



**REPORT TO EXECUTIVE MAYOR**

**DATE**

1. **ITEM NUMBER :** C 43/10/14

2. **SUBJECT**  
LSUA1980

**QUARTERLY FINANCIAL REPORT: SEPTEMBER 2014**

**ONDERWERP**  
**KWARTAALLIKSE FINANSIële VERSLAG: SEPTEMBER 2014**

**ISIHLOKO**  
**INGXELO YEMALI YARHOQO NGEKOTA: SEPTEMBER 2014**

3. **STRATEGIC INTENT**

This report covers all 5 strategic focus areas.

4. **PURPOSE**

In terms of Section 52 (d) of the Municipal Finance Management Act, the Mayor is required to submit a quarterly report to Council on the implementation of the budget and the financial state of affairs of the municipality. The report is submitted in terms of relevant legislation.

5. **FOR NOTING BY**

As prescribed by the Municipal Finance Management Act (MFMA), the quarterly financial report for the period ended 30 September 2014 is submitted for noting by Council.

☒ This report is for noting only.

## 6. EXECUTIVE SUMMARY

The MFMA requires municipalities to submit regular reports on matters related to the municipality's financial performance. This quarterly financial report is submitted in accordance with MFMA stipulations (Section 52) and provides an overview of the City's budget implementation status and its financial viability and sustainability.

**This report presents the financial position of the abovementioned indicators as at 30 September 2014.**

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## 7. RECOMMENDATIONS

The quarterly financial report for the quarter ended 30 September 2014 is submitted for information and noting only.

### AANBEVELING

Die kwartaallikse finansiële verslag vir die kwartaal geëindig 30 September 2014 word slegs ter inligting en kennisname voorgelê.

### ISINDULULO

Ingxelo yeMali yaRhoqo ngeKota yekota ephela ngowama-30 Septemba 2014 ingeniselwa iinjongo zolwazi nokuqatshelwa kuphela.

## 8. DISCUSSION/CONTENTS

### 8.1. Constitutional and Policy Implications

In terms of the MFMA the Mayor must within 30 days after the end of a quarter submit a report to Council on the implementation and progress on the budget and financial state of affairs of the municipality.

### 8.2. Environmental implications

Does your report have any environmental implications:	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
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### 8.3. Legal Implications

Compliance to the Municipal Finance Management Act, 2003 (Act 56 of 2003), Section 52.

**8.4. Staff Implications**

Does this report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No ☒

Yes ☐

**8.5. Risk Implications**

Does this report and/or its recommendations expose the City to any risk

No ☒

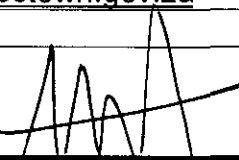
Yes ☐

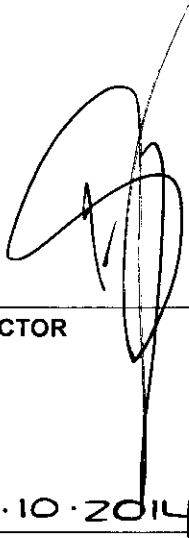
**8.6. Other Services Consulted**

n/a

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**ANNEXURES****Annexure A: Quarterly Financial Report – 30 September 2014****FOR FURTHER DETAILS CONTACT:**

<b>NAME</b>	Johan Steyl
<b>CONTACT NUMBERS</b>	0214002070
<b>E-MAIL ADDRESS</b>	johan.steyl@capetown.gov.za
<b>DIRECTORATE</b>	Finance
<b>SIGNATURE : DIRECTOR</b>	



**EXECUTIVE DIRECTOR**  
Kevin Jacoby

DATE 15.10.2014

Comment:

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**LEGAL COMPLIANCE**

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

☐ NON-COMPLIANT

NAME Sarah van Zyl

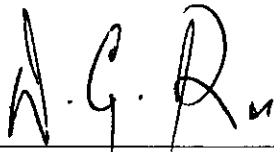
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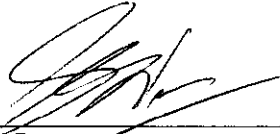
**EXECUTIVE DIRECTOR: COMPLIANCE & AUXILIARY SERVICES**

NAME D.G. RAS

DATE 20/10/14

Comment:

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**MAYORAL COMMITTEE MEMBER**
NAME ID NELSONDATE 21/10/2014

Comment:




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**EXECUTIVE MAYOR**
DATE 23.10.2014☐ APPROVED☒ NOTED☐ REFUSED☐ REFERRED BACK

COMMENT:

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MAYOR TO NOTE + THERE-AFTER  
DIRECT TO COUNCIL


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**Annexure A:**  
**Quarterly Financial Report –**  
**30 September 2014**

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**PART 1 - IN-YEAR REPORT**

125

**EXECUTIVE SUMMARY****Summary Statement of Financial Performance**

Description	2014/2015 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
Operating Revenue	32 275 572	7 477 302	7 429 635	99.4%	23.0%
Operating Expenditure	29 448 192	6 632 463	6 305 826	95.1%	21.4%

The summary statement of financial performance indicates actual operating revenue realised of R7 429 million or 23% of the current budget and operating expenditure of R6 306 million or 21.4% of the current budget.

Details of revenue and expenditure by municipal vote are shown in Table C3 on page 6. Details of material variances and remedial action, where applicable, are shown on page 7 to page 13.

Detail of revenue by source and expenditure by type is shown in Table C4 on page 14. Detail of material variances and remedial action, where applicable, is shown on page 15 to page 19.

**Summary Statement of Capital Budget Performance**

2014/15 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
6 613 106	609 388	568 959	93.4%	8.6%

The year to date spend of R569 million represents 7.2% (R248 million) on internally- funded projects and 10.1% (R321 million) on externally-funded projects.

Details of capital expenditure are shown in Table C5 on page 20 and is categorised by municipal vote, standard classification and by funding source. Details of material variances and remedial action, where applicable, are shown on page 21 to 24.



The '2013/14 Audited Outcome' columns in the ensuing tables are populated with pre-audited figures.

**Table C1: Monthly 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	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Financial Performance</b>								
Property rates	5 546 774	5 942 513	5 942 513	1 503 493	1 490 238	13 254	0.9%	5 942 513
Service charges	13 903 679	15 262 264	15 198 242	3 725 318	3 676 848	48 470	1.3%	15 198 242
Investment revenue	461 053	275 762	275 762	119 246	135 995	(16 749)	-12.3%	275 762
Transfers recognised - operational	2 399 033	3 498 169	3 539 580	769 161	826 973	(57 812)	-7.0%	3 539 580
Other own revenue	3 751 219	3 392 277	4 150 741	991 560	983 184	8 376	0.9%	4 150 741
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>26 061 758</b>	<b>28 370 984</b>	<b>29 106 838</b>	<b>7 108 778</b>	<b>7 113 238</b>	<b>(4 460)</b>	<b>-0.1%</b>	<b>29 106 838</b>
Employee costs	8 640 854	8 940 483	8 944 534	2 071 622	2 125 924	(54 302)	-2.6%	8 944 159
Remuneration of Councillors	119 709	133 619	133 619	30 166	29 970	197	0.7%	133 619
Depreciation & asset impairment	1 784 970	2 154 335	2 154 335	475 636	532 636	(57 001)	-10.7%	2 154 335
Finance charges	807 283	919 232	912 232	186 601	186 717	(116)	-0.1%	912 233
Materials and bulk purchases	6 890 385	7 437 129	7 428 312	1 855 337	1 899 767	(44 430)	-2.3%	7 427 831
Transfers and grants	115 021	125 354	125 854	53 809	56 505	(2 696)	-4.8%	135 789
Other expenditure	8 173 227	8 945 218	9 749 307	1 632 656	1 800 943	(168 287)	-9.3%	9 740 227
<b>Total Expenditure</b>	<b>26 531 448</b>	<b>28 655 369</b>	<b>29 448 192</b>	<b>6 305 826</b>	<b>6 632 463</b>	<b>(326 636)</b>	<b>-4.9%</b>	<b>29 448 192</b>
<b>Surplus/(Deficit)</b>	<b>(469 690)</b>	<b>(284 384)</b>	<b>(341 354)</b>	<b>802 952</b>	<b>480 776</b>	<b>322 176</b>	<b>67.0%</b>	<b>(341 354)</b>
Transfers recognised - capital	2 052 758	2 817 627	3 102 985	310 759	354 425	(43 666)	-12.3%	3 102 985
Contributions & Contributed assets	76 408	65 226	65 749	10 098	9 639	459	4.8%	65 749
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>	<b>278 969</b>	<b>33.0%</b>	<b>2 827 380</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>	<b>278 969</b>	<b>33.0%</b>	<b>2 827 380</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>4 502 293</b>	<b>6 211 315</b>	<b>6 613 106</b>	<b>568 959</b>	<b>809 388</b>	<b>(40 428)</b>	<b>-6.6%</b>	<b>6 443 055</b>
Capital transfers recognised	2 053 319	2 809 834	3 095 365	310 759	337 809	(27 050)	-8.0%	3 089 936
Public contributions & donations	44 022	73 019	73 369	10 098	9 639	459	4.8%	62 962
Borrowing	1 856 889	2 350 301	2 446 723	210 166	208 635	1 531	0.7%	2 367 733
Internally generated funds	548 064	978 161	997 648	37 936	53 304	(15 368)	-28.8%	902 424
<b>Total sources of capital funds</b>	<b>4 502 293</b>	<b>6 211 315</b>	<b>6 613 106</b>	<b>568 959</b>	<b>609 388</b>	<b>(40 428)</b>	<b>-6.6%</b>	<b>6 443 055</b>
<b>Financial position</b>								
Total current assets	9 895 120	10 530 544	10 739 484	11 647 275				10 739 484
Total non current assets	34 817 677	37 639 154	38 467 186	31 659 662				38 467 186
Total current liabilities	8 213 227	7 321 815	8 491 131	6 284 971				8 491 131
Total non current liabilities	11 403 467	13 001 051	13 001 051	12 544 299				13 001 051
<b>Community wealth/Equity</b>	<b>25 096 104</b>	<b>27 846 832</b>	<b>27 714 488</b>	<b>24 477 666</b>				<b>27 714 488</b>
<b>Cash flows</b>								
Net cash from (used) operating	5 415 986	5 618 991	5 555 550	479 732	140 063	(339 668)	-242.5%	5 555 550
Net cash from (used) investing	(6 968 888)	(6 478 138)	(7 436 235)	(784 081)	(1 446 087)	(662 006)	45.8%	(7 436 235)
Net cash from (used) financing	(336 841)	1 224 051	1 254 872	(88 055)	(89 481)	(1 426)	1.6%	1 254 872
<b>Cash/cash equivalents at the month/year end</b>	<b>6 209 623</b>	<b>6 968 574</b>	<b>5 616 552</b>	<b>5 817 218</b>	<b>4 846 860</b>			<b>5 616 552</b>

