, Events and Marketing          | (2,079)                     | -64%          | The under-recovery is due to lower than planned revenue from Filming Fees. Delays in the appointment of students as part of the Tourism Development Framework and the signing of AFCON agreement further contributed to this variance.  | Improvement on Filming Fees is only expected during the third quarter of the year. The students commenced with their duties on 1 October. The AFCON agreement will be signed by the end of October 2013.   |
| Vote 14 - Transport, Roads and Stormwater        | 24,305                      | 13%           | The over-recovery is a combination of over/under recovery. Accelerated spending on capital projects i.e. USDG projects (Strandfontein Rd, NMT), IRT West Coast Corridor project and the SAP Module for Transport resulted in the over-recovery. Delays experienced in processing GRNs relating to IRT invoices and finalisation of MOAs in order to commence with spending on various transport projects contributed to under-expenditure on operating grant-funded projects resulting in lower revenue recognised. | The situation is continuously monitored and the period budgets of the various projects will be adjusted during the Mid-Year Review and Adjustments Budget process in January 2014.   |
| Vote 15 - Utility Services                       | (188,345)                   | -5%           | The under-recovery is mainly on (1) Electricity Sales (R131 million under), due to seasonal fluctuations on consumer demand, (2) Water and Sewerage Charges (R40.5 million under), resulting from the non alignment of the period budget with actual consumption as well as the impact of on-going account queries and corrections, and (3) Solid Waste Disposal Coupon Fees (R7.8 million), due to a lower consumer demand for disposal of waste.  | The situation is monitored by the respective finance managers on a monthly basis and will be reviewed during the Mid-Year Review and Adjustments Budget process in January 2014.   |



**Material variance explanations for expenditure by vote**

| Description                                       | YTD Variance<br>R thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks   |
|---|-----------------------------|---------------|--|--|
| <b>Expenditure by Vote</b>                        |                             |               |  |  |
| Vote 1 - City Health                              | (33,697)                    | -17%          | This variance is mainly on Other Expenditure resulting from the non-processing of invoices for ARV drugs, testing, sampling & monitoring costs and vaccines, due to the outstanding tax clearance certificate from supplier. Employee-related costs also reflects under expenditure mainly on non-permanent staff relating to grant-funded vacancies that are in the process of being filled.  | The directorate is following up with the vendor regarding the submission of the tax clearance certificate and outstanding invoices.  |
| Vote 2 - City Manager                             | (5,242)                     | -16%          | The variance largely reflects on Other Expenditure, due to delays in the payment of the City News publication, which was published later than originally planned as well as on Graphic and Web designer costs, which is dependent on the circumstances around the content of the publications. Mayoral projects, which is of an adhoc nature, also reflects under expenditure.   | Invoices are expected to be paid by October 2013. Mayoral projects are only implemented as and when projects are identified and approved by the Executive Mayor.   |
| Vote 3 - Community Services                       | (48,068)                    | -14%          | The main contributor to the variance is lower than anticipated R&M expenditure incurred resulting from delays with the planning of programmes and a lack of capacity to implement projects at the start of the financial year.   | The situation will be monitored by the finance manager and corrective action taken where necessary. R&M expenditure is expected to increase in the upcoming months.  |
| Vote 4 - Compliance and Auxiliary Services        | (4,885)                     | -4%           | Councillor remuneration reflects under expenditure largely due the non-implementation of budgeted increases for councillors, which is only implemented once promulgated. Employee-related costs also reflects under expenditure, due to vacancies for newly established staff positions that have not been filled.   | Increases for councillor remuneration are only expected to be implemented later in the financial year and back dated to July 2013. Filling of vacancies is on-going.   |
| Vote 5 - Corporate Services                       | (49)                        | 0%            | Immaterial variance.   | -  |
| Vote 6 - Deputy City Manager                      | (15,942)                    | -56%          | Delays in the roll out of EPWP projects and the Mayor's Urban Regeneration Programme (MURP) has resulted in under expenditure on Contracted services and General Expenses  | Additional EPWP projects have been created in the EPWP office until amendments can be made in the Mid-Year Review and Adjustments Budget process in January 2014. The Director : Urban Regeneration position is in the process of being filled and programmes are expected to be expedited once filled.          |
| Vote 7 - Economic, Environment & Spatial Planning | (4,472)                     | -3%           | Contracted services reflects under expenditure largely as a result of delays with the payment of contractors for alien vegetation clearing. Transfers and Grants also reflect under expenditure, due to numerous grant applications awaiting Council approval  | The situation will be monitored by the finance manager and budget will be re-aligned with the expected cash flows  |
| Vote 8 - Finance                                  | (15,670)                    | -3%           | Finance Charges reflects under expenditure, due to lower than budgeted interest payment on the AFD loan. The budget was based on a market-related interest rate of 10% but recalculated to 9% at the time when the loan was obtained. General Expenses reflects under expenditure as a result of lower than anticipated tender costs in respect of transitional banking fees.  | The situation will be monitored by the finance manager and corrective action taken where necessary.  |
| Vote 9 - Human Settlements                        | 23,450                      | 12%           | The variance is largely due to over expenditure on Contracted Services, Consultants and the Peoples Housing Process (PHP) programme, which is linked to the rate of progress achieved by housing development projects that are ahead of planned cash flows. The estimated monthly cash flow cycles are difficult to predict accurately as many factors influence the rate of house construction by communities resulting in the misalignment of period budget with the actual expenditure at times. Indigent relief cost also reflects over expenditure, largely due to higher than anticipated applications received to date. | A process of expediting PHP projects (including support) has been launched by Human Settlements. The situation will be monitored by the finance manager and corrective action taken where necessary. Original monthly projections were based on historic trends and cash flows will be adjusted where necessary. |

Table continues on next page.

## Annexure A: S52 – 2014 Q1 (Sept 2013)

| Description                                      | YTD Variance<br>R thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks  |
|--|-----------------------------|---------------|--|---|
| <b>Expenditure by Vote</b>                       |                             |               |  |   |
| Vote 10 - Rates & Other                          | (1,078)                     | -1%           | immaterial variance .  | -   |
| Vote 11 - Safety & Security                      | (33,060)                    | -9%           | Collection Costs (fines) reflects under expenditure, largely due to outstanding invoices for September. Employee-related costs further contributed to the variance, mainly due to overtime payments that are processed one month in arrears as well as seasonal staff who are only appointed when required.  | The finance manager will monitor the situation and corrective action will be taken, where necessary. The appointment of seasonal workers is in progress and is expected to be finalised soon. |
| Vote 12 - Social and Early Childhood Development | (3,114)                     | -17%          | The variance is largely due to under expenditure on contracted services as a result of the late implementation of EPWP projects and the slow implementation of planned R&M projects.   | Spending on EPWP projects is expected to increase towards December 2013.  |
| Vote 13 - Tourism, Events and Marketing          | (4,184)                     | -4%           | Contracted Services reflects under expenditure, largely due to (1) lower spending on events, (2) EPWP projects, which are expected to start later in the year and (3) delays with the capturing of R&M orders.   | Expenditure for events and EPWP projects is expected to reflect in the upcoming months.   |
| Vote 14 - Transport, Roads and Stormwater        | (40,152)                    | -11%          | Contracted Services reflects under expenditure, due to delays in the capturing of invoices as a result of additional time required to verify complex IRT invoices. Other expenditure reflects higher than anticipated spend, largely due to the annual insurance payment for the IRT busses.   | The situation will be monitored by the finance manager and cash flows will be adjusted, where necessary.  |
| Vote 15 - Utility Services                       | (226,340)                   | -7%           | The variance is mainly as a result of (1) the internal filling of vacant posts as well as the turnaround time in the filling of vacancies, (2) under expenditure on bulk purchases, due to delays in the submission of the September accounts for bulk water and lower than anticipated bulk electricity purchases as a result of seasonal fluctuations and consumer savings and (3) under expenditure on Contracted Services and Materials, mainly due to delays in the finalisation of contracts for various R&M projects, late submission of accounts from suppliers and delays in awarding the tenders for the Cape Flats sludge facilities within Water Services. Other Expenditure reflects less than anticipated spend largely on various demand driven items, which are difficult to predict accurately per monthly cycle. | The situation will be monitored by the e finance manager and corrective action taken where necessary.   |



**Budget Statement – Financial Performance (revenue by source and expenditure by type)**

The table below is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type.

| Description   | 2012/13         | Budget Year 2013/14 |                 |            |            |              |                | Full Year Forecast |  |
|---|-----------------|---------------------|-----------------|------------|------------|--------------|----------------|--------------------|--|
|   | Audited Outcome | Original Budget     | Adjusted Budget | YTD actual | YTD budget | YTD variance | YTD variance % |                    |  |
| R thousands   |                 |                     |                 |            |            |              |                |                    |  |
| Revenue By Source   |                 |                     |                 |            |            |              |                |                    |  |
| Property rates  | 5,076,445       | 5,427,388           | 5,427,388       | 1,387,581  | 1,305,283  | 82,298       | 6%             | 5,427,388          |  |
| Property rates - penalties & collection charges               | 85,057          | 99,720              | 99,720          | 21,138     | 24,930     | (3,792)      | -15%           | 99,720             |  |
| Service charges - electricity revenue                         | 8,852,928       | 9,668,405           | 9,668,405       | 2,458,650  | 2,591,017  | (132,366)    | -5%            | 9,668,405          |  |
| Service charges - water revenue                               | 2,053,577       | 2,343,850           | 2,343,850       | 445,321    | 458,110    | (12,789)     | -3%            | 2,343,850          |  |
| Service charges - sanitation revenue                          | 1,091,897       | 1,243,019           | 1,243,019       | 247,210    | 275,012    | (27,802)     | -10%           | 1,243,019          |  |
| Service charges - refuse revenue                              | 869,210         | 947,126             | 947,126         | 230,338    | 235,405    | (5,067)      | -2%            | 947,126            |  |
| Service charges - other                                       | 232,192         | 239,991             | 239,991         | 57,026     | 55,803     | 1,222        | 2%             | 239,991            |  |
| Rental of facilities and equipment                            | 306,605         | 336,471             | 336,471         | 76,195     | 77,019     | (824)        | -1%            | 336,471            |  |
| Interest earned - external investments                        | 368,324         | 284,618             | 284,618         | 79,388     | 82,680     | (3,291)      | -4%            | 284,618            |  |
| Interest earned - outstanding debtors                         | 183,192         | 118,805             | 118,805         | 26,965     | 29,633     | (2,667)      | -9%            | 118,805            |  |
| Dividends received  | -               | -                   | -               | -          | -          | -            | -              | -                  |  |
| Fines   | 100,524         | 183,257             | 183,257         | 28,464     | 40,870     | (12,406)     | -30%           | 183,257            |  |
| Licences and permits  | 41,843          | 35,601              | 35,601          | 12,934     | 10,054     | 2,880        | 29%            | 35,601             |  |
| Agency services   | 132,469         | 121,993             | 121,993         | 32,477     | 31,748     | 729          | 2%             | 121,993            |  |
| Transfers recognised - operational                            | 1,985,809       | 2,595,904           | 2,581,301       | 668,791    | 738,061    | (69,270)     | -9%            | 2,581,301          |  |
| Other revenue   | 2,445,384       | 2,179,942           | 2,179,942       | 706,267    | 698,288    | 7,979        | 1%             | 2,179,942          |  |
| Gains on disposal of PPE                                      | 86,747          | 69,000              | 69,000          | 905        | 1,373      | (468)        | -34%           | 69,000             |  |
| Total Revenue (excluding capital transfers and contributions) | 23,912,206      | 25,695,089          | 25,880,486      | 6,479,651  | 6,655,288  | (175,635)    | -3%            | 25,880,486         |  |
| Expenditure By Type   |                 |                     |                 |            |            |              |                |                    |  |
| Employee related costs  | 7,446,199       | 8,253,458           | 8,261,495       | 1,924,298  | 1,993,183  | (68,885)     | -3%            | 8,261,495          |  |
| Remuneration of councillors                                   | 111,673         | 123,721             | 123,721         | 28,331     | 30,930     | (2,600)      | -8%            | 123,721            |  |
| Debt impairment   | 926,812         | 866,192             | 866,192         | 216,548    | 216,548    | -            | -              | 866,192            |  |
| Depreciation & asset impairment                               | 1,627,385       | 1,934,741           | 1,934,741       | 480,320    | 478,710    | 1,610        | 0%             | 1,934,741          |  |
| Finance charges   | 720,766         | 863,894             | 863,894         | 192,544    | 197,690    | (5,146)      | -3%            | 863,894            |  |
| Bulk purchases  | 6,391,186       | 6,898,881           | 6,898,881       | 1,690,883  | 1,812,160  | (121,278)    | -7%            | 6,898,881          |  |
| Other materials   | 284,193         | 358,681             | 358,344         | 70,286     | 84,437     | (14,151)     | -17%           | 358,344            |  |
| Contracted services   | 2,825,946       | 3,192,182           | 3,174,699       | 446,340    | 597,506    | (151,166)    | -25%           | 3,174,699          |  |
| Transfers and grants  | 103,144         | 39,544              | 83,350          | 32,706     | 26,612     | 6,094        | 23%            | 83,350             |  |
| Other expenditure   | 3,480,981       | 3,612,788           | 3,564,162       | 795,096    | 852,077    | (56,981)     | -7%            | 3,564,162          |  |
| Loss on disposal of PPE                                       | 1,443           | -                   | -               | -          | -          | -            | -              | -                  |  |
| Total Expenditure   | 23,919,727      | 26,144,082          | 26,129,479      | 5,877,352  | 6,289,854  | (412,502)    | -7%            | 26,129,479         |  |
| Surplus/(Deficit)   | (7,521)         | (248,993)           | (248,993)       | 602,298    | 365,432    | 236,866      | 65%            | (248,993)          |  |
| Transfers recognised - capital                                | 3,414,645       | 2,535,058           | 2,567,723       | 299,095    | 296,994    | 2,101        | 1%             | 2,567,723          |  |
| Contributions recognised - capital                            | 34,076          | 48,250              | 49,820          | 8,579      | 6,374      | 2,205        | 35%            | 49,820             |  |
| Contributed assets  | 2,527           | -                   | -               | 31,177     | -          | 31,177       | -              | 31,177             |  |
| Surplus/(Deficit) after capital transfers & contributions     | 3,443,726       | 2,334,315           | 2,368,550       | 941,149    | 668,800    |              |                | 2,399,727          |  |
| Taxation  | -               | -                   | -               | -          | -          | -            | -              | -                  |  |
| Surplus/(Deficit) after taxation                              | 3,443,726       | 2,334,315           | 2,368,550       | 941,149    | 668,800    |              |                | 2,399,727          |  |
| Attributable to minorities                                    | -               | -                   | -               | -          | -          | -            | -              | -                  |  |
| Surplus/(Deficit) attributable to municipality                | 3,443,726       | 2,334,315           | 2,368,550       | 941,149    | 668,800    |              |                | 2,399,727          |  |
| Share of surplus/ (deficit) of associate                      | -               | -                   | -               | -          | -          | -            | -              | -                  |  |
| Surplus/ (Deficit) for the year                               | 3,443,726       | 2,334,315           | 2,368,550       | 941,149    | 668,800    |              |                | 2,399,727          |  |