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

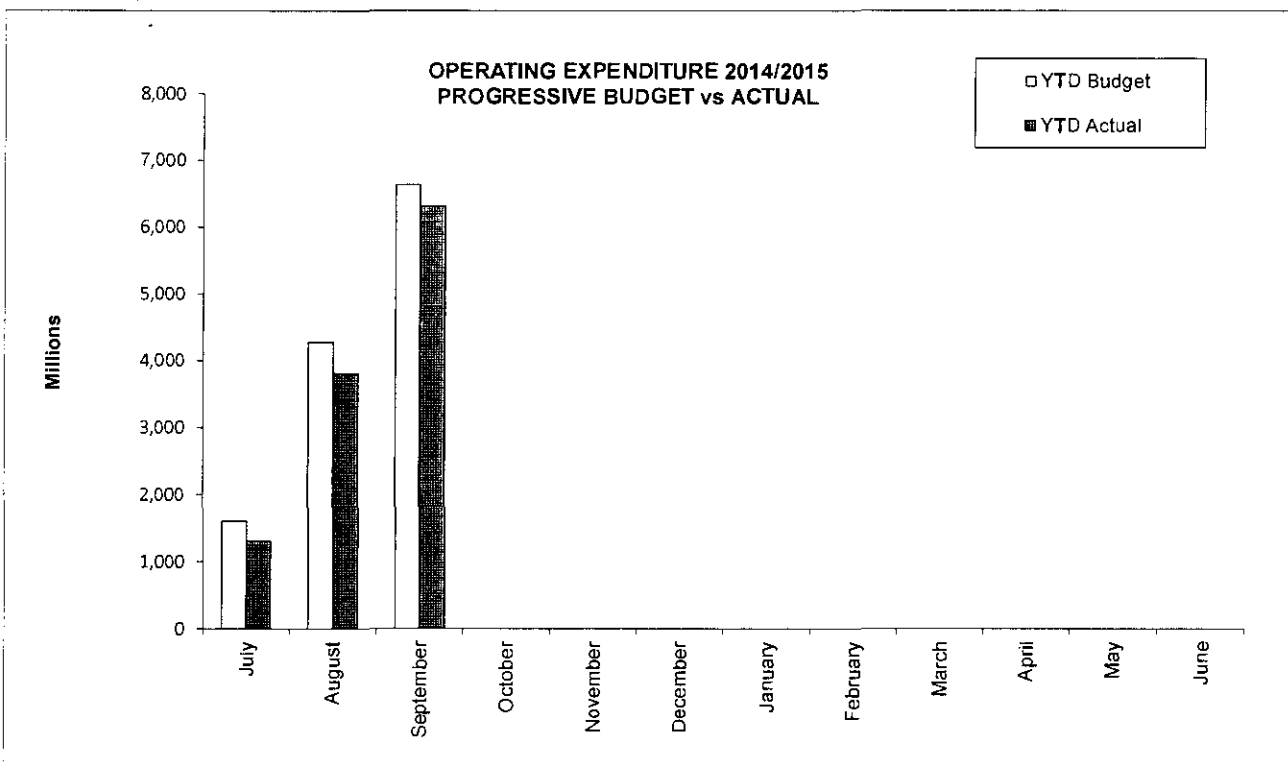
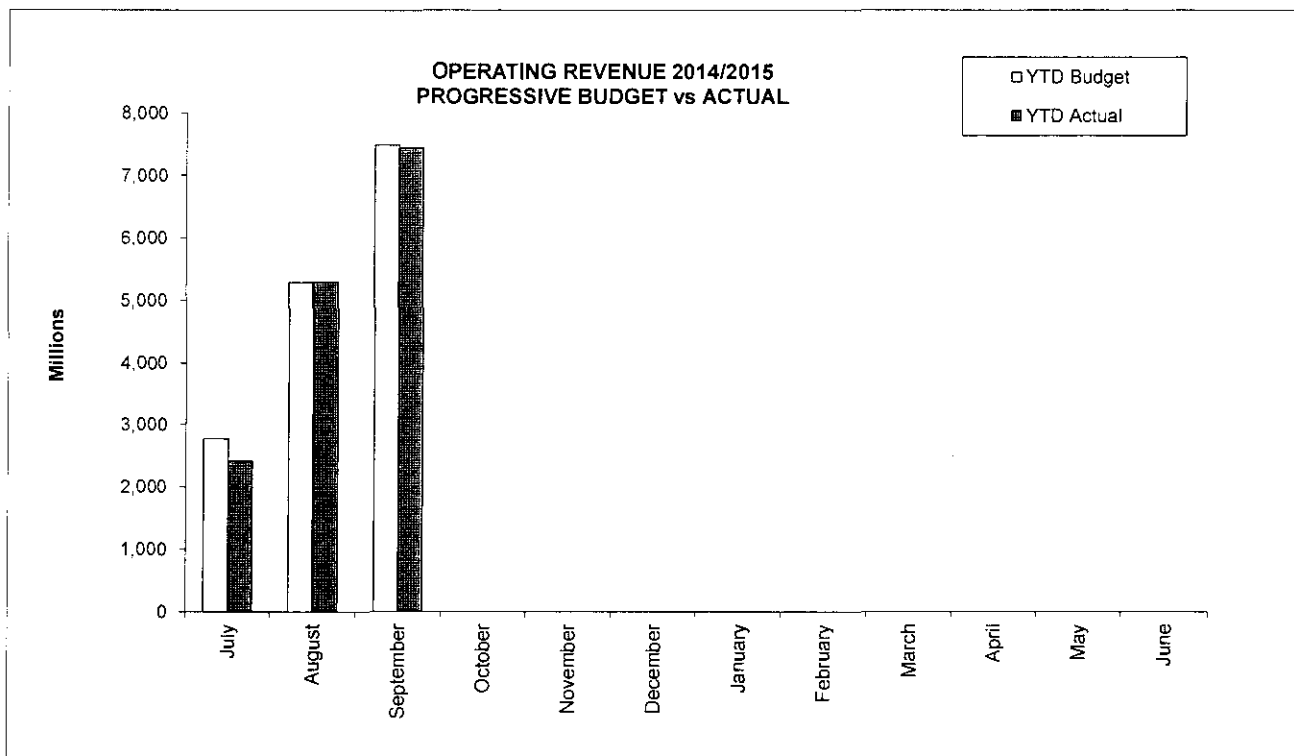
**Table C2: Monthly Budget Statement - Financial Performance (standard classification)**

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	9 373 010	10 091 797	10 101 726	2 926 943	2 938 115	(11 172)	-0.4%	10 101 726
Executive and council	1 220	3 674	7 566	215	1	214	17302.9%	7 566
Budget and treasury office	9 187 033	9 759 439	9 759 439	2 882 474	2 891 333	(8 859)	-0.3%	9 759 439
Corporate services	184 757	328 683	334 721	44 253	46 780	(2 527)	-5.4%	334 721
<i>Community and public safety</i>	2 636 709	3 113 187	4 082 767	423 411	548 855	(125 444)	-22.9%	4 082 767
Community and social services	73 957	135 471	119 781	17 728	22 311	(4 583)	-20.5%	119 781
Sport and recreation	149 452	123 552	131 758	21 580	21 815	(235)	-1.1%	131 758
Public safety	850 999	265 074	1 030 174	78 442	68 090	10 352	15.2%	1 030 174
Housing	1 130 540	2 099 018	2 307 268	210 885	334 338	(123 453)	-36.9%	2 307 268
Health	431 761	490 072	493 786	94 776	102 300	(7 525)	-7.4%	493 786
<i>Economic and environmental services</i>	1 789 925	2 284 042	2 279 619	298 377	259 414	38 963	15.0%	2 279 619
Planning and development	211 992	283 954	231 336	55 419	54 245	1 174	2.2%	231 336
Road transport	1 551 035	1 954 592	2 009 647	235 103	199 445	35 658	17.9%	2 009 647
Environmental protection	26 898	45 496	38 636	7 854	5 724	2 131	37.2%	38 636
<i>Trading services</i>	14 390 250	15 761 554	15 808 203	3 780 902	3 730 917	49 986	1.3%	15 808 203
Electricity	9 688 895	10 374 795	10 452 912	2 716 661	2 629 568	87 093	3.3%	10 452 912
Water	2 332 376	2 688 261	2 664 604	498 809	523 705	(24 896)	-4.8%	2 664 604
Waste water management	1 375 489	1 640 954	1 633 144	294 263	295 758	(1 496)	-0.5%	1 633 144
Waste management	993 490	1 057 543	1 057 543	271 170	281 886	(10 716)	-3.8%	1 057 543
<i>Other</i>	1 030	3 258	3 258	2	2	0	28.3%	3 258
<b>Total Revenue - Standard</b>	<b>28 190 924</b>	<b>31 253 838</b>	<b>32 275 572</b>	<b>7 429 635</b>	<b>7 477 302</b>	<b>(47 667)</b>	<b>-0.6%</b>	<b>32 275 572</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	5 955 439	5 301 939	5 330 538	1 187 858	1 228 113	(40 255)	-3.3%	5 327 996
Executive and council	306 789	351 852	359 864	85 437	86 061	(624)	-0.7%	359 853
Budget and treasury office	3 508 896	2 494 632	2 498 752	546 865	571 923	(25 058)	-4.4%	2 498 988
Corporate services	2 139 753	2 455 455	2 471 921	555 557	570 129	(14 572)	-2.6%	2 471 155
<i>Community and public safety</i>	5 485 174	6 311 154	7 062 811	1 155 278	1 250 893	(95 615)	-7.6%	7 075 364
Community and social services	533 671	611 126	609 207	130 089	137 972	(7 884)	-5.7%	610 156
Sport and recreation	1 257 722	1 298 570	1 303 072	259 798	281 577	(21 779)	-7.7%	1 304 414
Public safety	1 993 334	1 737 651	2 480 939	384 380	407 333	(22 953)	-5.6%	2 481 239
Housing	988 678	1 838 906	1 844 746	199 849	233 224	(33 375)	-14.3%	1 854 746
Health	711 769	824 902	824 847	181 162	190 786	(9 624)	-5.0%	824 808
<i>Economic and environmental services</i>	2 735 442	3 056 203	3 047 831	679 966	717 834	(37 868)	-5.3%	3 033 879
Planning and development	524 788	603 337	604 022	153 395	158 217	(4 822)	-3.0%	600 033
Road transport	1 975 310	2 188 682	2 177 434	467 088	500 614	(33 526)	-6.7%	2 177 433
Environmental protection	235 344	264 185	266 374	59 482	59 004	479	0.8%	266 413
<i>Trading services</i>	12 270 044	13 890 646	13 913 318	3 253 612	3 405 405	(151 792)	-4.5%	13 913 194
Electricity	7 679 456	8 624 488	8 649 436	2 120 797	2 216 322	(95 525)	-4.3%	8 649 436
Water	1 989 116	2 289 508	2 264 900	507 895	512 556	(4 661)	-0.9%	2 264 931
Waste water management	1 131 411	1 291 820	1 314 227	265 452	276 502	(11 051)	-4.0%	1 314 072
Waste management	1 470 061	1 684 829	1 684 755	359 470	400 025	(40 555)	-10.1%	1 684 755
<i>Other</i>	85 349	95 427	93 694	29 112	30 218	(1 106)	-3.7%	97 759
<b>Total Expenditure - Standard</b>	<b>26 531 448</b>	<b>28 655 369</b>	<b>29 448 192</b>	<b>6 305 826</b>	<b>6 632 463</b>	<b>(326 636)</b>	<b>-4.9%</b>	<b>29 448 192</b>
<b>Surplus/ (Deficit) for the year</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>	<b>278 969</b>	<b>33.0%</b>	<b>2 827 380</b>

Note: As per GFS classification, Trading Services expenditure above excludes Street Lighting provisions (included with Community and public safety).

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



**Table C3: Monthly 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.

Vote Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Revenue by Vote</b>								
Vote 1 - City Health	432 226	490 743	494 457	94 945	102 468	(7 523)	-7.3%	494 457
Vote 2 - City Manager	128	44	44	60	-	60	-	44
Vote 3 - Community Services	161 377	238 588	230 854	36 285	40 577	(4 293)	-10.6%	230 854
Vote 4 - Compliance and Auxiliary Services	24 417	14 932	20 991	1 350	1 389	(39)	-2.8%	20 991
Vote 5 - Corporate Services	64 914	72 689	73 225	8 323	9 310	(988)	-10.6%	73 225
Vote 6 - Economic, Environment & Spatial Planning	108 295	191 146	127 115	27 560	25 920	1 640	6.3%	127 115
Vote 7 - Finance	895 275	785 016	795 877	226 532	241 423	(14 891)	-6.2%	795 877
Vote 8 - Human Settlements	1 132 956	2 102 760	2 311 010	210 885	335 165	(124 281)	-37.1%	2 311 010
Vote 9 - Rates & Other	8 660 739	9 457 542	9 457 542	2 756 051	2 748 065	7 986	0.3%	9 457 542
Vote 10 - Safety & Security	836 091	254 301	1 007 518	78 247	67 119	11 128	16.6%	1 007 518
Vote 11 - Social and Early Childhood Development	126	3 587	3 587	25	105	(80)	-76.4%	3 587
Vote 12 - Tourism, Events and Marketing	64 688	24 625	24 875	4 203	4 401	(198)	-4.5%	24 875
Vote 13 - Transport for Cape Town	1 414 827	1 845 324	1 902 549	204 173	170 244	33 929	19.9%	1 902 549
Vote 14 - Utility Services	14 394 865	15 772 541	15 825 928	3 780 997	3 731 114	49 883	1.3%	15 825 928
<b>Total Revenue by Vote</b>	<b>28 190 924</b>	<b>31 253 838</b>	<b>32 275 572</b>	<b>7 429 634</b>	<b>7 477 302</b>	<b>(47 669)</b>	<b>-0.6%</b>	<b>32 275 572</b>
<b>Expenditure by Vote</b>								
Vote 1 - City Health	784 947	907 929	907 839	201 035	210 583	(9 548)	-4.5%	907 839
Vote 2 - City Manager	88 982	132 613	133 610	29 551	29 854	(302)	-1.0%	133 210
Vote 3 - Community Services	1 371 054	1 507 629	1 503 259	302 504	329 812	(27 308)	-8.3%	1 503 659
Vote 4 - Compliance and Auxiliary Services	511 552	592 374	593 424	124 683	126 124	(1 441)	-1.1%	593 424
Vote 5 - Corporate Services	1 493 422	1 661 637	1 666 815	376 992	381 689	(4 698)	-1.2%	1 666 815
Vote 6 - Economic, Environment & Spatial Planning	485 741	545 065	547 304	132 476	134 119	(1 644)	-1.2%	537 304
Vote 7 - Finance	1 821 734	2 022 344	2 033 898	454 476	462 172	(7 696)	-1.7%	2 033 898
Vote 8 - Human Settlements	1 034 934	1 892 239	1 898 065	212 488	246 143	(33 656)	-13.7%	1 908 065
Vote 9 - Rates & Other	1 861 654	902 820	901 268	218 618	226 180	(7 562)	-3.3%	901 268
Vote 10 - Safety & Security	1 901 498	1 641 626	2 383 111	358 511	392 319	(33 808)	-8.6%	2 383 111
Vote 11 - Social and Early Childhood Development	99 026	137 782	137 676	23 749	26 266	(2 517)	-9.6%	137 676
Vote 12 - Tourism, Events and Marketing	530 817	482 822	482 813	120 463	125 080	(4 616)	-3.7%	482 813
Vote 13 - Transport for Cape Town	2 198 334	2 232 622	2 237 685	473 654	512 012	(38 359)	-7.5%	2 237 685
Vote 14 - Utility Services	12 347 754	13 995 866	14 021 426	3 276 627	3 430 108	(153 481)	-4.5%	14 021 426
<b>Total Expenditure by Vote</b>	<b>26 531 448</b>	<b>28 655 369</b>	<b>29 448 192</b>	<b>6 305 826</b>	<b>6 632 463</b>	<b>(326 636)</b>	<b>-4.9%</b>	<b>29 448 192</b>
<b>Surplus/ (Deficit) for the year</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 807</b>	<b>844 840</b>	<b>278 967</b>	<b>33.0%</b>	<b>2 827 380</b>

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

The vote structure reflected in the tables does not reflect organisational structure changes post the May approved 2014/15 budget. Organisational structure changes may only be effected during an adjustments budget.

Annexure B reflects actual operating expenditure per vote including internal costs incurred across votes. (Refer to charge-in and –out columns.)

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

**Material variance explanations for revenue by vote (refer Table C3)**

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue by Vote</b>				
Vote 1 - City Health	(7 523)	-7.3%	The under-recovery is mainly on capital and operating grant-funded projects, where revenue is only recognised once expenditure is incurred. The operating grant variance is the result of the claim for Comprehensive Health for August, which was submitted to the Provincial Health Department but which has not yet been received. The capital grant variance is due to a delay in the submission of payment certificates for work done in September on certain projects (New Environmental Health Office - Khayelitsha; St Vincent clinic - extensions; Seawinds Clinic - Landscaping and Civil works and Delft south Clinic - upgrade and extension to Pharmacy) and the site hand over of Mzamomhle Clinic - extensions, Luvuyo Clinic - Landscaping and Civil works and Tafelsig Clinic - extensions.	Periodic budget provisions will be amended to reflect the actual trend of revenue where required. Outstanding payment will be followed up with the Provincial Health Department. Outstanding payment certificates and handover issues will be expedited and resolved.
Vote 2 - City Manager	60	-	Immaterial variance.	No corrective action required.
Vote 3 - Community Services	(4 293)	-10.6%	The under-recovery is mainly on (1) Admission Fees, where usage of facilities by the community was less than anticipated as only 4 indoor pools are open at the moment and (2) Operating grant-funded projects, where the payment of contract staff appointed under the conditional grant was delayed and only processed in October 2014.	The periodic budget provisions on Admission Fees will be amended to reflect seasonal usage of facilities. The utilisation of facilities is demand driven and difficult to predict. The contract staff payment was processed during October 2014.
Vote 4 - Compliance and Auxiliary Services	(39)	-2.8%	The under-recovery is mainly the result of (1) over-recovery on Recoveries-Other for recovering of legal fees for the MacSand Matter and (2) under-recovery on capital grant-funded projects, where final invoices for the Lentegour Public Spaces & Civic Offices Upgrade Project and the Work live units Ntlazane Road Project are awaited.	Outstanding invoices are being followed up with contractors.
Vote 5 - Corporate Services	(988)	-10.6%	The under-recovery is mainly on a capital grant-funded project (Broadband-Western Cape Provincial Government), due to delays in finalising tenders with expenditure only expected in October/November.	No action required at this stage as implementation is imminent.
Vote 6 - Economic, Environment & Spatial Planning	1 640	6.3%	The over-recovery is mainly due to (1) higher than planned revenue received for Signage Fees, (2) an operating grant-funded project (Early Detection and Rapid Response) progressing faster than anticipated and (3) By-product Sales as a result of unplanned sale of timber at Helderberg Nature Reserve.	The situation is monitored on a monthly basis.
Vote 7 - Finance	(14 891)	-6.2%	The under-recovery is mainly on Interest Earned on External Investments, due to the misalignment of the periodic budget with the actual trend.	The situation is monitored and amendments will be made to the periodic budget provisions.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue by Vote</b>				
Vote 8 - Human Settlements	(124 281)	-37.1%	<p>The under-recovery is mainly on number of operating- and capital grant-funded projects.</p> <p>Operating grant-funded projects: Costs are linked to the rate of progress achieved on housing development projects. Community unrest also slows down the delivery of housing opportunities. Province indicated that an adjustment of R477 million to the City's allocation of the Human Settlement Development Grant (HSDG) will be made in their MTBPS as this portion of the grant should be allocated to Province for various housing-related projects. The City will effect this decrease to the grant allocation in the mid-year review and adjustments budget process in January 2015.</p> <p>Capital grant-funded projects (USDG and HSDG): Weather conditions in the winter months and community unrest are factors, which slowed down the delivery of housing opportunities. Progress is delayed on CRU projects, due to abnormally high gang violence resulting in several site shutdowns.</p>	Progress is monitored closely on a monthly basis and the periodic budget provisions are reviewed and amended where possible. Adjustments to the budget and cash flows will be made during the mid-year review and adjustments budget in January 2015.
Vote 9 - Rates & Other	7 986	0.3%	<p>The over-recovery is on Property Rates and Income Forgone although the amount is immaterial. Rates billing is done on a daily basis and the accurate alignment of monthly budgets with actual monthly billings is difficult to achieve. Income Forgone is slightly under-recovered; this source is dependent on the number of applications received and processed to date.</p>	The situation is monitored and amendments will be made during the mid-year review and adjustments budget, if necessary.
Vote 10 - Safety & Security	11 128	16.6%	<p>The over-recovery is mainly on (1) Traffic Fines, due to various interventions by the directorate to recover outstanding fines and warrants resulting in the periodic budget provisions not being aligned to reflect the actual trend and (2) Fire Fees, where the revenue is dependent on the amount of fires that are extinguished as well as the impact of increased By-Law enforcement actions, which resulted in more animals and unregistered informal trader goods being impounded.</p>	The situation is continuously monitored by the Finance Manager and will be reviewed during the midyear review. Periodic budget provisions to be amended in October 2014.
Vote 11 - Social and Early Childhood Development	(80)	-76.4%	<p>The under-recovery is mainly on Rental of Facilities, due to ECD Lease agreements not being finalised.</p>	ECD Lease agreements to be finalised. Reports to be submitted to stakeholders and Subcouncils during October for input and support.
Vote 12 - Tourism, Events and Marketing	(198)	-4.5%	<p>The under-recovery is mainly on (1) a capital grant-funded project, where an invoice was only processed in October, (2) an operating grant-funded project (CHAN), where an invoice for security is being disputed with the service provider and (3) Filming Fees, due to the processing of an incorrect journal.</p>	<p>Awaiting response from Specialised Technical Services regarding the CHAN invoice issue before finalisation of payment.</p> <p>The incorrect journal against Film Fees will be reversed.</p>

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue by Vote</b>				
Vote 13 - Transport for Cape Town	33 929	19.9%	The variance is a combination over- and under-recovery. Under-recovery reflects on operating grant-funded projects, mainly due to (1) the late start on CCTV maintenance MyCiti by Security Services, (2) the delay in processing invoices for the MyCiti Station Management, due to rates not in line with the agreement and the lengthy verification process by four project managers and (3) a delay in certification of invoice for consultancy: Roll-out of Milestone Zero of IRT. Over-recovery reflects on (1) Bus fares-Transit Products, due to higher than planned usage of the Transit Stored Value Tappings system rather than EMV Card System and (2) capital grant-funded projects, due to various projects (Non-Motorised Transport, the upgrading of concrete roads, the MyCiti N2 Expressway progressing much faster than anticipated.	The situation is being monitored and the periodic budget provisions will be reviewed and adjusted, where required.
Vote 14 - Utility Services	49 883	1.3%	The over-recovery is a combination of over- and under-recovery. Over-recovery reflects on (1) Electricity Sales (R83.5 million), due to winter period seasonal influence that resulted in a higher than planned sale of electricity to date and (2) capital grant-funded projects (Backyarders), where progress is faster than anticipated as a result of good performance by the contractor. Under-recovery reflects on (1) Water Service Charges (R27.8 million) and Sewerage Charges (R5.5 million), where consumption is influenced by a number of factors, such as water saving initiatives, tariffs, weather conditions, etc. and (2) Disposal Coupon Fees (Solid Waste) (R3.8 million), due to the combined result of the misalignment of the periodic budget with actual consumer usage and the practise by internal City departments who allow external contractors to incur expenditure on their cost centres by granting them disposal cards, (3) Refuse Charges (Solid Waste) (R2 million), due to lower than planned billing to date and the misalignment of the period budget provisions with the actual trend and (3) capital grant-funded project at Bellville Transfer Station (Solid Waste) (R4.9 million), due to closure of a large section of the construction site by the Department of Labour after a fatal accident on the site.	Electricity Sales: It is too early in the financial year to determine a consumption trend or problem. The sale of electricity is closely monitored on a monthly basis. Water Service Charges and Sewerage Charges: The monthly volumes and sales are closely monitored by the finance manager. The situation will be reviewed during the mid-year review process and further changes will be made, if necessary. Disposal Coupon Fees: The utilisation of disposal cards by external contractors will be stopped and the instruction was so communicated to the internal departments. Adjustments will be made in the mid-year review process, if necessary. Refuse Charges: The situation is monitored and periodic budgets will be adjusted. Capital grant-funded project: A request has been made to the Department of Labour to possibly open a portion of the site to allow construction work to continue. Potential adjustments to be made during the mid-year review and adjustments budget process in January 2015.