The following tables reflect the percentage variance for revenue by source and expenditure by type, reasons for material deviations and the remedial action thereof.

**Material variance explanations for revenue by source**

| Description                                     | YTD<br>Variance<br>R thousands | Variance<br>% | Reasons for material deviations   | Remedial or corrective steps/remarks  |
|---|--------------------------------|---------------|---|---|
| <b>Revenue By Source</b>                        |                                |               |   |   |
| Property rates                                  | 82,298                         | 6%            | The over-recovery is the combined result of over/under recovery on Property Rates and Income Forgone. Property Rates billings are done on a daily basis and it is therefore difficult to align the period budget with the actual billing per month accurately. This is further influenced by on-going valuation adjustments/corrections. The under-recovery on Income Forgone is due to lower than planned rebate applications received to date.  | The situation is monitored on a monthly basis and corrective actions will be undertaken, if necessary.  |
| Property rates - penalties & collection charges | (3,792)                        | -15%          | The under-recovery is due to lower than anticipated penalties imposed on outstanding Rates Debtors as well as the impact of the approved Council decision to stop raising interest on old arrears of indigent clients.  | The situation is monitored on a monthly basis and will be reviewed during the Mid-Year Review and Adjustments Budget process in January 2014.   |
| Service charges - electricity revenue           | (132,366)                      | -5%           | The main area of under-recovery is on Electricity Sales, due to seasonal fluctuations on consumer demand.   | It is too early to identify a trend. The situation will be monitored on a monthly basis and corrective actions will be undertaken, where necessary.   |
| Service charges - water revenue                 | (12,789)                       | -3%           | The under-recovery is due to seasonal influences on consumer demand as well as on-going account queries and investigations resulting in billing corrections and financial adjustments.  | Account investigations are on-going with remedial action implemented when identified.   |
| Service charges - sanitation revenue            | (27,802)                       | -10%          | The under-recovery is a combination of the non-alignment of the period budget with actual consumption for the period and the impact of on-going account queries and billing corrections.  | Remedial action will be implemented when identified. Account investigations are on-going.   |
| Service charges - refuse revenue                | (5,067)                        | -2%           | The under-recovery is mainly on Disposal Coupon Fees, due to lower than anticipated revenue to date and Special Waste Fees resulting from lower consumer demand for disposal of waste.  | The situation is monitored and adjustments will be made during the Mid-Year Review and Adjustments Budget in January 2014.  |
| Service charges - other                         | 1,222                          | 2%            | The over-recovery is a combination of under/over recoveries within this category. The main contributing elements are (1) Connection Fees in Water Services (over), where more connections were done than anticipated, (2) Building Levies in EESP (over), resulting from more plans being processed than anticipated, (3) Busfares MyCiti (over), due to an increase in the usage of the MyCiti services and (4) Treatment Effluent Sales (under), largely due to lower than anticipated consumer demand. | The situation is monitored by the relevant finance managers on a monthly basis. Corrective actions is not required where an increase/decrease in revenue is due to consumer demand.   |
| Rental of facilities and equipment              | (824)                          | -1%           | The under-recovery is mainly within Community Services, due to a lower than planned utilisation of council facilities.  | The rental of facilities cannot be predicted as it is consumer demand driven. The situation is monitored on a monthly basis and will be reviewed during the Mid-Year Review and Adjustments Budget process in January 2014. |
| Interest earned - external investments          | (3,291)                        | -4%           | The under-recovery is mainly due to a lag in the receipting of interest earned by fund managers handling the City's investments.  | This is monitored by the Investment Section on a monthly basis.   |
| Interest earned - outstanding debtors           | (2,667)                        | -9%           | Lower than planned interest raised on outstanding debtor balances in September as well as the reversal of interest charges raised previously due to debtor account corrections resulted in this under-recovery.   | The situation is monitored on a monthly basis and corrective actions will be undertaken when so identified.   |
| Dividends received                              | -                              | -             | -   | -   |

Table continues on next page.



## Annexure A: S52 – 2014 Q1 (Sept 2013)

| Description                        | YTD<br>Variance<br>R thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks  |
|------------------------------------|--------------------------------|---------------|--|---|
| Fines                              | (12,406)                       | -30%          | The under-recovery is mainly on Traffic Fines, due to the withdrawal and/or reduction of fines by prosecutors, non payment of fines and the capacity of the Courts to deal with the volumes of cases.  | The situation is monitored on a monthly basis. A number of interventions were implemented to improve this situation. If the current status persists, adjustments will be made during the Mid-Year Review and Adjustments Budget process in January 2014.  |
| Licences and permits               | 2,880                          | 29%           | The over-recovery is mainly due to unplanned revenue received for a hoarding permit (EESP) for the use of City Land around a construction site.  | This category is demand driven and it is therefore difficult to accurately align the period budget with the actual revenue received per month. This situation is, however, monitored on a monthly basis.  |
| Agency services                    | 729                            | 2%            | The over-recovery is mainly due to the non-alignment of the period budget and the actual trend of transactions relating to the renewal of licences.  | The situation is monitored on a monthly basis. Corrective actions will be implemented when so identified.   |
| Transfers recognised - operational | (69,270)                       | -9%           | This under-recovery is reflected within the following services: (1) Health (R23.9 million): Revenue for Vaccines, Pharmaceuticals and Laboratory testing is linked to expenditure incurred and due to the low expenditure rate of these categories lower revenue was received to date. Furthermore, the payment in respect of the Comprehensive Health Care claim for August has not yet been received.<br>(2) Transport Roads Stormwater (R47 million): Delays in the processing of GRNs of complex IRT Invoices, as well as delays in the finalisation of MOAs to be able to commence with spending on various Transport Projects.<br>(3) Human Settlements (R11.7 million) relating to various housing development projects, which are in different stages of progress, some progressing faster and others are slightly delayed. Various factors impact on the progress of Housing projects e.g. community dynamics, funding approvals by Provincial Housing, environmental issues and procurement delays associated with inter alia, the tender processes. | (1) The outstanding payment for the claim submitted was received in October, the spending on vaccines, etc. is not the same every month and revenue will reflect as expenditure is incurred.<br>(2) The period budgets of the various projects will be adjusted where identified and so required. |
| Other revenue                      | 7,979                          | 1%            | The over-recovery is mainly due to higher revenue received than planned on CID Levies, Miscellaneous Income (Water Services and Solid Waste Management) and the sale of Salvaged Items, which are of an adhoc nature and difficult to plan accurately.   | The situation is monitored on a monthly basis and will be reviewed during the Mid-Year Review and Adjustments Budget process.   |
| Gains on disposal of PPE           | (468)                          | -34%          | The under-recovery is mainly within Water and Electricity where the period budgets are not aligned with the actual trend of revenue received. It is not easy to accurately plan for the sale of PPE as it is not certain when it will occur.   | The situation is monitored by the relevant finance managers on a monthly basis and will be reviewed during the Mid-Year Review and Adjustments Budget process.  |

**Material variance explanations for expenditure by type**

| Description                     | YTD Variance<br>R Thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks   |
|---------------------------------|-----------------------------|---------------|--|--|
| <b>Expenditure By Type</b>      |                             |               |  |  |
| Employee related costs          | (68,885)                    | -3%           | The variance is mainly on (1) grant-funded vacancies as a result of the turnaround time in the filling of vacancies, (2) seasonal workers which are appointed by departments as and when peak seasons are reached and (3) overtime resulting from the arrear payment of overtime claims, which are processed one month in arrears.   | The filling of vacancies is on-going and seasonal staff are appointed as required. Savings realised to date have been set aside and ring-fenced within investment accounts to cover unfunded cash commitments as approved by Council.  |
| Remuneration of councillors     | (2,600)                     | -8%           | The variance is mainly due to the non-implementation of councillor increases, which is expected to be implemented once the increase is gazetted.   | The increases are only expected to be implemented later in the financial year and backdated to July 2013. The situation will be monitored by the finance manager on an on-going basis.   |
| Debt impairment                 | -                           | -             | -  | -  |
| Depreciation & asset impairment | 1,610                       | 0%            | Immaterial variance.   | -  |
| Finance charges                 | (5,146)                     | -3%           | The variance is largely as a result of a lower than budgeted interest paid on the AFD loan. The budgeted repayment was based on a market related interest rate of 10% but determined at 9% when the loan was obtained.   | The alignment of Finance Charges to the period budget is underway and the provision will be reviewed in the Mid Year Review and Adjustments Budget in January 2014.  |
| Bulk purchases                  | (121,278)                   | -7%           | The under expenditure is due to delays in the submission of the September accounts for bulk water and lower than anticipated bulk electricity purchases as a result of seasonal fluctuations and consumer savings.   | Bulk Water invoices are expected to be processed in October. The situation will be monitored by the respective finance manager. The trend on bulk electricity is monitored by the finance manager and a review of the budget will be undertaken during the Mid Year Review and Adjustments Budget in January 2014. |
| Other materials                 | (14,151)                    | -17%          | The variance is mainly within Utility services, largely due to the impact of the re-active component of R&M, the late approval and implementation of projects and maintenance work performed by contractors resulting in lower usage of other materials.   | R&M expenditure is expected to improve in the upcoming months. Budgetary alignment will be undertaken during the Mid Year Review and Adjustments Budget in January 2014.   |
| Contracted services             | (151,166)                   | -25%          | The variance is mainly due to delays in the implementation of R&M projects within Electricity Services and Community Services resulting from delays in approval of various contracts and a lack of capacity to implement projects. Further contributors to the variance are (1) late submission of accounts, (2) delays in awarding the tenders for Cape Flats sludge facilities (Water Services) and (3) delays in the capturing of invoices as a result of additional time required to verify complex IRT invoices (Transport Roads & Stormwater). | The expenditure trend is expected to improve as the year progresses. The situation will be monitored by the respective finance managers.   |
| Transfers and grants            | 6,094                       | 23%           | The variance is mainly as a result of the quarterly invoice processed for Cape Town Tourism, where the cash flow is not aligned to the period budget.  | The situation will be monitored by the finance manager and the alignment of the period budget will be undertaken.  |
| Other expenditure               | (56,981)                    | -7%           | The variance is largely due to under expenditure on various items in this category, which are influenced by the late submission of invoices by suppliers, delays in implementing various projects and a lower expenditure rate on various demand driven items across all directorates, which is difficult to plan accurately per monthly cycle.  | The situation will be monitored by the relevant finance managers. The expenditure trend is expected to improve as the year progresses and corrective action will be undertaken, where necessary.   |
| Loss on disposal of PPE         | -                           | -             | -  | -  |



**Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)**

The table below reflects the City's capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and funding sources required to fund the capital budget, including information on capital transfers from National and Provincial departments.

| Vote Description                                    | 2012/13         | Budget Year 2013/14 |                 |               |               |              |                |                    |
|---|-----------------|---------------------|-----------------|---------------|---------------|--------------|----------------|--------------------|
|   | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands   |                 |                     |                 |               |               |              |                |                    |
| Multi-Year expenditure appropriation                |                 |                     |                 |               |               |              |                |                    |
| Vote 1 - City Health                                | 22,778          | 23,716              | 27,129          | 1,192         | 3,567         | (2,375)      | -67%           | 27,129             |
| Vote 2 - City Manager                               | 1,147           | 842                 | 842             | 163           | 34            | 129          | 381%           | 842                |
| Vote 3 - Community Services                         | 178,223         | 222,027             | 226,934         | 14,674        | 23,573        | (8,899)      | -38%           | 214,280            |
| Vote 4 - Compliance and Auxiliary Services          | 5,094           | 10,465              | 15,844          | 714           | 598           | 116          | 19%            | 15,212             |
| Vote 5 - Corporate Services                         | 232,756         | 258,892             | 255,103         | 33,396        | 33,510        | (114)        | 0%             | 254,103            |
| Vote 6 - Deputy City Manager                        | 25,085          | 40,450              | 39,767          | 6,043         | 11,078        | (5,035)      | -45%           | 38,437             |
| Vote 7 - Economic, Environment & Spatial Planning   | 41,429          | 58,459              | 57,922          | 4,066         | 5,231         | (1,165)      | -22%           | 57,854             |
| Vote 8 - Finance                                    | 21,613          | 11,784              | 41,111          | 721           | 2,486         | (1,765)      | -71%           | 41,111             |
| Vote 9 - Human Settlements                          | 565,694         | 626,894             | 666,389         | 85,344        | 110,384       | (25,040)     | -23%           | 662,889            |
| Vote 10 - Rates & Other                             | -               | -                   | -               | -             | -             | -            | -              | -                  |
| Vote 11 - Safety & Security                         | 55,708          | 67,927              | 71,852          | 3,983         | 8,225         | (4,242)      | -52%           | 71,852             |
| Vote 12 - Social and Early Childhood Development    | 6,791           | 5,460               | 7,838           | 168           | 145           | 23           | 16%            | 7,838              |
| Vote 13 - Tourism, Events and Marketing             | 91,037          | 28,661              | 39,418          | 1,213         | 3,168         | (1,955)      | -62%           | 37,868             |
| Vote 14 - Transport, Roads and Stormwater           | 2,493,517       | 1,415,743           | 1,431,843       | 173,833       | 123,590       | 50,244       | 41%            | 1,431,828          |
| Vote 15 - Utility Services                          | 2,039,890       | 2,679,272           | 2,730,775       | 180,651       | 292,603       | (111,952)    | -38%           | 2,685,998          |
| Total Capital Expenditure                           | 5,780,762       | 5,450,592           | 5,612,765       | 506,160       | 618,192       | (112,031)    | -18%           | 5,547,240          |
| Capital Expenditure - Standard Classification       |                 |                     |                 |               |               |              |                |                    |
| Governance and administration                       | 276,777         | 294,502             | 328,246         | 35,981        | 38,493        | (2,512)      | -7%            | 326,614            |
| Executive and council                               | 4,266           | 9,250               | 14,414          | 436           | 223           | 212          | 95%            | 13,782             |
| Budget and treasury office                          | 10,471          | 5,349               | 5,432           | 320           | 1,671         | (1,351)      | -81%           | 5,431              |
| Corporate services                                  | 262,041         | 279,903             | 308,400         | 35,225        | 36,599        | (1,374)      | -4%            | 307,400            |
| Community and public safety                         | 961,937         | 1,024,512           | 1,086,467       | 113,928       | 156,234       | (42,306)     | -27%           | 1,063,483          |
| Community and social services                       | 37,716          | 80,545              | 85,278          | 1,587         | 7,333         | (5,746)      | -78%           | 72,803             |
| Sport and recreation                                | 233,146         | 170,922             | 183,841         | 14,221        | 18,997        | (4,775)      | -25%           | 183,661            |
| Public safety                                       | 103,000         | 122,934             | 124,331         | 11,585        | 15,954        | (4,370)      | -27%           | 117,501            |
| Housing   | 565,694         | 626,894             | 666,389         | 85,344        | 110,384       | (25,040)     | -23%           | 662,889            |
| Health  | 22,382          | 23,216              | 26,629          | 1,192         | 3,567         | (2,375)      | -67%           | 26,629             |
| Economic and environmental services                 | 2,528,595       | 1,500,104           | 1,512,576       | 179,806       | 133,743       | 46,063       | 34%            | 1,512,494          |
| Planning and development                            | 31,631          | 65,452              | 63,592          | 5,962         | 9,968         | (4,006)      | -40%           | 63,525             |
| Road transport                                      | 2,482,101       | 1,412,268           | 1,425,861       | 173,553       | 123,084       | 50,469       | 41%            | 1,425,846          |
| Environmental protection                            | 14,864          | 22,384              | 23,123          | 291           | 691           | (401)        | -58%           | 23,123             |
| Trading services                                    | 2,013,453       | 2,631,474           | 2,685,476       | 176,445       | 289,721       | (113,276)    | -39%           | 2,644,650          |
| Electricity   | 1,194,512       | 1,404,107           | 1,426,870       | 112,260       | 166,385       | (54,124)     | -33%           | 1,423,641          |
| Water   | 303,326         | 478,665             | 515,381         | 33,271        | 60,116        | (26,845)     | -45%           | 504,276            |
| Waste water management                              | 304,581         | 480,915             | 472,135         | 16,117        | 29,394        | (13,277)     | -45%           | 447,192            |
| Waste management                                    | 208,174         | 264,938             | 267,856         | 14,554        | 33,520        | (18,966)     | -57%           | 267,856            |
| Other   | 2,860           | 2,849               | 3,234           | 244           | 306           | (63)         | -20%           | 1,685              |
| Total Capital Expenditure - Standard Classification | 5,780,762       | 5,450,592           | 5,612,765       | 506,160       | 618,192       | (112,031)    | -18%           | 5,547,240          |
| Funded by:  |                 |                     |                 |               |               |              |                |                    |
| National Government                                 | 3,056,018       | 2,191,297           | 2,252,888       | 243,620       | 218,959       | 24,661       | 11%            | 2,219,769          |
| Provincial Government                               | 354,954         | 343,761             | 314,835         | 55,419        | 76,815        | (21,396)     | -28%           | 314,835            |
| District Municipality                               | -               | -                   | -               | -             | -             | -            | -              | -                  |
| Other transfers and grants                          | 3,673           | 2,100               | 2,100           | 56            | -             | 56           | -              | 2,100              |
| Transfers recognised - capital                      | 3,414,645       | 2,537,158           | 2,569,823       | 299,095       | 295,774       | 3,321        | 1%             | 2,536,704          |
| Public contributions & donations                    | 35,076          | 46,150              | 47,720          | 8,579         | 6,374         | 2,205        | 35%            | 43,770             |
| Borrowing   | 1,665,377       | 2,149,497           | 2,228,669       | 154,940       | 246,562       | (91,622)     | -37%           | 2,208,558          |
| Internally generated funds                          | 665,664         | 717,788             | 766,554         | 43,547        | 69,482        | (25,935)     | -37%           | 758,208            |
| Total Capital Funding                               | 5,780,762       | 5,450,592           | 5,612,765       | 506,160       | 618,192       | (112,031)    | -18%           | 5,547,240          |

The table below reflects the percentage variance for capital expenditure by vote as well as reasons for material deviations and the remedial action thereof.

**Material variance explanations for capital expenditure**

| Description                                       | YTD<br>Variance<br>R<br>thousands | Variance<br>% | Reasons for material deviations  | Remedial or corrective steps/remarks   |
|---|-----------------------------------|---------------|--|--|
| <b>Capital Expenditure<br/>by Vote</b>            |                                   |               |  |  |
| Vote 1 - City Health                              | (2,375)                           | -67%          | 1. New Environmental Health Office and St Vincent Clinic projects are still behind schedule, due to various delays resulting from community interference as well as the construction workers strike.<br>2. Payment certificates for St Vincent clinic project could not be processed, due to the vendor's expired tax clearance certificate.<br>3. The advertising of two tenders have been delayed.   | 1. Project managers to receive updated programme of work to illustrate how the project will be accelerated.<br>2. Follow up with vendor regarding tax clearance certificate.<br>3. Ensure that tenders are advertised within the next month.       |
| Vote 2 - City Manager                             | 129                               | 381%          | Equipment delivered earlier than anticipated.  | Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.  |
| Vote 3 - Community Services                       | (8,899)                           | -38%          | 1. Library Upgrades and Extensions: Inclement weather has resulted in delays in project implementation. The extension of the office building is expected to be completed by the end of October 2013.<br>Replacement of library roof: Appointment of professional team in progress to compile specifications for tender to be submitted in October 2013.<br>Kuyasa Library: Contractor appointed; awaiting approval of building plan.<br>2. Sport and Recreation: Solomon Mahlangu Hall Modification is 25 working days behind schedule, due inclement weather and recent strikes.<br>Equipment delivered earlier than anticipated. | 1. Library and Information Services: Projects to be completed later than anticipated.<br>2. Sport and Recreation: Industrial strike and inclement weather impacted on estimated project completion date. Project to be completed by February 2014. |
| Vote 4 - Compliance and Auxiliary Services        | 116                               | 19%           | Equipment delivered earlier than anticipated.  | Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.  |
| Vote 5 - Corporate Services                       | (114)                             | 0%            | Immaterial variance.   | -  |
| Vote 6 - Deputy City Manager                      | (5,035)                           | -45%          | 1. Upgrade of Training Centres: The construction of the ground floor walls have been completed but the invoice was still outstanding at September month-end.<br>2. Project and Portfolio Management: Project on track. Awaiting outstanding invoice from consultant.<br>3. Lentegeur Pub Space & Civic Office Upgrade: Awaiting invoices from contractor for work completed for August 2013 as well as final invoice for professional fees.  | 1. Invoices have been submitted and will be processed in October 2013.<br>2. Liaising with contractors to submit invoices timeously.<br>Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.                      |
| Vote 7 - Economic, Environment & Spatial Planning | (1,165)                           | -22%          | Integrated Planning and Operating System (IPOS): Awaiting September 2013 invoices from contractors as well as the delivery of computer equipment to assist with the IPOS implementation.   | Projects will be monitored continuously and cash flows will be amended in Mid-Year Review and Adjustments Budget process in January 2014.  |

Table continues on next page.