## Material variance explanations for expenditure by vote (refer Table C3)

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure by Vote</b>				
Vote 1 - City Health	(9 548)	-4.5%	The variance is a combination of under- and over expenditure on various items within the directorate. Under expenditure reflects on (1) Employee-related costs, due to the turnaround time in filling vacancies; mainly externally funded posts, (2) Contracted Services, largely due to delays with the implementation of EPWP projects and the impact of the re-active component of R&M, which is demand driven and difficult to plan accurately. The directorate spends a large portion on reactive maintenance due to theft and vandalism. Over expenditure largely reflects on Pharmaceutical supplies and Testing - Sampling & Monitoring costs, mainly due to the non-alignment of the period budget with the actual to date.	The recruitment and selection process is on-going. The period budget of projects will be reviewed and aligned to the expected implementation dates. The situation is monitored by the finance manager and corrective action to align the period budgets will be undertaken.
Vote 2 - City Manager	(302)	-1.0%	The variance is largely due to under expenditure on (1) Employee-related costs, due to the turnaround time of the filling of vacancies and the impact of the internal filling of vacant posts and (2) Other Expenditure, largely due to lower than anticipated expenditure on various items within this category. In addition, Contracted Services reflects over expenditure, largely due to once off payments made for Project Portfolio Management support maintenance, office construction and graphic designing for the period.	The recruitment and selection process is ongoing. The directorate has 14 vacancies, which are in different stages of the recruitment and selection process. A review of the period budget will be undertaken to align with anticipated cash flows.
Vote 3 - Community Services	(27 308)	-8.3%	The variance consists of under- and over expenditure on various items. Under expenditure reflects on (1) Employee-related costs, due to the turnaround time in filling vacancies, the impact of internal filling of vacancies and the delayed appointment of seasonal staff in order to accommodate extensive recreational programmes, (2) Contracted Services and Other Expenditure, largely due to non-alignment of EPWP and R&M period budgets with the anticipated implementation dates of various projects and programmes and (3) Cleaning Costs, due to delays with the finalisation of the tender resulting from queries raised by responsive tenderers. Over expenditure reflects on R&M Contracted Services and Labour Brokers as a result of the misalignment of the period budget with the actual to date.	The filling of vacancies is on-going. The process of aligning the period budgets are underway and virements will be processed, where necessary.
Vote 4 - Compliance and Auxiliary Services	(1 441)	-1.1%	The variance is a combination of under- and over expenditure. Under expenditure reflects on Employee-related costs, largely due to the turnaround time in filling of vacancies and the appointment of internal staff into promotional posts. Over expenditure reflects on (1) Contracted Services, largely due to the implementation of the community action plan of the Mayoral Urban Regeneration Program and (2) Stationery, due to higher than anticipated requirements to date.	The recruitment and selection process is ongoing and is in different stages of the process. Of the 27 positions filled for the period 11 were internal appointments. The review of the period budget is on-going and the period budgets will be aligned, where required.

Table continues on next page.



Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure by Vote</b>				
Vote 5 - Corporate Services	(4 698)	-1.2%	The variance is a combination of under- and over expenditure. Under expenditure reflects on (1) Employee-related costs, due to the turnaround time for the filling of vacancies and the impact of the internal filling of vacancies and consequential vacancies, (2) Materials, Contracted Services, Cleaning Costs and Computer Service & Software, due to the non-alignment of the period budget with the actuals to date and (3) License & Permits, largely due to the non-payment of an invoice as a result of a query with the service provider on certain amounts reflected on the invoice. Over expenditure reflects on Depreciation, which is affected by the capitalisation rate of assets, based on the completion and progress of capital projects.	Departments are expediting the process of filling vacancies as and when positions become vacant and commences the process immediately. The directorate's latest vacancy rate (as at 30 September 2014) is 7.35% and therefore the percentage of posts currently filled is 92.65%. The City's percentage of posts filled is 91.69% as at 30 September. A review of the period budget will be undertaken so as to align the anticipated spend with cash flows and plans, if necessary. The situation is being monitored by the finance manager and corrective action implemented where required.
Vote 6 - Economic, Environment & Spatial Planning	(1 644)	-1.2%	The variance is largely on (1) Employee-related costs, due to the turnaround time in filling of vacancies and the internal filling of vacant posts and (2) Contracted Services, due to delays in awarding tenders and the implementation of projects.	The filling of vacancies is on-going. The process of aligning the period budgets are ongoing and virements area processed, where necessary.
Vote 7 - Finance	(7 696)	-1.7%	The under expenditure is largely on (1) Employee-related costs, due to the 3 month turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and delayed appointment of temporary staff who only started in September 2014 and will work until the end of March 2015, (2) Other Expenditure, largely due to lower than anticipated expenditure on (a) Postage and Printing & Stationery, as a result of the increased usage of electronic postage of accounts, (b) Indigent Relief, due to delays with the installation of the water demand management meters and (c) Valuation Expenses, due to delays in submission of invoices and (3) City improvement Districts (MIDS/CIDS), due to outstanding updated tax clearance certificate from 2 non-profit companies managing the affairs of its special rating area and 4 others who are still finalising company and vendor registration.	The recruitment and selection process is underway. As soon as the tax clearance certificates are received, the payment to the Special Rating Areas will be processed. The situation is monitored by the respective finance manager and a review of the period budget will be undertaken if required.
Vote 8 - Human Settlements	(33 656)	-13.7%	The variance consist of both over- and under expenditure. The under expenditure is largely on (1) Employee-related costs, due to the turnaround time in filling vacancies and the impact of the internal filling of vacant, (2) Contracted Services, which is linked to the rate of progress achieved on housing development projects currently impacted by community unrest, which slows down the delivery of housing opportunities. In addition, Province indicated that an adjustment of R477 million to the City's allocation of the Human Settlement Development Grant (HSDG) will be made in their MTBPS as this portion of the grant should be allocated to Province for various housing-related projects. This further contributes to the under-expenditure as projected monthly cash flows are based on the full budget allocation. Over expenditure reflects on (1) Depreciation, which is largely affected by the capitalisation rate of assets based on completion and progress of capital projects, (2) Other Materials, due to the bulk purchase of fire kits to maintain stock levels in case of fire breakouts during dry and windy conditions in the informal settlements and (3) Peoples Housing Process payments, which are dependent on the rate of progress achieved by PHP projects (these projects are all managed and controlled by communities ito the national PHP programme).	The recruitment and selection process is on-going. The situation is monitored by the finance manager on a monthly basis; a review of the period budget and, if needed, the period budget will be aligned to the cash flow projections. Cash flows for these programmes are difficult to estimates many factors influence the rate of house construction by communities. The anticipated reduction of the HSDG will be effected in the January adjustment budget with a review of the period budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure by Vote</b>				
Vote 9 - Rates & Other	(7 562)	-3.3%	The variance is largely due to the non-alignment of the period budget for Indigent Relief: Electricity relating to payments for Eskom supplied areas.	A review of the period budget is underway.
Vote 10 - Safety & Security	(33 808)	-8.6%	The variance is largely on (1) Employee-related costs, due to the turnaround time in filling vacancies, the impact of the internal filling of vacant posts and seasonal staff who will be appointed during the upcoming peak season, (2) Contracted Services, due to delays in finalising the Memorandum of Agreement with the SPCA as well as the slower than anticipated rate of implementation of EPWP and R&M projects and (3) Other Expenditure, due to the payment of Commission Cost one month in arrears as well as delays in awarding the Uniform tender, which is still being finalised.	The recruitment and selection process is underway with vacancies at various stages in the process. As at 30 September 2014, 209 positions were vacant, 89 positions were filled and 58 positions were terminated. The directorate is currently in the process of finalising the Memorandum of Agreement with the SPCA for the 2014/15 financial year before payments can be processed. A review of the period budget will be undertaken to align the period budget with the anticipated cash flows.
Vote 11 - Social and Early Childhood Development	(2 517)	-9.6%	The variance is largely on (1) Employee-related costs, due to the turnaround time in filling vacancies and the impact of the internal filling of vacant posts, (2) Contracted Services and Other Expenditure, due to Labour Broker staff contracts that came to an end and the late implementation of the Professional Services Tender, respectively. This tender relates to the roll-out of the 2014/15 directorate business plan, which includes Priority Programmes such as ECD, Substance Abuse, Street People, Vulnerable Groups, Poverty Alleviation and Youth Development.	The recruitment and selection process have been concluded, however, the ECD Manager position and Reintegration Officers positions must still be finalised. Posts are expected to be filled in November/early December 2014. Labour Broker requirements for 2014/15 Business Plan implementation have been finalised; appointment of staff are in progress. The Professional Services tender will be awarded in October 2014.
Vote 12 - Tourism, Events and Marketing	(4 616)	-3.7%	The variance is mainly on (1) Employee-related costs, largely due to seasonal staff who have not yet been appointed, (2) Contracted Services, largely due to the non-alignment of the period budget with the anticipated implementation for various projects and delays with the submission of quotations from service providers for repairs to the Goodhope Centre seating and Grand Parade works and (3) Transfers & Grants, due to the late submission of an invoice from the beneficiary.	The period budget will be aligned to reflect the expected appointment of seasonal staff. Notification for repair work to be done by Specialised Technical services have been created, awaiting commencement of work. Payment to beneficiary will be processed during October 2014. Continuous monitoring of expenditure trends and review of the period budgets are done where required.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure by Vote</b>				
Vote 13 - Transport for Cape Town	(38 359)	-7.5%	The variance is largely on (1) Employee-related costs, due to the 3 month turnaround time in filling of vacancies and the impact of internal filling of vacant posts, (2) Depreciation, which is affected by the capitalisation rate of assets based on the completion and progress of capital projects, (3) Contracted Services, largely due to delays in processing complex invoice for the MyCiti Station Management contract, due to rates used by the service provider, which is not in line with the agreement, sign-off required from four project managers and slow progress on the MyCiti Phase 1A Milestone Zero Project. In addition, R&M Contracted Services reflect under expenditure as a result of the late start of two major contract resurfacing projects caused by work stoppages due to more rainy periods in the first two months and (4) Other Expenditure, largely due to the non-alignment of the annual insurance payment for new MyCiti buses, which will be purchased later in the year and the late start of the advertising of MyCiti branding and other programmes.	The recruitment and selection process is underway. The directorate currently has 160 vacancies. 46 posts were filled while 23 have been terminated in July and August. The situation is monitored by the finance manager and a review of the period budget will be undertaken, where necessary.
Vote 14 - Utility Services	(153 481)	-4.5%	The variance is a combination of under- and over expenditure. Under expenditure reflects largely on (1) Employee-related costs, due to the 3 month turnaround time for the filling of vacancies and the impact of the internal filling of vacant posts, (2) Depreciation, largely due to the impact of the extended useful life of assets within the Electricity department as per the City's accounting policy and requirements of GRAP, (3) Bulk purchases - Water Levy and Electricity, due to the bulk water levy being paid one month in arrears and the Eskom transmission tariff adjustment in 2013/14, which impacted on the estimated consumption patterns, (4) Contracted Services, due to delays in the implementation of projects and submission of invoices by suppliers (Electricity), slower than anticipated finalisation of hazardous waste contracts, EPWP staff appointments and advertising for a service provider to do a retrofit of Council owned buildings (Water & Sanitation Services), delays with the roll-out of the Radio Frequency Identification Device project (to be installed onto 240L containers) as a result of the technology required (Solid waste Management) and (5) Consultants, due to delays with the awarding of a tender for the alternative waste streams project (Solid Waste Management) and a decrease in spend as certain initiatives has been placed on hold to buffer the impact of financial constraint within Water and Sanitation. Significant over expenditure reflects on (1) Chemicals (Water and Sanitation Services), largely due to an error made on the amount processed for bulk purchases to replenish stock, (2) Labour Brokers (Solid waste Management), due to delays experienced in finding suitable candidates to fill driver vacancies to ensure continued service delivery and (3) Fuel, largely due to higher than anticipated price increases. Under- and over expenditure reflects against Other Expenditure consisting of various items, which are demand driven and difficult to predict accurately per monthly cycles.	The recruitment and selection processes are ongoing. A review of the period budget on Bulk Purchases will be undertaken. Delivery on commitment and contracts underway and the expenditure trend is expected to increase in the ensuing months. A review of the period budget will be undertaken and amended where possible with further adjustment to be made during the mid year review and adjustments budget process in January 2015. Corrective action to rectify the error on Chemicals is currently underway.

**Table C4: Monthly 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	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue By Source</b>								
Property rates	5 546 774	5 942 513	5 942 513	1 503 493	1 480 238	13 254	0.9%	5 942 513
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges - electricity revenue	9 323 160	10 072 265	10 072 265	2 671 619	2 588 126	83 493	3.2%	10 072 265
Service charges - water revenue	2 185 812	2 540 080	2 493 562	469 254	497 117	(27 863)	-5.6%	2 493 562
Service charges - sanitation revenue	1 188 051	1 338 202	1 327 720	264 200	269 755	(5 555)	-2.1%	1 327 720
Service charges - refuse revenue	920 173	989 912	989 912	241 669	247 478	(5 809)	-2.3%	989 912
Service charges - other	286 484	321 805	314 784	78 576	74 372	4 204	5.7%	314 784
Rental of facilities and equipment	317 890	358 711	358 742	89 753	90 021	(268)	-0.3%	358 742
Interest earned - external investments	461 053	275 762	275 762	119 246	135 995	(16 749)	-12.3%	275 762
Interest earned - outstanding debtors	192 312	208 262	212 262	47 943	49 791	(1 848)	-3.7%	212 262
Dividends received	-	-	-	-	-	-	-	-
Fines	729 139	175 648	916 229	50 126	43 912	6 214	14.2%	916 229
Licences and permits	44 386	40 388	40 378	10 946	9 724	1 222	12.6%	40 378
Agency services	150 256	150 439	153 993	37 222	38 000	(778)	-2.0%	153 993
Transfers recognised - operational	2 399 033	3 498 169	3 539 580	769 161	826 973	(57 812)	-7.0%	3 539 580
Other revenue	2 252 330	2 338 330	2 348 637	753 658	748 464	5 194	0.7%	2 348 637
Gains on disposal of PPE	64 906	120 500	120 500	1 913	3 272	(1 359)	-41.5%	120 500
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>26 061 758</b>	<b>28 370 984</b>	<b>29 106 838</b>	<b>7 108 778</b>	<b>7 113 238</b>	<b>(4 460)</b>	<b>-0.1%</b>	<b>29 106 838</b>
<b>Expenditure By Type</b>								
Employee related costs	8 640 854	8 940 483	8 944 534	2 071 622	2 125 924	(54 302)	-2.6%	8 944 159
Remuneration of councillors	119 709	133 619	133 619	30 166	29 970	197	0.7%	133 619
Debt impairment	1 295 526	950 533	1 691 334	237 688	237 688	0	0.0%	1 691 334
Depreciation & asset impairment	1 784 970	2 154 335	2 154 335	475 636	532 636	(57 001)	-10.7%	2 154 335
Finance charges	807 283	919 232	912 232	186 601	186 717	(116)	-0.1%	912 233
Bulk purchases	6 591 232	7 050 011	7 047 061	1 771 979	1 824 555	(52 575)	-2.9%	7 047 061
Other materials	299 153	387 117	381 250	83 358	75 213	8 145	10.8%	380 770
Contracted services	3 312 529	4 205 198	4 226 635	544 608	658 990	(114 382)	-17.4%	4 198 580
Transfers and grants	115 021	125 354	125 854	53 809	56 505	(2 696)	-4.8%	135 789
Other expenditure	3 563 228	3 789 486	3 831 338	850 360	904 265	(53 905)	-6.0%	3 850 313
Loss on disposal of PPE	1 944	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>26 531 448</b>	<b>28 655 369</b>	<b>29 448 192</b>	<b>6 305 826</b>	<b>6 632 463</b>	<b>(326 636)</b>	<b>-4.9%</b>	<b>29 448 192</b>
<b>Surplus/(Deficit)</b>	<b>(469 690)</b>	<b>(284 384)</b>	<b>(341 354)</b>	<b>802 952</b>	<b>480 776</b>	<b>322 176</b>	<b>67.0%</b>	<b>(341 354)</b>
Transfers recognised - capital	2 052 758	2 817 627	3 102 985	310 759	354 425	(43 666)	-12.3%	3 102 985
Contributions recognised - capital	43 022	65 226	65 749	10 098	9 639	459	4.8%	65 749
Contributed assets	33 387	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>			<b>2 827 380</b>
Taxation	-	-	-	-	-			-
<b>Surplus/(Deficit) after taxation</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>			<b>2 827 380</b>
Attributable to minorities	-	-	-	-	-			-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>			<b>2 827 380</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-			-
<b>Surplus/ (Deficit) for the year</b>	<b>1 659 476</b>	<b>2 598 469</b>	<b>2 827 380</b>	<b>1 123 809</b>	<b>844 840</b>			<b>2 827 380</b>

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

**Material variance explanations for revenue by source (refer Table C4)**

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue By Source</b>				
Property rates	13 254	0.9%	The over-recovery is on Property Rates and Income Forgone, but the amount is seen as immaterial. Rates billing is done on a daily basis and the accurate alignment of monthly budgets with actual monthly billings is difficult to achieve. Income Forgone is slightly under and is dependent on the number of applications received and processed to date.	The situation is monitored and amendments will be made during the mid-year review and adjustments budget, if necessary.
Property rates - penalties & collection charges	-	-	-	-
Service charges - electricity revenue	83 493	3.2%	The over-recovery is mainly on Electricity Sales (Credit Meters) and is predominantly due to the winter period seasonal influence that resulted in higher than planned sale of electricity to date.	It is too early in the financial year to accurately determine a consumption trend or problem. The sale of electricity is closely monitored on a monthly basis and adjustments will be made during the mid-year review and adjustments budget, if necessary.
Service charges - water revenue	(27 863)	-5.6%	The under-recovery is mainly in Water Sales; between the different categories of consumers. The actual consumption to date is lower than anticipated as the sale of water is demand driven and consumption is influenced by a number of factors such as water saving initiatives, tariffs, weather conditions, etc.	Monthly volume and sales are closely monitored by the finance manager. Adjustments will be made during the midyear review and adjustments budget, if necessary.
Service charges - sanitation revenue	(5 555)	-2.1%	The under-recovery is mainly on Sewerage Sales; between the different categories of consumers. The consumption to date is lower than anticipated. The charges on sewerage are demand driven (based on water consumption).	Monthly volume and sales are closely monitored by the finance manager. Adjustments will be made during the midyear review and adjustments budget, if necessary.
Service charges - refuse revenue	(5 809)	-2.3%	The under-recovery is mainly on Refuse Charges and Disposal Coupon Fees. The under recovery on Refuse Charges is due to lower than planned billings to date and the misalignment of the period budget provisions with the actual trend. The under-recovery on Disposal Coupon Fees is a combination of the misalignment of the periodic budget with actual usage and the practise by internal departments who allow external contractors to incur expenditure on their cost centres by granting them disposal cards.	The situation is closely monitored by the finance manager. Periodic budget provisions will be adjusted, where possible. The utilisation of disposal cards by external contractors will be stopped and the instruction was so communicated to the internal departments. Adjustments will be made in the mid-year review and adjustments budget, if necessary.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue By Source</b>				
Service charges - other	4 204	5.7%	The over-recovery is the combined result of over- and under-recoveries on various revenue elements in this category. The main contributors are (1) Bus fares-Transit Products within TCT, due to higher than planned usage of the Transit Stored Value Tappings system in place of the EMV Card System, (2) Advertising Fees within TCT, due to the reversal of billings towards IRT Media for advertising income, (3) Admission Fees within Community Services, due to lower than planned revenue at facilities (i.e. swimming pools), (4) Miscellaneous Charges within Safety & Security, due to more vehicle and cellphone impoundments than planned, a higher number of disks for the disabled issued and increased enforcement of by-laws on animals and informal traders resulting in unforeseen revenue received, (5) Recoveries of Infrastructure Maintenance within Electricity, due to an unplanned payment received from Eskom for infrastructural work done by the City and (6) Fire Fees within Safety & Security, where revenue to date is more than planned as it is not possible to determine beforehand the number of fires and when such fires will occur.	(1) TCT: Busfares revenue is closely monitored and will be reviewed in the mid-year review and amended if deemed necessary. (2) TCT: Advertising Fees billing is under investigation and further amendments will be made when so determined. (3) Community Services: Periodic budget provisions for Admission Fees will be amended to allow for seasonal trends at facilities. (4) Safety and Security: Miscellaneous revenue is being monitored. (5) Electricity: The payment received from Eskom was unforeseen and no corrective action is required.
Rental of facilities and equipment	(268)	-0.3%	The under-recovery is mainly within (1) Human Settlements, due to the transfer of rental units to tenants resulting in lower than anticipated rental revenue and (2) Community Services where more revenue was received than planned to date.	(1) Human Settlements: The situation is being monitored and will be reviewed during the mid-year review process. (2) Community Development : Monthly budget provisions to be reviewed.
Interest earned - external investments	(16 749)	-12.3%	The under-recovery is mainly on Interest Earned on External Investments, due to the misalignment of the periodic budget with the actual trend.	Interest on Investments is monitored by the Investment Section on a monthly basis.
Interest earned - outstanding debtors	(1 848)	-3.7%	The under-recovery is mainly due to lower than anticipated interest billed on outstanding rates debtors at the end of September. Furthermore, continuous Rates account corrections and adjustments resulted in the reversal of charges raised in prior periods.	The situation is monitored on a monthly basis.
Dividends received	-	-	-	-
Fines	6 214	14.2%	The over-recovery is mainly on Traffic Fines and is the result of a number of reasons and various interventions by the directorate to recover outstanding fines and warrants. The periodic budget provisions are not aligned to reflect the actual trend.	The situation is continuously monitored by the finance manager and will be reviewed during the mid-year review.
Licences and permits	1 222	12.6%	The over-recovery is mainly within TCT, due to higher than anticipated revenue received to date. Certain major role players such as Telkom are not opting for the trenchless methodology iro the tariffs for way leave permits, resulting in refundable deposits being forfeited. In addition, one permit (R1 million) was granted for utilisation of the road reserve, which is of an ad hoc nature.	Licences and Permits are demand driven and difficult to plan accurately per annum. The revenue is monitored and amendments will be made, when required.
Agency services	(778)	-2.0%	The under-recovery is within Safety & Security and is the result of the misalignment of the periodic budget with the actual revenue received to date. Reconciliations are done one month-in-arrear. The unpredictable nature of monthly payments received makes it difficult to accurately plan for monthly/annual receipts.	This is demand driven and difficult to plan accurately. Periodic budget provisions will be reviewed and adjusted to mirror the actual trend as far as possible.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Revenue By Source</b>				
Transfers recognised - operational	(57 812)	-7.0%	The under-recovery is within (1) Human Settlements (R24.2 million), where costs are linked to the rate of progress achieved on housing development projects. Community unrest also slows down the delivery of housing opportunities. Province indicated that an adjustment of R477 million to the City's allocation of the Human Settlement Development Grant (HSDG) will be made in their MTBPS as this portion of the grant should be allocated to Province for various housing-related projects. (2) TCT (R20.3 million), mainly due to (a) The late start on CCTV maintenance on MyCiti by Security Services, (b) Delay in processing of invoices for the MyCiti Station Management, due to rates not in line with the agreement and the lengthy verification process by four project managers and (c) Delays in certification of invoice for consultancy on the Roll-out of Milestone Zero of IRT and (3) Health (R6 million), due to the unpaid claim iro August submitted to Provincial Health Department.	(1) Human Settlements: The City will effect this decrease to the grant allocation in the mid-year review and adjustments budget process in January 2015. (2) TCT: Periodic budget provisions will be reviewed and adjusted where possible. (3) Health: Outstanding payment will be followed up with the Provincial Health Department.
Other revenue	5 194	0.7%	The main contributors to this over-recovery are (1) CIDS (R1.3 million over) within Finance, due to higher than planned revenue received on CID Levies, (2) Development Levies (R6 million under) within TCT, Water & Sanitation and Electricity as a result of development projects in the City and the misalignment of periodic budget with the actual trend, (3) Miscellaneous Income (R4.6 million over) within (a) Finance as a result of unidentified cash and card payments and (b) Water Services, due to a higher than planned number of ad-hoc work requests from customers and (4) Recoveries-other (R4 million over) mainly within Electricity Services, due to higher than planned ad-hoc work requests from customers.	The situation is monitored on a monthly basis by the respective finance managers and will be reviewed during the midyear review and adjustments budget in January 2015.
Gains on disposal of PPE	(1 359)	-41.5%	The under-recovery is within Water Services and Human Settlements where the sale of PPE was less than anticipated for the year to date. The actual sale of PPE is linked to demand and routine auctions and is therefore difficult to plan accurately.	The periodic budgets will be reviewed and adjusted where possible.