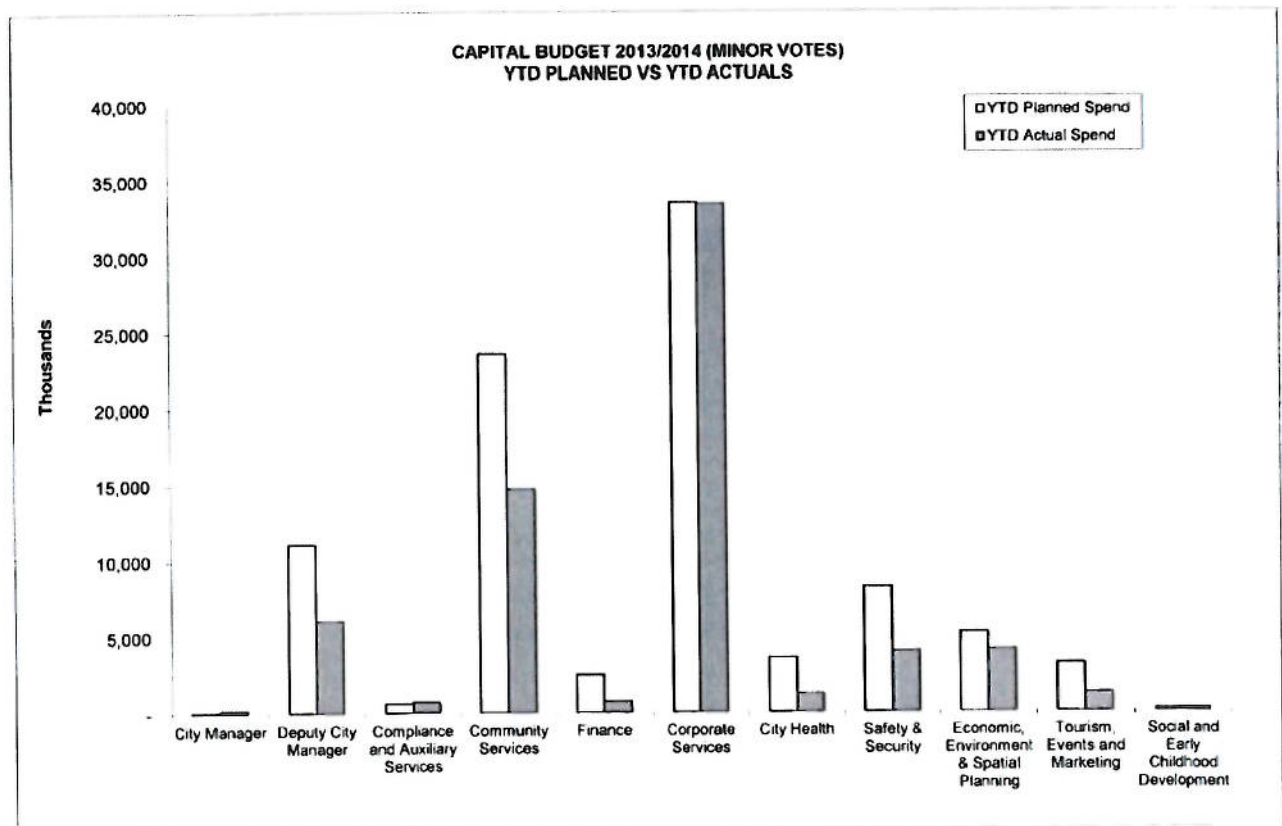
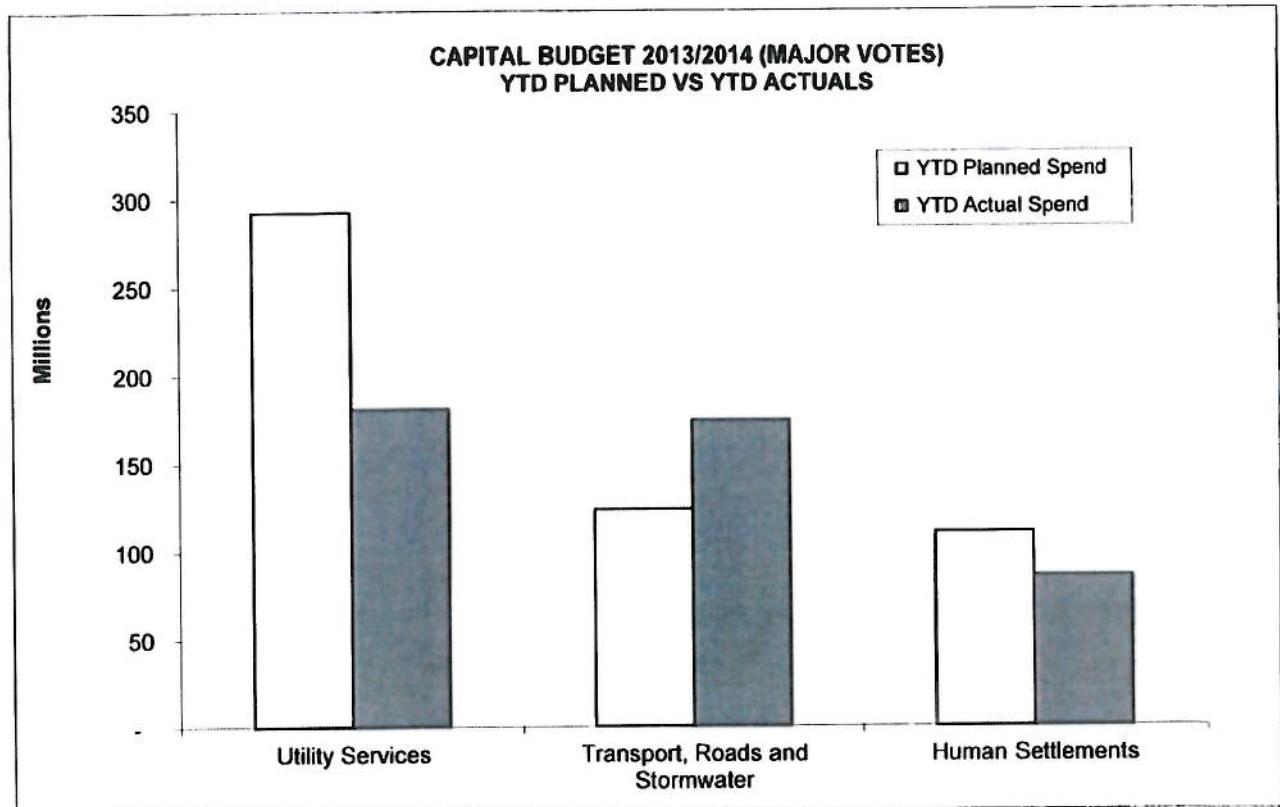
## Annexure A: S52 – 2014 Q1 (Sept 2013)

| Description                                      | YTD<br>Variance<br>R<br>thousands | Variance<br>% | Reasons for material deviations   | Remedial or corrective steps/remarks  |
|--|-----------------------------------|---------------|---|---|
| Vote 8 - Finance                                 | (1,765)                           | -71%          | 1. E-Procurement project plans restarted in August 2013. Appointment of consultants in progress, which will result in an improved implementation rate.<br>2. Furniture and equipment: Orders have been placed and awaiting delivery.  | 1. SCM to speed up the appointment of consultants.<br>2. Affected departments to follow up with suppliers to speed up delivery and GRN process. Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.   |
| Vote 9 - Human Settlements                       | (25,040)                          | -23%          | Anti-social activities (e.g. gangsterism) and temporary accommodation challenges resulted in delays on the Community Residential Units upgrade projects, which constitute the primary areas of underspend. The national workers strike in September 2013, resulted in a delay of nine working days. An additional seven days were lost due to inclement weather in August 2013. | Since the labour strike the Community Residential Units projects have experienced good progress. Budget adjustments for those projects that are being fast tracked may be required in the Mid-Year Review and Adjustments Budget process in January 2014.   |
| Vote 10 - Rates & Other                          | -                                 | -             | -   | -   |
| Vote 11 - Safety & Security                      | (4,242)                           | -52%          | 1. Integrated Emergency Contact Centre: The SCM process was delayed due to the late appointment of the project manager. This has subsequently been resolved. Specification to be completed and tender to be advertised end October 2013.<br>2. Orders for furniture and equipment placed; awaiting delivery.<br>3. Awaiting quotations on most of the projects.                 | Regular project monitoring. Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.   |
| Vote 12 - Social and Early Childhood Development | 23                                | 16%           | Equipment delivered earlier than anticipated.   | Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.   |
| Vote 13 - Tourism, Events and Marketing          | (1,955)                           | -62%          | 1. Delays due to slow implementation of projects.<br>2. Awaiting outcome from the Legal Services department with regards to an appeal lodged against a tender.  | 1. A task team was established to monitor the projects, which got off to a slow start.<br>2. Depending on the outcome of the appeal, a decision will be made on how to deal with the project, which might require amendments in the Mid-Year Review and Adjustments Budget process in January 2014. |
| Vote 14 - Transport, Roads and Stormwater        | 50,244                            | 41%           | 1. A number of projects have progressed better than had been expected.<br>2. The acquisition of the high cost SAP software occurred much earlier than planned in order to take advantage of significant discounts being offered by the supplier.  | No remedial or corrective steps deemed necessary. It should be noted that the present industrial action in the construction sector will have a significant impact on capital spend in the forthcoming months.   |

## Vote 13 - Utility Services per sub vote

| Description              | YTD<br>Variance<br>R<br>thousands | Variance | Reasons for material deviations   | Remedial or corrective steps/remarks   |
|--------------------------|-----------------------------------|----------|---|--|
| Utility Services Support | (30)                              | -        | Awaiting quotations so that orders can be placed in October 2013.   | Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.  |
| Water & Sanitation       | (39,998)                          | -45%     | Replacement & Upgrade of Water Network (citywide): Delays experienced, due to the three week national industrial action/strike, which impacted negatively on the project progress.  | Construction processes back to normal. Cash flow to be amended in the Mid-Year Review and Adjustments Budget process in January 2014.  |
| Solid Waste Management   | (18,966)                          | -57%     | Solid Waste Infrastructure project: New technology being introduced by the company to whom the tender was awarded resulting in an approximate four month delay for the completion of the re-design.   | On-going monitoring by project managers. Cash Flow to be amended in Mid-Year Review and Adjustments budget in January 2014.  |
| Cape Town Electricity    | (52,958)                          | -31%     | 1. Work on the New Building Complex in Bloemhof and Training School in Brackenfell have been delayed, due to the national industrial action/strike that affected the building construction industry.<br>2. Electrification of Joe Slovo formal development being delayed as a result of community interference. | 1. Industrial action for construction industry resolved; contractors on site.<br>2. Situation being monitored. PGWC, as the developer, is engaging with the community. Cash flow projections of effected projects to be amended in the Mid-Year Review and Adjustments Budget in January 2014. |

The graphs below illustrate the capital budget versus actual expenditure per vote.



**Budget Statement – Financial Position**

The table below reflects the performance to date in relation to the financial position of the City.

| Description                              | 2012/13           | Budget Year 2013/14 |                   |                   |                    |
|--|-------------------|---------------------|-------------------|-------------------|--------------------|
|  | Audited Outcome   | Original Budget     | Adjusted Budget   | YearTD actual     | Full Year Forecast |
| <b>R thousands</b>                       |                   |                     |                   |                   |                    |
| <b>ASSETS</b>                            |                   |                     |                   |                   |                    |
| <b>Current assets</b>                    |                   |                     |                   |                   |                    |
| Cash                                     | 4,730,197         | -                   | -                 | 113,937           | -                  |
| Call investment deposits                 | 3,430,794         | 6,200,954           | 6,198,800         | 7,483,635         | 6,198,800          |
| Consumer debtors                         | 4,172,233         | 4,217,354           | 4,454,964         | 3,268,996         | 4,454,964          |
| Other debtors                            | 290,496           | 370,198             | 407,218           | 216,277           | 407,218            |
| Current portion of long-term receivables | 20,546            | 17,832              | 16,940            | 20,546            | 16,940             |
| Inventory                                | 256,550           | 278,941             | 292,888           | 250,449           | 292,888            |
| <b>Total current assets</b>              | <b>12,900,815</b> | <b>11,085,279</b>   | <b>11,370,810</b> | <b>11,353,840</b> | <b>11,370,810</b>  |
| <b>Non current assets</b>                |                   |                     |                   |                   |                    |
| Long-term receivables                    | 101,665           | 89,644              | 85,161            | 95,290            | 85,161             |
| Investments                              | 173,426           | 1,203,274           | 133,505           | -                 | 133,505            |
| Investment property                      | -                 | -                   | -                 | 804,591           | -                  |
| Investments in Associate                 | -                 | -                   | -                 | -                 | -                  |
| Property, plant and equipment            | 28,670,688        | 32,232,897          | 35,630,315        | 27,921,989        | 35,630,315         |
| Agricultural                             | -                 | -                   | -                 | -                 | -                  |
| Biological assets                        | -                 | -                   | -                 | -                 | -                  |
| Intangible assets                        | -                 | -                   | -                 | -                 | -                  |
| Other non-current assets                 | -                 | -                   | -                 | -                 | -                  |
| <b>Total non current assets</b>          | <b>28,945,779</b> | <b>33,525,815</b>   | <b>35,848,981</b> | <b>28,821,869</b> | <b>35,848,981</b>  |
| <b>TOTAL ASSETS</b>                      | <b>41,846,594</b> | <b>44,611,094</b>   | <b>47,219,791</b> | <b>40,175,709</b> | <b>47,219,791</b>  |
| <b>LIABILITIES</b>                       |                   |                     |                   |                   |                    |
| <b>Current liabilities</b>               |                   |                     |                   |                   |                    |
| Bank overdraft                           | -                 | -                   | -                 | -                 | -                  |
| Borrowing                                | 418,166           | 478,860             | 387,991           | 418,166           | 387,991            |
| Consumer deposits                        | 308,217           | 332,682             | 365,950           | 327,124           | 365,950            |
| Trade and other payables                 | 5,357,031         | 6,592,362           | 8,992,393         | 2,522,880         | 8,992,393          |
| Provisions                               | 1,817,235         | 1,152,460           | 1,233,133         | 2,002,609         | 1,233,133          |
| <b>Total current liabilities</b>         | <b>7,900,648</b>  | <b>8,556,364</b>    | <b>10,979,467</b> | <b>5,270,778</b>  | <b>10,979,467</b>  |
| <b>Non current liabilities</b>           |                   |                     |                   |                   |                    |
| Borrowing                                | 6,936,237         | 6,493,327           | 6,646,477         | 6,952,609         | 6,646,477          |
| Provisions                               | 4,552,513         | 4,756,220           | 4,756,220         | 4,552,513         | 4,756,220          |
| <b>Total non current liabilities</b>     | <b>11,488,750</b> | <b>11,249,547</b>   | <b>11,402,697</b> | <b>11,505,122</b> | <b>11,402,697</b>  |
| <b>TOTAL LIABILITIES</b>                 | <b>19,389,398</b> | <b>19,805,911</b>   | <b>22,382,164</b> | <b>16,775,901</b> | <b>22,382,164</b>  |
| <b>NET ASSETS</b>                        | <b>22,457,196</b> | <b>24,805,183</b>   | <b>24,837,627</b> | <b>23,399,808</b> | <b>24,837,627</b>  |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                   |                     |                   |                   |                    |
| Accumulated Surplus/(Deficit)            | 20,159,377        | 22,790,759          | 22,824,993        | 21,120,925        | 22,824,993         |
| Reserves                                 | 2,297,819         | 2,014,424           | 2,012,634         | 2,278,883         | 2,012,634          |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>22,457,196</b> | <b>24,805,183</b>   | <b>24,837,627</b> | <b>23,399,808</b> | <b>24,837,627</b>  |

The definitions for the categories in the financial position table are shown below.



**Definitions of financial position categories**

| Description                              | Definition  |
|--|---|
| Cash                                     | Cash includes cash on hand, cash with banks, notice deposits and deposits with a maturity of three months or less, readily convertible to cash without significant change in value.   |
| Call investment deposits                 | Call investment deposits include short-term bank and other deposits with a maturity of more than three months but less than twelve months.  |
| Consumer debtors                         | A customer of an entity who has not yet paid for municipal goods and services rendered.   |
| Other debtors                            | A customer or an entity who has not yet paid for sundry services rendered and/or fines imposed.   |
| Current portion of long-term receivables | That portion of Long-term receivables that will become due in the next operating year.  |
| Inventory                                | Inventory consists of goods purchased and held for resale and goods produced by the City. Inventory also includes raw materials and supplies to be used in works and processes.   |
| Long-term receivables                    | Receivables that become due only in the financial years after the next one.   |
| Investments                              | Investments include bank and other deposits with a maturity of more than twelve months.   |
| Investment property                      | Is land and buildings held to earn rentals or for capital appreciation or both, as opposed to being used for production or for the supply of goods or services or for administrative purposes, or intended for sale in the normal course of operations. |
| Investments in Associate                 | It is an investment in an entity in which the investor has significant influence but is neither a controlled entity nor a joint venture of the City.  |
| Property, plant and equipment            | Are tangible assets that are held for use in the production or supply of goods or services, for rentals to others or for administrative purposes, and are expected to have a useful life of more than one reporting period.                             |
| Agricultural                             | The management of an agricultural activity for the biological transformation and harvest of biological assets for sale or conversion into agricultural produce or into additional biological assets.  |
| Biological assets                        | Consists of assets undergoing the biological transformation in terms of the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.   |
| Intangible assets                        | Identifiable non-monetary asset without physical substance or form, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.   |
| Bank overdraft                           | Bank overdraft includes that amount overdrawn on the bank account and represents a short-term debt facility repayable to the Bank. The city has not negotiated any overdraft facilities.  |
| Borrowing                                | Borrowing is that portion of loans taken up by the Council which are due and payable within the next twelve months.   |
| Consumer deposits                        | Amounts held by the City as security over the provision of services on credit and repayable on termination of accounts.   |
| Trade and other payables                 | Liabilities owed to suppliers for purchases of goods or services already rendered to the municipality.  |
| Provisions                               | A present obligation arising from past events, the settlement of which is expected to result in an outflow of resources and will be taking place in the next 12 months.   |
| Borrowing                                | Borrowing is that portion of loans taken up by the Council which are due and payable longer than the twelve months (i.e. exclude that amount of total loans included under current liabilities).  |
| Provisions                               | A present obligation arising from past events, the settlement of which is expected to result in an outflow of resources and will be taking place not in the next 12 months.   |
| Accumulated Surplus/(Deficit)            | The surplus of an entity that has accumulated since the beginning of the entity's existence.  |
| Reserves                                 | Funds set aside from accumulated surpluses for statutory as well as specific requirements.  |



**Budget Statement – Cash Flow**

The City's cash flow position and cash/cash equivalent outcome is shown in the table below.

| Description                                       | 2012/13         | Budget Year 2013/14 |                 |             |             |              |                |                    |
|---|-----------------|---------------------|-----------------|-------------|-------------|--------------|----------------|--------------------|
|   | Audited Outcome | Original Budget     | Adjusted Budget | YTD actual  | YTD budget  | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                       |                 |                     |                 |             |             |              |                |                    |
| CASH FLOW FROM OPERATING ACTIVITIES               |                 |                     |                 |             |             |              |                |                    |
| Receipts  |                 |                     |                 |             |             |              |                |                    |
| Ratepayers and other                              | 18,963,843      | 21,960,571          | 21,960,571      | 6,191,267   | 5,842,969   | 348,298      | 6%             | 21,960,571         |
| Government - operating                            | 1,979,795       | 2,595,904           | 2,581,301       | 711,306     | 742,541     | (31,235)     | -4%            | 2,581,301          |
| Government - capital                              | 3,414,645       | 2,583,308           | 2,572,752       | 800,762     | 792,508     | 8,254        | 1%             | 2,572,752          |
| Interest  | 592,319         | 403,422             | 284,618         | 118,609     | 71,258      | 47,351       | 66%            | 284,618            |
| Payments  |                 |                     |                 |             |             |              |                |                    |
| Suppliers and employees                           | (18,846,080)    | (22,599,729)        | (22,292,356)    | (7,386,996) | (6,246,510) | 1,140,487    | -18%           | (22,292,356)       |
| Finance charges                                   | (685,650)       | (749,449)           | (749,563)       | (207,557)   | (207,557)   | (0)          | 0%             | (749,563)          |
| Transfers and Grants                              | -               | -                   | (39,694)        | (5,862)     | (9,924)     | (4,061)      | 41%            | (39,694)           |
| NET CASH FROM/(USED) OPERATING ACTIVITIES         | 5,418,872       | 4,194,026           | 4,317,630       | 221,529     | 985,286     | (763,757)    | -78%           | 4,317,629          |
| CASH FLOWS FROM INVESTING ACTIVITIES              |                 |                     |                 |             |             |              |                |                    |
| Receipts  |                 |                     |                 |             |             |              |                |                    |
| Proceeds on disposal of PPE                       | 93,472          | 69,000              | -               | -           | -           | -            | -              | -                  |
| Decrease (increase) in non-current debtors        | -               | -                   | -               | -           | -           | -            | -              | -                  |
| Decrease (increase) other non-current receivables | (3,125)         | -                   | -               | -           | -           | -            | -              | -                  |
| Decrease (increase) in non-current investments    | (573,148)       | -                   | -               | -           | -           | -            | -              | -                  |
| Payments  |                 |                     |                 |             |             |              |                |                    |
| Capital assets                                    | (5,780,762)     | (5,178,063)         | (5,544,435)     | (791,276)   | (1,794,528) | (1,003,252)  | 56%            | (5,544,435)        |
| NET CASH FROM/(USED) INVESTING ACTIVITIES         | (6,263,563)     | (5,109,063)         | (5,544,435)     | (791,276)   | (1,794,528) | (1,003,252)  | 56%            | (5,544,435)        |
| CASH FLOWS FROM FINANCING ACTIVITIES              |                 |                     |                 |             |             |              |                |                    |
| Receipts  |                 |                     |                 |             |             |              |                |                    |
| Short term loans                                  | -               | -                   | -               | -           | -           | -            | -              | -                  |
| Borrowing long term/refinancing                   | 2,384,420       | -                   | -               | -           | -           | -            | -              | -                  |
| Increase (decrease) in consumer deposits          | 33,273          | -                   | -               | -           | -           | -            | -              | -                  |
| Payments  |                 |                     |                 |             |             |              |                |                    |
| Repayment of borrowing                            | (165,311)       | (345,066)           | (598,143)       | (119,428)   | (181,602)   | (62,175)     | 34%            | (598,143)          |
| NET CASH FROM/(USED) FINANCING ACTIVITIES         | 2,252,382       | (345,066)           | (598,143)       | (119,428)   | (181,602)   | (62,175)     | 34%            | (598,143)          |
| NET INCREASE/ (DECREASE) IN CASH HELD             |                 |                     |                 |             |             |              |                |                    |
| Cash/cash equivalents at beginning:               | 1,407,691       | (1,260,103)         | (1,824,949)     | (689,175)   | (990,844)   |              |                | (1,824,949)        |
| Cash/cash equivalents at month/year end:          | 6,691,675       | 7,539,463           | 8,099,366       | 8,099,366   | 8,099,366   |              |                | 8,099,366          |
|   | 8,099,366       | 6,279,360           | 6,274,417       | 7,410,191   | 6,548,619   |              |                | 6,274,417          |

The table below reflects the variances for cash flow position and cash/cash equivalent outcome as well as reasons for material deviations.

| Description                                       | YTD variance<br>R Thousands | YTD variance<br>% | Reasons for material deviations   | Remedial or corrective<br>steps/remarks  |
|---|-----------------------------|-------------------|---|--|
| <b>R thousands</b>                                |                             |                   |   |  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                             |                   |   |  |
| <b>Receipts</b>                                   |                             |                   |   |  |
| Ratepayers and other                              | 348,298                     | 6%                | More income received in certain categories (including a VAT refund of R116 million) than anticipated.   | No corrective action required at this time.  |
| Government - operating                            | (31,235)                    | -4%               |   |  |
| Government - capital                              | 8,254                       | 1%                |   |  |
| Interest  | 47,351                      | 66%               | Investment interest income greater than expected, due to a higher than expected cash and investment balance compared to budget as well as better returns earned by the Fund managers.   | The budget will be adjusted based on the revised balances in the Mid-Year Review and Adjustments Budget process. |
| Dividends   | -                           | -                 | -   | -  |
| <b>Payments</b>                                   |                             |                   |   |  |
| Suppliers and employees                           | 1,140,487                   | -18%              | The excess outflow is mainly due to the creditors outstanding from prior reporting periods, which was included in cash and cash equivalent.   | No corrective action required at this time.  |
| Finance charges                                   | (0)                         | 0%                |   |  |
| Transfers and Grants                              | (4,061)                     | 41%               | The variance is due to the mis-alignment of the actual against the period budget, which was partially corrected during August 2013.   | No corrective action required at this time.  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>(763,757)</b>            | <b>-78%</b>       |   |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                             |                   |   |  |
| <b>Receipts</b>                                   |                             |                   |   |  |
| Proceeds on disposal of PPE                       | -                           | -                 | -   | -  |
| Decrease (increase) in non-current debtors        | -                           | -                 | -   | -  |
| Decrease (increase) other non-current receivables | -                           | -                 | -   | -  |
| Decrease (increase) in non-current investments    | -                           | -                 | -   | -  |
| <b>Payments</b>                                   |                             |                   |   |  |
| Capital assets                                    | (1,003,252)                 | 56%               | Slower cash outflow than originally anticipated.  | No corrective action required at this time.  |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(1,003,252)</b>          | <b>56%</b>        |   |  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                             |                   |   |  |
| <b>Receipts</b>                                   |                             |                   |   |  |
| Short term loans                                  | -                           | -                 | -   | -  |
| Borrowing long term/refinancing                   | -                           | -                 | -   | -  |
| Increase (decrease) in consumer deposits          | -                           | -                 | -   | -  |
| <b>Payments</b>                                   |                             |                   |   |  |
| Repayment of borrowing                            | (62,175)                    | 34%               | The shortfall in cash outflow is due to the provision for the internal sinking fund reserves to pay future balloon loan amounts. This is not an actual transaction but a means to extract cash for the purpose of repayment of the loans. | No corrective action required at this time.  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>(62,175)</b>             | <b>34%</b>        |   |  |

The monthly cash flow details can be found in the table below.