**Material variance explanations for expenditure by type (refer Table C4)**

Description	YTD Variance R Thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure By Type</b>				
Employee related costs	(54 302)	-2.6%	The variance is mainly due to the turnaround time in the filling of vacancies as well as the impact of the internal filling of vacant posts within the City and the appointment of seasonal workers and temporary staff, which are dependent on peak seasons and when departments require additional labour.	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	197	0.7%	Immaterial variance.	-
Debt impairment	0	0.0%	Immaterial variance.	-
Depreciation & asset impairment	(57 001)	-10.7%	The variance is largely affected by the capitalisation rate of assets, based on the completion and progress of capital projects. The impact of the extended useful life of assets within the Electricity department further contributed to the variance.	The situation will be monitored by the respective finance manager.
Finance charges	(116)	-0.1%	Immaterial variance.	-
Bulk purchases	(52 575)	-2.9%	The variance is mainly on Bulk purchases - Water Levy and Electricity as a result of the bulk water levy being paid one month in arrears and the Eskom transmission tariff adjustment in 2013/14, which impacted on the estimated consumption patterns.	The situation is monitored by the respective finance manager and the period budget will be amended, where necessary.
Other materials	8 145	10.8%	The variance is largely due to the bulk purchase of fire kits to maintain stock levels in case of fire breakouts during dry and windy conditions in informal settlements (Human Settlements) and higher than anticipated expenditure on materials for R&M (Utility Services).	The situation is monitored by the respective finance manager and the period budget will be amended, where necessary.

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Description	YTD Variance R Thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Expenditure By Type</b>				
Contracted services	(114 382)	-17.4%	Major contributors to the variance are (1) Utility Services, due to delays in the implementation of projects and submission of invoices by suppliers (Electricity Services), slower than anticipated finalisation of hazardous waste contracts, EPWP staff appointments and advertising for a service provider to do a retrofit of Council-owned buildings (Water & Sanitation Services), delays with the roll-out of the Radio Frequency Identification Device project as a result of the technology required (Solid Waste Management), (2) TCT, due to delays in processing complex invoice for the MyCiti Station Management contract, due to rates used by service provider, which are not in line with the agreement as well as sign-off required from four project managers, slow progress on the MyCiti Phase 1A Milestone Zero Project and the late start of two major contract resurfacing R&M projects caused by work stoppages as a result of more rainy periods in July and August, (3) Community Services and City Health, due to the non-alignment of the period budget with the anticipated implementation dates of EPWP projects and R&M programmes, (4) Safety & Security, due to delays in finalising the Memorandum of Agreement with the SPCA and (5) Human Settlements, due to various housing projects that are dependent on the rate of progress achieved, which is difficult to accurately estimates per monthly cycles. In addition, Province indicated that an adjustment of R477 million to the City's allocation of the Human Settlement Development Grant (HSDG) will be made in their MTBPS as this portion of the grant should be allocated to Province for various housing-related projects.	The outstanding IRT invoices will be processed once finalised and the R&M expenditure trend is expected to increase as commitments are realised. Expenditure is expected to increase in the upcoming months as projects are rolled-out and implemented. The review of period budgets is on-going and the alignment of cash flows will be undertaken where possible with further adjustment to be made during the mid year review and adjustments budget process in January 2015. The anticipated reduction of the HSDG will be effected in the January adjustment budget with a review of the period budget.
Transfers and grants	(2 696)	-4.8%	The variance is largely as a result of late submission of an invoice from a beneficiary (Tourism, Events and Economic Development).	Payment to the beneficiary will be processed during October 2014. The situation will be monitored by the respective finance manager and the period budget will be amended, where necessary.
Other expenditure	(53 905)	-6.0%	The variance consist of under- and over expenditure on various items within this category, which are demand driven and difficult to predict accurately per monthly cycles. The main contributors to the under expenditure are Commission Cost (Safety & Security), Hire Charges and Consultants (Solid Waste Management), R&M-Plants (Community Services), Insurance and Advertising expenditure for MyCiti busses and branding (TCT), which are all largely due to the non-alignment of the period budget with expenditure trends as well as lower than anticipated expenditure incurred to date. The major contributors to the over expenditure are (1) Chemicals, largely due to the erroneous amount processed to replenish stock and (2) Fuel, largely due to the higher than anticipated price increases.	The situation is monitored by the respective finance managers within the directorates. A review of the period budget will be undertaken and amended where possible; further adjustments will be made in the mid-year review and adjustments budget process.
Loss on disposal of PPE	-	-	-	-

**Table C5: Monthly 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	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Multi-Year expenditure appropriation</b>								
Vote 1 - City Health	25 185	21 966	26 263	1 177	2 931	(1 755)	-59.9%	25 342
Vote 2 - City Manager	13 070	6 771	7 751	1 751	1 162	590	50.8%	7 751
Vote 3 - Community Services	161 422	203 711	254 471	31 336	27 796	3 540	12.7%	254 270
Vote 4 - Compliance and Auxiliary Services	24 044	13 126	18 093	556	2 226	(1 670)	-75.0%	18 092
Vote 5 - Corporate Services	286 544	359 474	364 316	25 869	36 071	(10 202)	-28.3%	363 328
Vote 6 - Economic, Environment & Spatial Planning	54 193	119 215	67 760	3 048	4 615	(1 567)	-34.0%	65 220
Vote 7 - Finance	13 315	105 509	109 506	7 311	10 314	(3 003)	-29.1%	109 506
Vote 8 - Human Settlements	564 398	860 855	897 888	85 803	185 400	(99 597)	-53.7%	901 888
Vote 9 - Rates & Other	-	-	-	-	-	-	-	-
Vote 10 - Safety & Security	63 809	70 559	82 264	10 408	3 142	7 266	231.2%	82 264
Vote 11 - Social and Early Childhood Development	7 142	18 010	18 489	724	201	524	261.1%	18 489
Vote 12 - Tourism, Events and Marketing	23 101	37 781	40 753	2 059	3 093	(1 034)	-33.4%	40 551
Vote 13 - Transport for Cape Town	1 113 033	1 603 985	1 739 661	156 589	116 456	40 132	34.5%	1 739 078
Vote 14 - Utility Services	2 153 036	2 790 354	2 985 890	242 329	215 981	26 348	12.2%	2 817 277
<b>Total Capital Expenditure</b>	<b>4 502 293</b>	<b>6 211 315</b>	<b>6 613 186</b>	<b>568 959</b>	<b>609 388</b>	<b>(40 428)</b>	<b>-6.6%</b>	<b>6 443 855</b>
<b>Capital Expenditure - Standard Classification</b>								
<b>Governance and administration</b>	<b>318 424</b>	<b>498 232</b>	<b>499 249</b>	<b>48 139</b>	<b>48 428</b>	<b>(8 289)</b>	<b>-17.1%</b>	<b>498 261</b>
Executive and council	2 412	11 608	11 570	370	641	(271)	-42.3%	11 569
Budget and treasury office	6 759	5 183	5 462	1 237	701	536	76.5%	5 462
Corporate services	309 252	473 441	482 217	38 532	47 086	(8 554)	-18.2%	481 230
<b>Community and public safety</b>	<b>882 258</b>	<b>1 249 549</b>	<b>1 368 168</b>	<b>135 915</b>	<b>225 721</b>	<b>(89 805)</b>	<b>-39.8%</b>	<b>1 378 843</b>
Community and social services	47 158	124 951	124 859	11 379	11 095	284	2.6%	124 658
Sport and recreation	141 391	131 832	185 980	21 903	19 563	2 340	12.0%	185 777
Public safety	104 689	110 015	133 247	15 671	6 770	8 901	131.5%	133 246
Housing	564 330	860 786	897 819	85 786	185 361	(99 575)	-53.7%	901 819
Health	24 690	21 966	26 263	1 177	2 931	(1 755)	-59.9%	25 342
<b>Economic and environmental services</b>	<b>1 188 191</b>	<b>1 728 806</b>	<b>1 814 127</b>	<b>161 221</b>	<b>122 468</b>	<b>38 754</b>	<b>31.6%</b>	<b>1 811 083</b>
Planning and development	48 830	106 600	52 529	3 861	4 284	(423)	-9.9%	52 529
Road transport	1 104 374	1 603 241	1 738 838	156 587	116 446	40 140	34.5%	1 738 255
Environmental protection	26 988	18 965	22 760	773	1 737	(964)	-55.5%	20 220
<b>Trading services</b>	<b>2 121 421</b>	<b>2 742 728</b>	<b>2 931 561</b>	<b>231 683</b>	<b>212 771</b>	<b>18 912</b>	<b>8.9%</b>	<b>2 762 948</b>
Electricity	1 151 286	1 255 722	1 332 726	105 228	75 107	30 121	40.1%	1 201 138
Water	458 746	513 312	520 696	58 581	50 665	7 916	15.6%	516 757
Waste water management	373 317	556 619	640 065	40 566	54 429	(13 863)	-25.5%	626 775
Waste management	136 619	415 875	436 875	27 308	32 570	(5 262)	-16.2%	417 077
<b>Other</b>	<b>1 452</b>	<b>1 208</b>	<b>1 280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 280</b>
<b>Total Capital Expenditure - Standard Classification</b>	<b>4 502 293</b>	<b>6 211 315</b>	<b>6 613 186</b>	<b>568 959</b>	<b>609 388</b>	<b>(40 428)</b>	<b>-6.6%</b>	<b>6 443 855</b>
<b>Funded by:</b>								
National Government	1 768 880	2 515 669	2 768 260	264 848	231 717	33 131	14.3%	2 762 832
Provincial Government	283 513	292 065	324 831	45 911	106 092	(60 181)	-56.7%	324 831
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	926	2 100	2 274	-	-	-	-	2 274
<b>Transfers recognised - capital</b>	<b>2 053 319</b>	<b>2 809 834</b>	<b>3 095 365</b>	<b>318 759</b>	<b>337 809</b>	<b>(27 850)</b>	<b>-8.0%</b>	<b>3 089 936</b>
<b>Public contributions &amp; donations</b>	<b>44 022</b>	<b>73 019</b>	<b>73 369</b>	<b>10 098</b>	<b>9 639</b>	<b>459</b>	<b>4.8%</b>	<b>62 962</b>
<b>Borrowing</b>	<b>1 856 889</b>	<b>2 350 301</b>	<b>2 446 723</b>	<b>210 166</b>	<b>208 635</b>	<b>1 531</b>	<b>0.7%</b>	<b>2 387 733</b>
<b>Internally generated funds</b>	<b>548 064</b>	<b>978 161</b>	<b>997 648</b>	<b>37 936</b>	<b>53 304</b>	<b>(15 368)</b>	<b>-28.8%</b>	<b>902 424</b>
<b>Total Capital Funding</b>	<b>4 582 293</b>	<b>6 211 315</b>	<b>6 613 186</b>	<b>568 959</b>	<b>609 388</b>	<b>(40 428)</b>	<b>-6.6%</b>	<b>6 443 855</b>