**Budget Statement – Actual and revised targets for cash receipts and cash flows**

| Description                                     | Budget Year 2013/14 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---|------------------------|------------------------|
|   | July Actual         | August Actual    | Sept Actual      | October Budget   | Nov Budget       | Dec Budget       | January Budget   | Feb Budget       | March Budget     | April Budget     | May Budget       | June Budget      | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b>R thousands</b>                              |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| <b>Cash Receipts by Source</b>                  |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| Property rates                                  | 481,392             | 430,670          | 531,497          | 494,757          | 475,232          | 421,894          | 399,898          | 411,469          | 390,329          | 410,348          | 396,356          | 510,027          | 5,353,870   | 5,701,034              | 6,100,711              |
| Property rates - penalties & collection charges | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Service charges - electricity revenue           | 762,160             | 814,302          | 800,149          | 900,980          | 795,859          | 747,389          | 731,964          | 802,933          | 834,917          | 792,066          | 888,844          | 753,531          | 9,625,096   | 10,574,268             | 11,554,799             |
| Service charges - water revenue                 | 113,846             | 137,088          | 136,565          | 166,636          | 156,944          | 176,052          | 151,487          | 173,110          | 172,713          | 165,611          | 167,109          | 323,522          | 2,040,683   | 2,218,337              | 2,476,742              |
| Service charges - sanitation revenue            | 78,384              | 78,924           | 88,168           | 76,449           | 69,342           | 94,917           | 96,089           | 97,360           | 92,867           | 93,007           | 96,117           | 151,467          | 1,113,090   | 1,215,050              | 1,355,548              |
| Service charges - refuse                        | 72,220              | 50,216           | 50,409           | 64,968           | 59,884           | 82,743           | 81,774           | 73,924           | 73,674           | 73,755           | 69,120           | 151,130          | 903,817   | 962,784                | 1,055,565              |
| Service charges - other                         | 22,828              | 18,108           | 11,881           | 20,526           | 8,519            | 18,825           | 23,308           | 22,600           | 19,213           | 23,500           | 19,500           | 31,382           | 239,991   | 253,736                | 268,453                |
| Rental of facilities and equipment              | 16,765              | 18,509           | 18,853           | 16,548           | 11,634           | 3,781            | 3,878            | 9,045            | 15,697           | 16,231           | 19,000           | 11,292           | 163,232   | 139,251                | 141,740                |
| Interest earned - external investments          | 40,286              | 38,838           | 39,485           | 21,929           | 24,792           | 24,131           | 24,086           | 25,674           | 26,749           | 24,440           | 22,741           | (28,533)         | 284,618   | 292,445                | 303,664                |
| Interest earned - outstanding debtors           | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Dividends received                              | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Fines   | 9,704               | 9,757            | 7,973            | 14,280           | 16,066           | 12,605           | 16,482           | 11,903           | 12,897           | 13,769           | 17,819           | 40,001           | 183,257   | 193,432                | 204,558                |
| Licences and permits                            | 60,948              | 16,487           | 9,359            | 3,275            | 2,972            | 2,442            | 3,853            | 2,815            | 2,757            | 2,591            | 3,382            | (75,280)         | 35,501  | 37,595                 | 39,775                 |
| Agency services                                 | -                   | -                | -                | 11,224           | 10,183           | 8,369            | 13,201           | 9,645            | 9,447            | 8,878            | 11,589           | 39,457           | 121,993   | 128,825                | 136,297                |
| Transfer receipts - operating                   | 533,841             | 48,144           | 129,322          | 142,339          | 688,108          | 41,999           | 137,333          | 271,156          | 435,029          | 53,193           | 28,671           | 72,167           | 2,581,301   | 2,549,102              | 3,037,349              |
| Other revenue                                   | 187,925             | 815,495          | 340,893          | 26,395           | 48,679           | 664,483          | 28,101           | 1,921            | 654,224          | 23,653           | 27,460           | (639,278)        | 2,179,942   | 2,297,942              | 2,431,222              |
| <b>Cash Receipts by Source</b>                  | <b>2,380,301</b>    | <b>2,476,526</b> | <b>2,164,356</b> | <b>1,960,307</b> | <b>2,368,213</b> | <b>2,299,630</b> | <b>1,711,455</b> | <b>1,913,554</b> | <b>2,740,513</b> | <b>1,703,042</b> | <b>1,767,708</b> | <b>1,340,884</b> | <b>24,826,489</b>                                   | <b>26,563,802</b>      | <b>29,106,424</b>      |
| <b>Other Cash Flows by Source</b>               |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| Transfer receipts - capital                     | 800,762             | -                | -                | -                | 860,770          | -                | 250,000          | 419,474          | 250,000          | -                | -                | (8,254)          | 2,572,752   | 2,531,567              | 2,474,896              |
| Contributions & Contributed assets              | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Proceeds on disposal of PPE                     | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Short term loans                                | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Borrowing long term financing                   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Increase in consumer deposits                   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Receipt of non-current debtors                  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Receipt of non-current receivables              | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Change in non-current investments               | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| <b>Total Cash Receipts by Source</b>            | <b>3,181,062</b>    | <b>2,476,526</b> | <b>2,164,356</b> | <b>1,960,307</b> | <b>3,228,983</b> | <b>2,299,630</b> | <b>1,961,455</b> | <b>2,333,028</b> | <b>2,990,513</b> | <b>1,703,042</b> | <b>1,767,708</b> | <b>1,332,631</b> | <b>27,399,241</b>                                   | <b>31,145,368</b>      | <b>33,391,320</b>      |

Table continues on next page



| Description  | Budget Year 2013/14 |                  |                  |                   |                  |                  |                   |                  |                  |                  |                  |                    | 2013/14 Medium Term Revenue & Expenditure Framework |                           |                           |
|--|---------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|--------------------|---|---------------------------|---------------------------|
|  | July<br>Actual      | August<br>Actual | Sept<br>Actual   | October<br>Budget | Nov<br>Budget    | Dec<br>Budget    | January<br>Budget | Feb<br>Budget    | March<br>Budget  | April<br>Budget  | May<br>Budget    | June<br>Budget     | Budget Year<br>2013/14                              | Budget Year<br>+1 2014/15 | Budget Year<br>+2 2015/16 |
|  |                     |                  |                  |                   |                  |                  |                   |                  |                  |                  |                  |                    |   |                           |                           |
| <b>Cash Payments by Type</b>                       |                     |                  |                  |                   |                  |                  |                   |                  |                  |                  |                  |                    |   |                           |                           |
| Employee related costs                             | 581,759             | 625,089          | 614,676          | 612,419           | 969,898          | 625,036          | 677,200           | 676,851          | 653,131          | 653,159          | 661,268          | 681,203            | 8,051,690   | 8,728,060                 | 9,481,455                 |
| Remuneration of councillors                        | 8,981               | 8,982            | 8,982            | 9,775             | 9,779            | 9,775            | 9,952             | 13,893           | 10,286           | 10,261           | 10,262           | 12,791             | 123,721   | 131,887                   | 140,855                   |
| Interest paid                                      | 13,743              | -                | 193,813          | -                 | -                | 179,044          | -                 | -                | 188,339          | -                | -                | 174,623            | 749,563   | 822,046                   | 1,047,054                 |
| Bulk purchases - Electricity                       | 748,733             | 818,921          | 812,338          | 486,754           | 470,106          | 445,500          | 428,620           | 445,309          | 422,407          | 439,855          | 447,410          | 579,346            | 6,545,300   | 7,151,868                 | 7,762,007                 |
| Bulk purchases - Water & Sewer                     | 25,957              | 15,078           | 31,651           | 36,426            | 29,292           | 26,193           | 27,522            | 21,237           | 31,349           | 31,887           | 34,343           | 42,644             | 353,581   | 393,631                   | 449,988                   |
| Other materials                                    | -                   | -                | -                | 31,084            | 33,865           | 16,066           | 23,639            | 38,372           | 28,555           | 35,846           | 33,297           | 115,957            | 358,681   | 386,392                   | 417,011                   |
| Contracted services                                | -                   | -                | -                | 235,715           | 285,367          | 289,012          | 195,756           | 244,966          | 328,545          | 320,071          | 324,976          | 996,987            | 3,223,424   | 3,283,032                 | 3,524,328                 |
| Grants and subsidies paid - other municipalities   | -                   | -                | -                | -                 | -                | -                | -                 | -                | -                | -                | -                | -                  | -   | -                         | -                         |
| Grants and subsidies paid - other                  | -                   | 5,862            | -                | 3,308             | 3,308            | 3,308            | 3,308             | 3,308            | 3,308            | 3,308            | 3,308            | 7,369              | 39,694  | 51,366                    | 54,992                    |
| General expenses                                   | 1,493,077           | 774,464          | 818,309          | 298,693           | 278,251          | 302,092          | 266,644           | 296,021          | 325,062          | 283,355          | 279,350          | (1,779,358)        | 3,635,959   | 3,887,078                 | 4,355,059                 |
| <b>Cash Payments by Type</b>                       | <b>2,872,249</b>    | <b>2,248,396</b> | <b>2,479,770</b> | <b>1,714,175</b>  | <b>2,079,865</b> | <b>1,898,026</b> | <b>1,632,642</b>  | <b>1,739,988</b> | <b>2,000,982</b> | <b>1,787,742</b> | <b>1,794,216</b> | <b>833,560</b>     | <b>23,081,612</b>                                   | <b>24,835,360</b>         | <b>27,232,748</b>         |
| <b>Other Cash Flows/Payments by Type</b>           |                     |                  |                  |                   |                  |                  |                   |                  |                  |                  |                  |                    |   |                           |                           |
| Capital assets                                     | 479,793             | 197,866          | 113,617          | 270,705           | 297,175          | 509,170          | 317,559           | 162,894          | 498,361          | 626,868          | 484,594          | 1,585,833          | 5,544,435   | 5,124,462                 | 5,438,839                 |
| Repayment of borrowing                             | 29,947              | -                | 89,481           | -                 | -                | 64,403           | -                 | -                | 96,281           | -                | -                | 94,955             | 345,086   | 309,853                   | 285,598                   |
| Other Cash Flows/Payments                          | -                   | -                | -                | 4,494             | 4,371            | 54,239           | 4,811             | 4,523            | 54,558           | 4,965            | 5,156            | 115,959            | 253,077   | 275,860                   | 291,556                   |
| <b>Total Cash Payments by Type</b>                 | <b>3,381,989</b>    | <b>2,446,262</b> | <b>2,682,868</b> | <b>1,989,373</b>  | <b>2,381,412</b> | <b>2,525,839</b> | <b>1,955,012</b>  | <b>1,907,405</b> | <b>2,650,182</b> | <b>2,419,576</b> | <b>2,283,966</b> | <b>2,600,307</b>   | <b>29,224,190</b>                                   | <b>30,545,536</b>         | <b>33,248,741</b>         |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>        | <b>(200,927)</b>    | <b>30,265</b>    | <b>(518,512)</b> | <b>(25,067)</b>   | <b>847,571</b>   | <b>(226,208)</b> | <b>6,443</b>      | <b>425,823</b>   | <b>340,331</b>   | <b>(716,534)</b> | <b>(516,259)</b> | <b>(1,267,676)</b> | <b>(1,824,949)</b>                                  | <b>599,833</b>            | <b>132,579</b>            |
| Cash/cash equivalents at the month/year beginning: | 8,099,366           | 7,898,439        | 7,928,704        | 7,410,191         | 7,381,125        | 8,228,696        | 8,002,488         | 8,008,930        | 8,434,554        | 8,774,885        | 8,058,351        | 7,542,093          | 8,099,366   | 6,274,417                 | 6,874,250                 |
| Cash/cash equivalents at the month/year end:       | 7,898,439           | 7,928,704        | 7,410,191        | 7,381,125         | 8,228,696        | 8,002,488        | 8,008,930         | 8,434,554        | 8,774,885        | 8,058,351        | 7,542,093        | 6,274,417          | 6,274,417   | 6,874,250                 | 7,006,828                 |

\* Payments in respect of 'Other materials' and 'Contracted services' are included in the 'General Expenses' line item.



## PART 2 - SUPPORTING DOCUMENTATION

### Debtors' analysis

The debtor analysis provides an age analysis by revenue source and customer category.