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

**Material variance explanations for capital expenditure (refer Table C5)**

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Capital Expenditure by Vote</b>				
Vote 1 - City Health	(1 755)	-59.9%	<p>1. Delays in the submission of payment certificates from contractors for work done in September 2014 on the following projects:</p> <p>a. New Environmental Health Office - Khayelitsha,</p> <p>b. St Vincent clinic - extensions,</p> <p>c. Seawinds Clinic - landscaping and civil works, and</p> <p>d. Delft south Clinic - upgrade and extension to Pharmacy.</p> <p>2. Delays in the site hand over of the following projects:</p> <p>a. Mzamomhle Clinic - extensions,</p> <p>b. Luvuyo Clinic - landscaping and civil works, and</p> <p>c. Tafelsig Clinic - extensions.</p>	<p>1. Meeting with relevant project managers, principal agents and contractors to expedite the timely submission of monthly payment certificates.</p> <p>2. Meet with project managers to sort out problems that are delaying site hand overs.</p> <p>Cash flows to be amended in the Adjustments Budget in January 2015.</p>
Vote 2 - City Manager	590	50.8%	<p>The positive variance is due to:</p> <p>1. Project and Portfolio Management (PPM): The fast tracking of the PPM change management training and an additional intervention to screen the top 100 City projects for tender/implementation readiness resulted in the project progressing better than anticipated.</p> <p>2. Additional equipment had to be procured earlier than anticipated, due to new appointments within the Project and Portfolio department.</p> <p>3. Furniture and Equipment has been delivered earlier than anticipated.</p>	<p>Cash flows to be amended in the Adjustments Budget in January 2015.</p>
Vote 3 - Community Services	3 540	12.7%	<p>City Parks:</p> <p>Park Upgrades and Developments: Symphony Way Smart Park has reached final completion faster than anticipated.</p> <p>Sport, Recreation and Amenities:</p> <p>1. Synthetic Pitches projects: The projects are progressing slightly ahead of plan.</p> <p>2. Vehicles: Additional - S&amp;R: Vehicles received earlier than anticipated.</p> <p>3. IT Infrastructure, Equipment: Additional projects completed earlier than anticipated.</p> <p>Library and Information Systems:</p> <p>1. Books, Periodicals &amp; Subscription: Delivery earlier than anticipated.</p> <p>2. Library Upgrades: Occupational Health &amp; Safety projects: Contractor has progressed faster than anticipated resulting in increased claims.</p>	<p>Cash flows to be amended in the Adjustments Budget in January 2015.</p>

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Capital Expenditure by Vote</b>				
Vote 4 – Compliance and Auxiliary Services	(1 670)	-75.0%	<p>1. Lentegeur Subcouncil Offices: Project has been completed and building has been commissioned.</p> <p>2. Khayelitsha Training Centre: The snag list is taking longer than anticipated and the project will be completed by end October 2014.</p> <p>3. Work Live Units projects: The final invoice has been received from contractor.</p> <p>4. Harare Business Hub: The vendor did not complete the installation of wireless and data infrastructure, due to IT supply delays in the previous financial year. This element of the project will be completed by the end of November 2014.</p> <p>5. Other projects: The balance of the variance relates to orders that have been placed.</p>	<p>1. Awaiting the final invoice from the contractor.</p> <p>2. Contractor is busy finalising the last invoice, which has been previously requested.</p> <p>3. Invoice currently being processed for payment.</p> <p>4. The supply problems related to the availability of stock has now been resolved. The goods have been cleared by customs and is ready for installation.</p> <p>5. Awaiting on final delivery.</p>
Vote 5 - Corporate Services	(10 202)	-28.3%	<p>The main variance remains within the Broadband project and specifically involves two tenders i.e.</p> <p>1. Tender 111Q/2012/13 - Exchange Rate: The construction and equipping of switching centres is subject to price escalation demand by the vendor to compensate for the significant weakening of the Rand. The original escalation clauses in this term tender did not make provision for foreign exchange rate fluctuations. A report to SCMBAC was drafted requesting a new pricing method for forex items, but this was referred back for more information. A revised report will be tabled on 20 October 2014. Until this impasse has been resolved no further orders can be placed for the construction of switching centres and this is having an impact on expenditure performance.</p> <p>2. Tender 115G/2012/13 - Vendor Name change: The vendor, Dartcom, undergone a name change subsequent to tender approval. This now invokes the need for the seeding of the tender; a process involving many legal and SCM steps. This processes have been delayed by the vendor's inability to provide the necessary authorised documentation. No further orders can be issued until this is resolved.</p>	<p>IS&amp;T department is in continuous liaison with SCM in this regard, so as to resolve all tender/contract matters.</p> <p>Department will expedite orders and accelerate project not impacted by these two tenders.</p> <p>Project managers are still confident that if these challenges are resolved in October 2014 funds will be committed/spent by 30 June 2015.</p>
Vote 6 - Economic, Environment & Spatial Planning	(1 567)	-34.0%	<p>1. Quality Public Spaces - Citywide: Project delayed; still awaiting authority to proceed with the advertising of tender for the Langa Station Precinct upgrade.</p> <p>2. False Bay Ecology Park Development: Project behind schedule as a result of the contractor being behind on his revised programme.</p> <p>3. Integrated Planning and Operating System: Phase 2 of project is slightly behind schedule as it is a constant struggle to find qualified contractors to manage project.</p>	<p>1. Tender will be advertised in October 2014.</p> <p>2. The contractor has been requested to use more work teams and labour on site to accelerate progress. Penalties will be imposed in terms of the tender conditions.</p> <p>3. More contractors will be appointed to fast-track progress.</p> <p>Cash flows to be amended in the Adjustments Budget in January 2015.</p>

Table continues on next page.