### Budget Statement - Aged Debtors

| Description  | Budget Year 2013/14 |            |            |             |              |              |                 |             |           |                    | 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 Days | 151-180 Days | 181 Days-1 Year | Over 1 Year | Total     | Total over 90 days |  |   |
| R thousands  |                     |            |            |             |              |              |                 |             |           |                    |  |   |
| Debtors Age Analysis By Income Source  |                     |            |            |             |              |              |                 |             |           |                    |  |   |
| Trade and Other Receivables from Exchange Transactions - Water   | 260,084             | 56,563     | 54,740     | 58,698      | 46,451       | 45,689       | 281,141         | 1,132,288   | 1,935,653 | 1,564,267          | -  | -   |
| Trade and Other Receivables from Exchange Transactions - Electricity                                       | 692,918             | 44,957     | 16,690     | 9,462       | 6,830        | 5,379        | 30,207          | 73,262      | 879,705   | 125,140            | -  | -   |
| Receivables from Non-exchange Transactions - Property Rates  | 374,675             | 75,467     | 36,350     | 51,544      | 32,547       | 33,254       | 191,435         | 629,419     | 1,424,791 | 938,289            | -  | -   |
| Receivables from Exchange Transactions - Waste Water Management  | 138,441             | 28,641     | 31,153     | 23,459      | 22,100       | 23,168       | 135,727         | 543,535     | 946,224   | 747,989            | -  | -   |
| Receivables from Exchange Transactions - Waste Management  | 67,758              | 14,203     | 9,902      | 10,243      | 7,824        | 7,512        | 44,513          | 192,914     | 354,871   | 263,008            | -  | -   |
| Receivables from Exchange Transactions - Property Rental Debtors   | 51,117              | 9,482      | 9,742      | (520)       | 8,736        | 413,203      | -               | -           | 491,760   | 421,419            | -  | -   |
| Interest on Arrear Debtor Accounts Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 44,545              | 20,191     | 18,459     | 15,434      | 18,995       | 14,818       | 88,454          | 474,851     | 693,746   | 610,551            | -  | -   |
| Other  | (122,700)           | (15,994)   | (9,672)    | (10,289)    | (22,459)     | (8,137)      | (18,737)        | (109,562)   | (317,549) | (169,183)          | -  | -   |
| Total By Income Source   | 1,506,838           | 233,510    | 167,364    | 158,132     | 121,024      | 534,886      | 750,739         | 2,936,707   | 6,409,201 | 4,501,488          | -  | -   |
| 2012/13 - totals only  |                     |            |            |             |              |              |                 |             |           |                    |  |   |
| Debtors Age Analysis By Customer Group   |                     |            |            |             |              |              |                 |             |           |                    |  |   |
| Organs of State  | (21,682)            | 24,531     | 17,017     | 9,862       | (5,529)      | 6,886        | 27,026          | 33,174      | 91,284    | 71,418             | -  | -   |
| Commercial   | 860,539             | 83,104     | 51,783     | 35,291      | 33,946       | 438,360      | 128,101         | 345,817     | 1,976,943 | 981,517            | -  | -   |
| Households   | 732,823             | 145,724    | 113,464    | 125,252     | 100,917      | 98,074       | 606,709         | 2,545,095   | 4,468,059 | 3,476,047          | -  | -   |
| Other  | (64,842)            | (19,849)   | (14,900)   | (12,273)    | (8,310)      | (8,434)      | (11,096)        | 12,621      | (127,085) | (27,494)           | -  | -   |
| Total By Customer Group  | 1,506,838           | 233,510    | 167,364    | 158,132     | 121,024      | 534,886      | 750,739         | 2,936,707   | 6,409,201 | 4,501,488          | -  | -   |

### Additional debtor's information

| Period   | Monthly collection rate |               | YTD collection rate |
|----------|-------------------------|---------------|---------------------|
|          | Current year            | Previous year |                     |
| 12 Month | 95,18%                  | 96,32%        | 95,63%              |
| 6 month  | 95,97%                  | 98,75%        | 96,49%              |
| 3 month  | 94,16%                  | 97,03%        | 95,19%              |
| Monthly  | 95,90%                  | 99,64%        | 94,18%              |

| 2013/14 Billing vs Receipts |                  |                  |
|-----------------------------|------------------|------------------|
| Month                       | Billing R        | Receipts R       |
| July                        | 1,739,291,454,99 | 1,714,732,901,35 |
| Aug                         | 2,044,598,211,80 | 1,812,832,339,21 |
| Sept                        | 2,043,265,177,86 | 1,959,477,714,04 |

| 12 month collection ratio per source |              |               |                     |
|--------------------------------------|--------------|---------------|---------------------|
| Source                               | Current year | Previous year | YTD collection rate |
| Electricity                          | 99,01%       | 99,19%        | 99,24%              |
| Water                                | 87,47%       | 94,94%        | 88,77%              |
| Sewerage                             | 88,86%       | 93,01%        | 87,62%              |
| Refuse                               | 94,24%       | 94,68%        | 94,98%              |
| Rates                                | 99,49%       | 99,78%        | 99,53%              |
| Other                                | 100,07%      | 99,28%        | 99,73%              |

**Creditors' analysis**

The creditors' analysis contains an aged analysis by customer type.

**Budget Statement - Aged Creditors**

| Description                             | Budget Year 2013/14 |                 |                 |                  |                   |                   |                      |                |         | Prior year totals<br>(same period) |
|---|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|---------|------------------------------------|
|   | 0 -<br>30 Days      | 31 -<br>60 Days | 61 -<br>90 Days | 91 -<br>120 Days | 121 -<br>150 Days | 151 -<br>180 Days | 181 Days -<br>1 Year | Over 1<br>Year | Total   |                                    |
| R thousands                             |                     |                 |                 |                  |                   |                   |                      |                |         |                                    |
| Creditors Age Analysis By Customer Type |                     |                 |                 |                  |                   |                   |                      |                |         |                                    |
| Bulk Electricity                        | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Bulk Water                              | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| PAYE deductions                         | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| VAT (output less input)                 | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Pensions / Retirement deductions        | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Loan repayments                         | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Trade Creditors                         | 104,864             | 140             | 3,335           | 103              | 28                | 14                | 600                  | 365            | 109,449 | 163,288                            |
| Auditor General                         | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Other                                   | -                   | -               | -               | -                | -                 | -                 | -                    | -              | -       | -                                  |
| Total By Customer Type                  | 104,864             | 140             | 3,335           | 103              | 28                | 14                | 600                  | 365            | 109,449 | 163,288                            |

**Outstanding commitments against Cash and Cash Equivalents**

| Item                                      | Previous<br>Month<br>R'000 | Current Month<br>R'000 |
|---|----------------------------|------------------------|
| Closing Cash Balance                      | 7,928,704                  | 7,410,191              |
| Unspent Conditional Grants                | 1,471,956                  | 1,322,910              |
| Housing Development                       | 380,499                    | 381,372                |
| MTAB                                      | 44,884                     | 45,072                 |
| Trust Funds                               | 1,363                      | 1,369                  |
| Committed rollovers                       | 660,000                    | 660,000                |
| Sinking Funds                             | 910,948                    | 881,892                |
| Insurance reserves                        | 461,879                    | 468,841                |
| CRR                                       | 1,268,328                  | 1,251,691              |
| <b>TOTAL</b>                              | <b>5,199,858</b>           | <b>5,013,147</b>       |
| <b>TOTAL cash resources not committed</b> | <b>2,728,845</b>           | <b>2,397,044</b>       |

**Allocation and grant receipts and expenditure**

Transfers and grant expenditure per allocation or grant is provided in the table below.

**Budget Statement – Transfers and grants expenditure**

| Description   | 2012/13         | Budget Year 2013/14 |                  |                |                |                 |                |                    |
|---|-----------------|---------------------|------------------|----------------|----------------|-----------------|----------------|--------------------|
|   | Audited Outcome | Original Budget     | Adjusted Budget  | YearTD actual  | YearTD budget  | YTD variance    | YTD variance % | Full Year Forecast |
| R thousands   |                 |                     |                  |                |                |                 |                |                    |
| <b>EXPENDITURE</b>  |                 |                     |                  |                |                |                 |                |                    |
| <b>Operating expenditure of Transfers and Grants</b>                  |                 |                     |                  |                |                |                 |                |                    |
| <b>National Government:</b>   | 241,703         | 1,743,572           | 1,699,098        | 40,484         | 71,481         | (30,997)        | -43.4%         | 1,699,098          |
| Restructuring   | 1,702           | 3,379               | 3,379            | -              | 297            | (297)           | -100.0%        | 3,379              |
| Finance Management grant  | 1,075           | 1,250               | 1,200            | 48             | 123            | (75)            | -61.3%         | 1,200              |
| Equitable share   | 8,439           | 1,248,993           | 1,248,993        | -              | 1,222          | (1,222)         | -100.0%        | 1,248,993          |
| Urban Settlements Development Grant                                   | 65,208          | 113,705             | 58,014           | 16,476         | 11,553         | 4,923           | 42.6%          | 58,014             |
| Public Transport Network Operations Grant                             | 128,874         | 272,521             | 272,521          | 20,946         | 52,022         | (31,076)        | -59.7%         | 272,521            |
| Energy Efficiency and Demand Side Management Grant                    | 1,343           | 1,980               | 1,980            | -              | -              | -               | -              | 1,980              |
| Dept of Environ Affairs and Tourism                                   | 230             | 200                 | 2,819            | 93             | 54             | 39              | 71.3%          | 2,819              |
| Housing Accreditation   | 123             | 200                 | 200              | 17             | 30             | (13)            | -43.1%         | 200                |
| Expanded Public Works Programme                                       | 29,433          | 31,980              | 40,629           | 3,035          | 6,180          | (3,145)         | -50.9%         | 40,629             |
| Integrated City Development Grant                                     | -               | 10,364              | 10,364           | -              | -              | -               | -              | 10,364             |
| 2014 African Nations Championship Host City Operating Grant           | -               | 59,000              | 59,000           | -              | -              | -               | -              | 59,000             |
| Public Transport Infrastructure & Systems Grant                       | -               | -                   | -                | (130)          | -              | (130)           | -              | -                  |
| Natural Resource Management   | 5,276           | -                   | -                | -              | -              | -               | -              | -                  |
| <b>Provincial Government:</b>   | 501,569         | 844,953             | 872,029          | 96,284         | 110,792        | (14,508)        | -13.1%         | 872,029            |
| Cultural Affairs and Sport - Provincial library Services              | 22,470          | 24,409              | 24,409           | 5,734          | 5,921          | (187)           | -3.2%          | 24,409             |
| Human Settlements - Human Settlement Development Grant                | 267,773         | 436,831             | 463,907          | 57,334         | 54,543         | 2,791           | 5.1%           | 463,907            |
| Human Settlements - Municipal Accreditation Assistance                | 3,254           | 10,000              | 10,000           | 934            | 2,495          | (1,561)         | -62.6%         | 10,000             |
| Human Settlement - Settlement Assistance                              | -               | 1,000               | 1,000            | -              | -              | -               | -              | 1,000              |
| Health - TB   | 9,334           | 11,207              | 11,207           | 2,949          | 2,429          | 520             | 21.4%          | 11,207             |
| Health - Global Fund  | 3,791           | 34,753              | 34,753           | 4,255          | 6,334          | (2,079)         | -32.8%         | 34,753             |
| Health - ARV  | 24,623          | 77,627              | 77,627           | 8,167          | 14,253         | (6,085)         | -42.7%         | 77,627             |
| Health - Nutrition  | 4,140           | 4,400               | 4,400            | 1,707          | 1,100          | 607             | 55.2%          | 4,400              |
| Health - Vaccines   | 65,163          | 79,995              | 79,995           | 15,203         | 19,999         | (4,795)         | -24.0%         | 79,995             |
| Comprehensive Health  | 70,983          | 147,132             | 147,132          | -              | -              | -               | -              | 147,132            |
| Transport and Public Works - Provision for persons with special needs | 18,702          | 10,000              | 10,000           | -              | 1,818          | (1,818)         | -100.0%        | 10,000             |
| Municipal Land Transport Fund   | 10,736          | 5,600               | 5,600            | -              | 1,400          | (1,400)         | -100.0%        | 5,600              |
| Transport Safety and Compliance - Rail Safety                         | -               | 2,000               | 2,000            | -              | 500            | (500)           | -100.0%        | 2,000              |
| <b>Other grant providers:</b>   | 6,814           | 7,379               | 10,173           | 1,712          | 2,328          | (616)           | -26.4%         | 10,173             |
| Tourism   | 552             | 2,000               | 2,000            | -              | -              | -               | -              | 2,000              |
| Carnegie  | 524             | 1,258               | 1,258            | 170            | 309            | (140)           | -45.1%         | 1,258              |
| CMTF  | -               | 170                 | 970              | -              | 200            | (200)           | -100.0%        | 970                |
| Other   | -               | 15                  | -                | -              | -              | -               | -              | -                  |
| Mamre Trust   | -               | 150                 | 150              | -              | -              | -               | -              | 150                |
| CID   | 2,271           | 2,905               | 3,006            | 726            | 736            | (10)            | -1.4%          | 3,006              |
| Century City Property Owners Association                              | 409             | 196                 | 196              | -              | 49             | (49)            | -100.0%        | 196                |
| NGK Ceranuc Company   | 686             | 686                 | 686              | 686            | 686            | -               | -              | 686                |
| Traffic Free Flow (Pty) Ltd   | 649             | -                   | 1,389            | -              | 347            | (347)           | -100.0%        | 1,389              |
| Finnish Government  | 406             | -                   | 201              | -              | -              | -               | -              | 201                |
| City for Climate Protection   | 176             | -                   | 144              | 104            | -              | 104             | -              | 144                |
| ICLEI Carbon Taxes  | 6               | -                   | 111              | 26             | -              | 26              | -              | 111                |
| Mamre Fencing   | -               | -                   | 63               | -              | -              | -               | -              | 63                 |
| South African National Biodiversity Institute                         | 334             | -                   | -                | -              | -              | -               | -              | -                  |
| <b>Total operating expenditure of Transfers and Grants</b>            | <b>749,286</b>  | <b>2,595,904</b>    | <b>2,581,301</b> | <b>138,480</b> | <b>184,601</b> | <b>(46,121)</b> | <b>-25.0%</b>  | <b>2,581,301</b>   |

Table continues on next page.



## Annexure A: S52 – 2014 Q1 (Sept 2013)

| Description  | 2012/13          | Budget Year 2013/14 |                  |                |                |                  |                |                    |
|--|------------------|---------------------|------------------|----------------|----------------|------------------|----------------|--------------------|
|  | Audited Outcome  | Original Budget     | Adjusted Budget  | YearTD actual  | YearTD budget  | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>   |                  |                     |                  |                |                |                  |                |                    |
| <b>Capital expenditure of Transfers and Grants</b>                                   |                  |                     |                  |                |                |                  |                |                    |
| <b>National Government:</b>  | <b>3,056,018</b> | <b>2,191,297</b>    | <b>2,252,888</b> | <b>243,620</b> | <b>218,959</b> | <b>(50,691)</b>  | <b>-23.2%</b>  | <b>2,219,769</b>   |
| Department of Water Affairs & Forestry: Water Affairs & Forestry Grant               | (44)             | -                   | -                | -              | -              | -                | -              | -                  |
| Mineral Energy: Energy Efficiency and Demand Side Management Grant                   | -                | 9,020               | 9,020            | -              | 600            | (600)            | -100.0%        | 9,020              |
| Minerals and Energy: Electricity Demand Side Management (Eskom) Grant                | 5,287            | -                   | -                | -              | -              | -                | -              | -                  |
| Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant | -                | 24,500              | 24,500           | 1,997          | 18,046         | (16,049)         | -88.9%         | 24,500             |
| National Government - Other: Previous years' Dora allocations                        | 609              | 200                 | 200              | -              | -              | -                | -              | 200                |
| National Treasury: Expanded Public Works Programme                                   | -                | 100                 | 730              | 108            | 30             | 78               | 259.8%         | 730                |
| National Treasury: Local Government Finance Management Grant                         | -                | -                   | 50               | -              | -              | -                | -              | 50                 |
| National Treasury: Local Government Restructuring Grant                              | 200              | -                   | -                | -              | -              | -                | -              | -                  |
| National Treasury: Neighbourhood Development Partnership Grant                       | 48,361           | 30,000              | 30,000           | 4,474          | 13,225         | (8,752)          | -66.2%         | 28,670             |
| National Treasury: Other   | 9,392            | 17,443              | 18,523           | -              | 2,785          | (2,785)          | -100.0%        | 16,973             |
| National Treasury: Urban Settlements Development Grant                               | 911,363          | 1,079,792           | 1,135,483        | 88,613         | 110,811        | (22,199)         | -20.0%         | 1,105,243          |
| Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant                | 2,517            | -                   | 4,141            | 30             | 414            | (384)            | 0.0%           | 4,141              |
| Sport Recreation: 2014 African Nation Championship Host City Operating Grant         | -                | 4,000               | 4,000            | -              | 400            | -                | -              | 4,000              |
| Transport: Public Transport Infrastructure & Systems Grant                           | 2,078,333        | -                   | -                | (0)            | -              | -                | -              | -                  |
| Transport: Public Transport Infrastructure Grant                                     | -                | 946,241             | 946,241          | 148,399        | 72,647         | -                | -              | 946,241            |
| Transport: Public Transport Network Operations Grant                                 | -                | 80,000              | 80,000           | -              | -              | -                | -              | 80,000             |
| <b>Provincial Government:</b>  | <b>354,954</b>   | <b>343,761</b>      | <b>314,835</b>   | <b>55,419</b>  | <b>76,815</b>  | <b>(21,396)</b>  | <b>-27.9%</b>  | <b>314,835</b>     |
| Cultural Affairs and Sport: Development of Sport and Recreation Facilities           | -                | 874                 | 874              | -              | -              | -                | -              | 874                |
| Cultural Affairs and Sport: Library Services (Conditional Grant)                     | 2,654            | 1,350               | 1,387            | -              | -              | -                | -              | 1,387              |
| Economic Development and Tourism: False Bay Ecology                                  | 11               | -                   | -                | -              | -              | -                | -              | -                  |
| Health: Global Fund  | 1,375            | -                   | -                | -              | -              | -                | -              | -                  |
| Housing: Integrated Housing and Human Settlement Development Grant                   | 321,929          | 319,388             | 292,312          | 54,262         | 75,537         | (21,276)         | -28.2%         | 292,312            |
| Housing: Previous years' allocations   | -                | 5,000               | 5,000            | -              | -              | -                | -              | 5,000              |
| Local Government: Multi-Purpose Centres  | 9                | -                   | -                | -              | -              | -                | -              | -                  |
| Other: Other1  | 488              | 740                 | 740              | -              | -              | -                | -              | 740                |
| Provincial Government: Fibre Optic Broadband Roll Out                                | -                | 10,000              | 5,000            | 1,135          | 440            | 695              | 158.1%         | 5,000              |
| Transport: Municipal Land Transport Fund   | -                | 5,000               | 5,000            | -              | 654            | (654)            | -100.0%        | 5,000              |
| Transport and Public Works: Cape Metropolitan Transport Fund                         | 28,168           | 1,409               | 3,199            | 20             | 184            | (164)            | -89.1%         | 3,199              |
| Transport and Public Works: Other  | 321              | -                   | 1,322            | 2              | -              | 2                | 0.0%           | 1,322              |
| <b>Other grant providers:</b>  | <b>38,749</b>    | <b>48,250</b>       | <b>49,820</b>    | <b>8,634</b>   | <b>6,374</b>   | <b>2,261</b>     | <b>35.5%</b>   | <b>45,870</b>      |
| Other: Other   | 38,749           | 48,250              | 49,820           | 8,634          | 6,374          | 2,261            | 35.5%          | 45,870             |
| <b>Total capital expenditure of Transfers and Grants</b>                             | <b>3,449,721</b> | <b>2,583,308</b>    | <b>2,617,543</b> | <b>307,673</b> | <b>302,148</b> | <b>(69,826)</b>  | <b>-23.1%</b>  | <b>2,580,474</b>   |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>                                     | <b>4,199,007</b> | <b>5,179,212</b>    | <b>5,198,843</b> | <b>446,153</b> | <b>486,749</b> | <b>(115,947)</b> | <b>-23.8%</b>  | <b>5,161,774</b>   |

## Corporate performance – material variance explanations

| Description of Indicator               | Variance | Reasons for material deviations   | Remedial or corrective steps/remarks  |
|--|----------|---|---|
| 1.B % Spend of capital budget          | -2.88%   | <p><u>Finance:</u></p> <p>1. E-Procurement project plans restarted in August 2013. Appointment of consultants in progress, which will result in an improved implementation rate.</p> <p>2. Furniture and equipment: Orders have been placed and awaiting delivery.</p> <p><u>Health:</u></p> <p>1. New Environmental Health Office and St Vincent Clinic projects are still behind schedule, due to various delays resulting from community interference as well as the construction workers strike.</p> <p>2. Payment certificates for St Vincent clinic project could not be processed, due to vendor's expired tax clearance certificate.</p> <p>3. The advertising of two tenders have been delayed, appropriate processes are being undertaken.</p> <p><u>Community Services:</u></p> <p>1. Library Upgrades and Extensions: Inclement weather has resulted in delays in project implementation. Extension of office building to be completed end October 2013.</p> <p>Replacement of library roof: Appointment of professional team in progress to compile specifications for tender to be submitted in October 2013.</p> <p>Kuyasa Library: Contractor appointed; awaiting approval of building plan.</p> <p>2. Sport and Recreation: Solomon Mahlangu Hall Modification behind schedule, due to delays experienced as a result of inclement weather and recent strikes, which delayed the project by 25 working days.</p> <p><u>Human Settlements:</u></p> <p>Anti-social activities (e.g. gangsterism) and temporary accommodation challenges resulted in delays on the Community Residential Units upgrade projects, which constitute the primary areas of underspend. The national workers strike in September 2013, resulted in a delay of nine working days. An additional seven days were lost due to inclement weather in August 2013.</p> | <p><u>Finance:</u></p> <p>1. SCM to speed up the appointment of consultants.</p> <p>2. Affected departments to follow up with suppliers to speed up delivery and GRN process.</p> <p>Cash flow to be amended in the Mid-Year Review and Adjustment Budget in January 2014.</p> <p><u>Health:</u></p> <p>1. Project managers to receive updated programme of work to illustrate how the project will be accelerated.</p> <p>2. Follow up with vendor regarding tax clearance certificate.</p> <p>3. Ensure that tenders are advertised within the next month.</p> <p><u>Community Services:</u></p> <p>1. Library and Information Services: No corrective action required. Projects to be completed later than anticipated, due to delays experienced as a result of inclement weather.</p> <p>2. Sport and Recreation: Industrial strike and inclement weather impacted on estimated project completion date. Project to be completed by February 2014.</p> <p><u>Human Settlements:</u></p> <p>Since the labour strike the Community Residential Units projects have experienced good progress. Budget adjustments for those projects that are being fast tracked may be required in the Mid-Year Review and Adjustments Budget process in January 2014.</p> |
| 1.E % Spend on repairs and maintenance | 10.37%   | Due to the adhoc nature of the re-active repairs & maintenance component and the non-alignment of the directorates' maintenance programmes with the period budget, it is very difficult to project quarterly targets.   | Reactive expenditure  |
| 3.1 New Smear Positive TB Cure Rate    | 1.10%    | Slightly below target of 83.0%<br>(Actuals per quarter for 2012/13: 83.3%; 82.9%; 85.1%; 84.2%)   | <p>Review Quarter 2 (Q4 2012)</p> <p>Responsible person: Executive Director, Manager: Specialised Health and TB Project Manager</p> <p>Due date: 31 December 2013</p>   |

## Capital programme performance

The capital programme performance tables provide details of capital expenditure by month; and summaries of capital expenditure by asset class and sub-class.

### Budget Statement – Capital Expenditure Trend

| Month  | 2012/13          | Budget Year 2013/14 |                  |               |               |              |                |                            |
|--|------------------|---------------------|------------------|---------------|---------------|--------------|----------------|----------------------------|
|  | Audited Outcome  | Original Budget     | Adjusted Budget  | YearTD actual | YearTD budget | YTD variance | YTD variance % | % spend of Original Budget |
| <b>R thousands</b>                           |                  |                     |                  |               |               |              |                |                            |
| <b>Monthly expenditure performance trend</b> |                  |                     |                  |               |               |              |                |                            |
| July   | 59,899           | 208,022             | 121,376          | 52,401        | 121,376       | 68,975       | 56,8%          | 1%                         |
| August                                       | 240,509          | 241,543             | 211,477          | 250,426       | 332,853       | 82,428       | 24,8%          | 5%                         |
| September                                    | 320,570          | 297,142             | 285,338          | 506,160       | 618,192       | 112,031      | 18,1%          | 9%                         |
| October                                      | 357,748          | 359,376             | 377,115          |               | 995,307       | -            |                |                            |
| November                                     | 358,937          | 390,649             | 396,894          |               | 1,392,201     | -            |                |                            |
| December                                     | 515,925          | 342,956             | 376,866          |               | 1,769,067     | -            |                |                            |
| January                                      | 201,712          | 240,772             | 260,123          |               | 2,029,190     | -            |                |                            |
| February                                     | 314,661          | 408,388             | 479,111          |               | 2,508,301     | -            |                |                            |
| March  | 425,819          | 595,841             | 601,813          |               | 3,110,115     | -            |                |                            |
| April  | 409,290          | 578,404             | 622,686          |               | 3,732,801     | -            |                |                            |
| May  | 645,137          | 712,504             | 713,038          |               | 4,445,839     | -            |                |                            |
| June   | 1,930,555        | 1,074,994           | 1,166,926        |               | 5,612,765     | -            |                |                            |
| <b>Total Capital expenditure</b>             | <b>5,780,762</b> | <b>5,450,592</b>    | <b>5,612,765</b> |               |               |              |                |                            |

The progressive expenditure to date measured against the 2013/14 budget is graphically illustrated below.