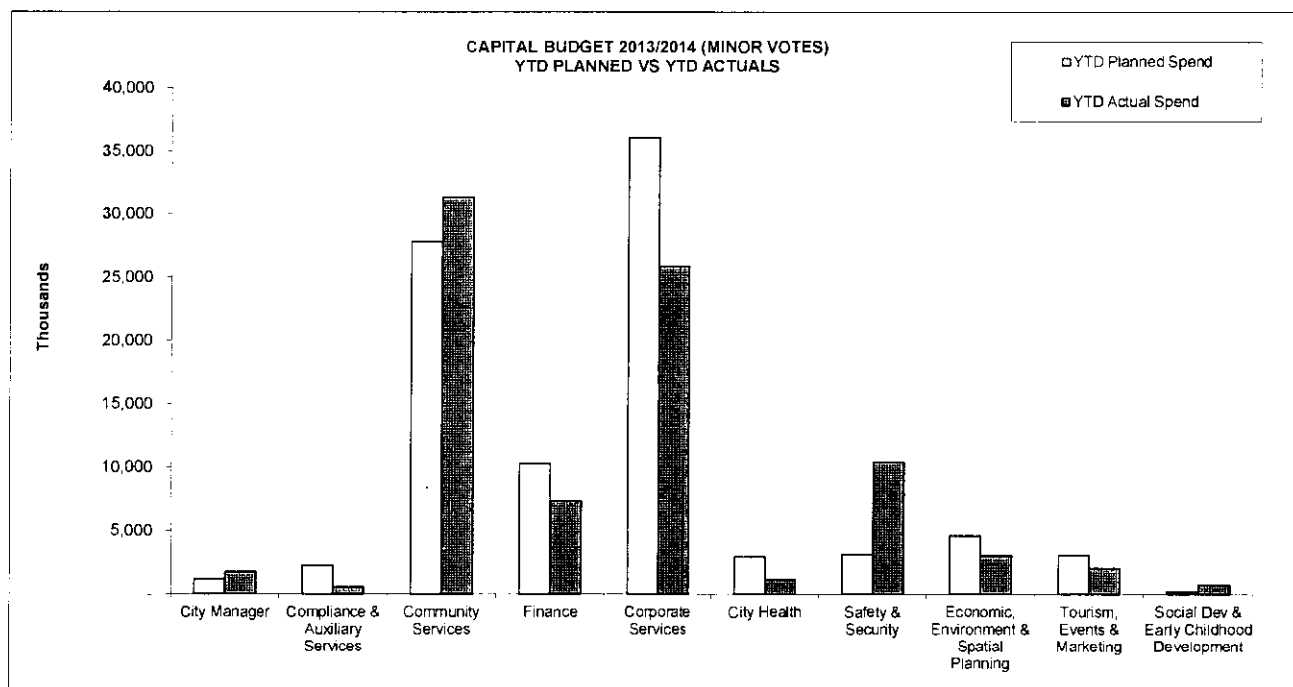
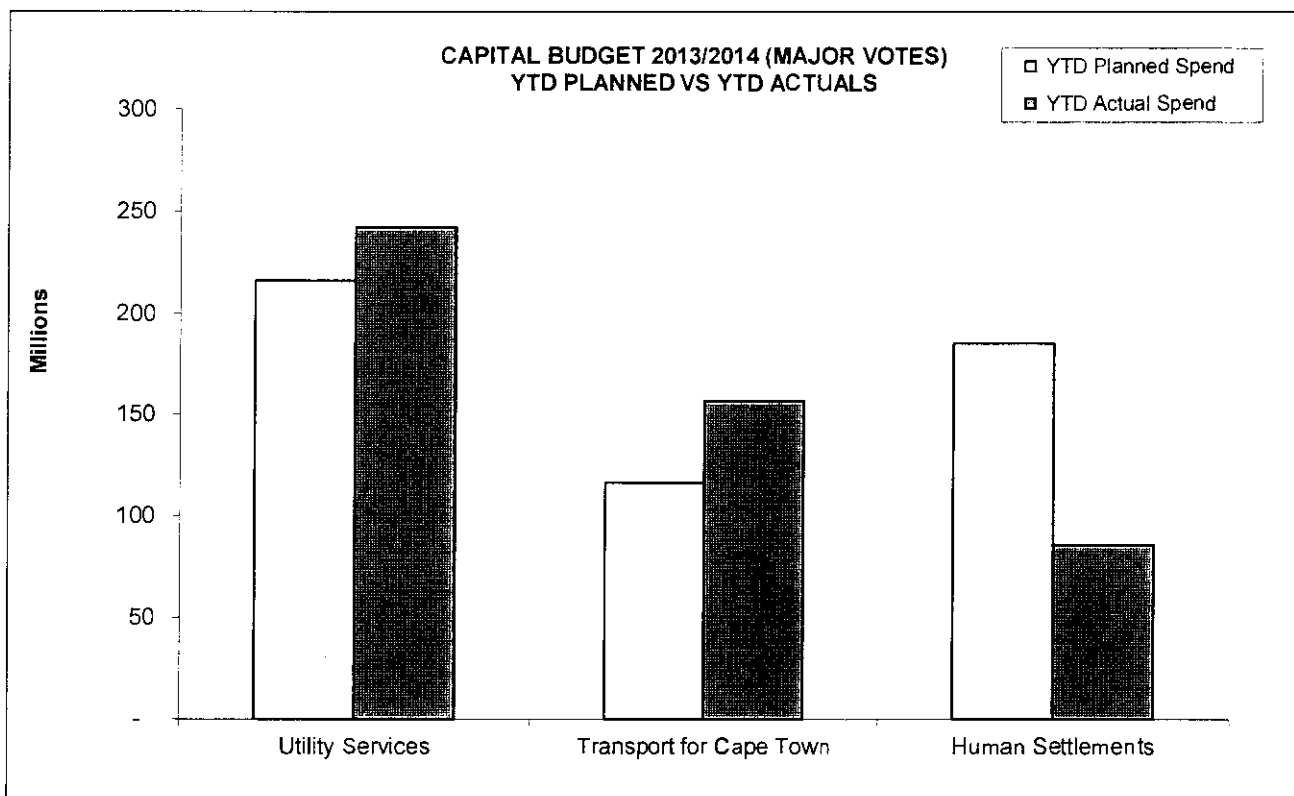
Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>Capital Expenditure by Vote</b>				
Vote 7 - Finance	(3 003)	-29.1%	1. Immoveable Property Asset Management System: Blueprints are completed and approved. Final technical requirements complete. Project will be completed within overall project plan and full budget allocation is expected to be utilised. 2. Basement Parking & Access: Work has now commenced but is two months behind schedule. The first invoices were processed in September 2014. Project still on track for completion as planned.	1. Re-alignment of cash flows in the Adjustments Budget in January 2015. 2. Work-flow schedules are being updated to reflect more accurate monthly planned expenditure. The necessary cash flow amendments will be made in the Adjustment Budget in January 2015.
Vote 8 - Human Settlements	(99 597)	-53.7%	1. CRU Upgrade Projects: The incidence of gang violence is still high in areas like Manenberg and Hanover Park resulting in several site shutdowns marring consistent progress. Awaiting payment certificates for September in respect of Manenberg, Marble Flats, Hanover Park and Heideveld CRU projects. 2. Garden Cities housing project: Civil works done by Garden Cities since January 2013. Garden Cities cannot claim any monies, due to the outstanding agreement between the City, Province and Garden Cities.	1. A closer working relationship with Safety & Security has been established to provide safety at CRU construction sites. Invoices have been submitted and will be paid by 24 October 2014. 2. The Garden Cities project agreement is being accelerated to be finalised by the end of October 2014. It needs to be noted that work has already commenced on site, but payments will only be processed when the agreement has been signed by the City, Province and Garden Cities.
Vote 9 - Rates & Other	–	–	–	–
Vote 10 - Safety & Security	7 266	231.2%	Vehicles and equipment were delivered earlier than anticipated, due to the availability of stock.	Regular project monitoring.
Vote 11 - Social and Early Childhood Development	524	261.1%	Lotus River Crescent ECD: The contractors responsible for the roofing and paving have completed the scope of works earlier than anticipated.	Cash flow to be amended in the Adjustments Budget in January 2015.
Vote 12 - Tourism, Events and Marketing	(1 034)	-33.4%	Completion of change rooms at Cape Town Stadium: Late submission of invoices by vendors.	Payment to be processed in October 2014. Cash flow to be amended in the Adjustments Budget in January 2015.
Vote 13 - Transport for Cape Town	40 132	34.5%	Expenditure on some ongoing contracts (started in 2013/14) has been better than expected in the first quarter of 2014/15. In addition, a slightly conservative approach was adopted when preparing cash flows especially for the first few months of the financial year.	No remedial action is deemed necessary.
Vote 14 - Utility Services	26 348	12.2%	Refer below for comments per department.	Refer below for comments per department.

Table continues on next page.

**Vote 14 - Utility Services per sub vote**

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Water & Sanitation	(5 929)	-5.6%	Variance as a result of delays against the following projects: 1. Infrastructure Replace/Refurbish - WWTW: Awaiting payment certificates. Contractors have been appointed at various sites and various additional tenders to be awarded. 2. Construction of Northern Area Sewer Phase 2 is on program and the contractor is performing to an acceptable standard given the working conditions of working next to a 132KV cable with specialised equipment. Project is low risk. 3. Main Rd Upgrade Muizenberg to Clovelly Rehab project: Payment was delay; awaiting outstanding payment certificate. Project progressing well.	Project managers to ensure that tracking and monitoring of projects are within the prescribed timeframes.
Solid Waste Management	(5 262)	-16.2%	Bellville Transfer Station: Negative variance due to delay caused by a fatal accident, the largest portion of the site has been closed as a result of investigations into the cause of the accident. The department anticipate that the USDG budget will be spent, but will have to monitor the EFF component.	Application has been submitted to the Department of Labour to allow access to a larger portion of the site not affected by the incident. Project to be rephased to 2015/16 financial year and amendments to be effected in Adjustments Budget in January 2015.
Cape Town Electricity	37 499	47.9%	Positive variance due to: 1. Koeberg Rd Switching station: Project is ahead of revised project schedule. 2. Good contractor performance against the following projects: a. System Equipment Replacement North and System Infrastructure North & East; b. Street Lighting Citywide project and the Electrification - Formal and Informal project.	Cash flow and budget to be amended in the Adjustments Budget in January 2015.

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



**Table C6: Monthly Budget Statement - Financial Position**

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

Description	2013/14	Budget Year 2014/15			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	2 266 560	–	–	2 151 762	–
Call investment deposits	2 621 907	5 362 934	5 583 295	5 578 446	5 583 295
Consumer debtors	4 309 649	4 499 300	4 503 300	3 174 480	4 503 300
Other debtors	408 072	351 500	351 500	450 806	351 500
Current portion of long-term receivables	19 650	20 495	18 543	19 650	18 543
Inventory	269 283	296 315	282 846	272 131	282 846
<b>Total current assets</b>	<b>9 895 120</b>	<b>10 530 544</b>	<b>10 739 484</b>	<b>11 647 275</b>	<b>10 739 484</b>
<b>Non current assets</b>					
Long-term receivables	104 311	91 753	91 753	98 013	91 753
Investments	3 245 041	1 682 069	1 859 632	–	1 859 632
Investment property	–	–	–	–	–
Investments in Associate	–	–	–	–	–
Property, plant and equipment	31 468 325	35 865 333	36 515 801	31 561 649	36 515 801
Agricultural	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangible assets	–	–	–	–	–
Other non-current assets	–	–	–	–	–
<b>Total non current assets</b>	<b>34 817 677</b>	<b>37 639 154</b>	<b>38 467 186</b>	<b>31 659 662</b>	<b>38 467 186</b>
<b>TOTAL ASSETS</b>	<b>44 712 798</b>	<b>48 169 698</b>	<b>49 206 670</b>	<b>43 306 936</b>	<b>49 206 670</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft	–	–	–	–	–
Borrowing	368 325	378 885	378 885	368 325	378 885
Consumer deposits	370 217	372 943	372 943	255 829	372 943
Trade and other payables	6 396 134	5 125 323	5 658 751	4 607 254	5 658 751
Provisions	1 078 550	1 444 665	2 080 552	1 053 562	2 080 552
<b>Total current liabilities</b>	<b>8 213 227</b>	<b>7 321 815</b>	<b>8 491 131</b>	<b>6 284 971</b>	<b>8 491 131</b>
<b>Non current liabilities</b>					
Borrowing	6 666 139	7 902 043	7 902 043	6 576 500	7 902 043
Provisions	4 737 328	5 099 008	5 099 008	5 967 799	5 099 008
<b>Total non current liabilities</b>	<b>11 403 467</b>	<b>13 001 051</b>	<b>13 001 051</b>	<b>12 544 299</b>	<b>13 001 051</b>
<b>TOTAL LIABILITIES</b>	<b>19 616 694</b>	<b>20 322 866</b>	<b>21 492 182</b>	<b>18 829 270</b>	<b>21 492 182</b>
<b>NET ASSETS</b>	<b>25 096 104</b>	<b>27 846 832</b>	<b>27 714 488</b>	<b>24 477 666</b>	<b>27 714 488</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	23 158 848	25 806 310	26 067 413	22 263 550	26 067 413
Reserves	1 937 256	2 040 522	1 647 075	2 214 116	1 647 075
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>25 096 104</b>	<b>27 846 832</b>	<b>27 714 488</b>	<b>24 477 666</b>	<b>27 714 488</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.

**Table C7: Monthly Budget Statement - Cash Flow**

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

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	23 746 465	23 306 935	23 356 401	6 624 615	5 984 079	640 536	10.7%	23 356 401
Government - operating	2 366 428	3 498 169	3 502 470	841 098	811 098	30 000	3.7%	3 502 470
Government - capital	2 563 240	2 882 853	3 104 572	924 727	1 099 608	(174 881)	-15.9%	3 104 572
Interest	447 650	275 762	924 430	129 631	114 195	15 436	13.5%	924 430
<b>Payments</b>								
Suppliers and employees	(22 950 878)	(23 514 982)	(24 502 576)	(7 852 290)	(7 682 291)	169 998	-2.2%	(24 502 576)
Finance charges	(751 057)	(829 746)	(829 746)	(188 050)	(186 624)	1 426	-0.8%	(829 746)
Transfers and Grants	(5 862)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>5 415 986</b>	<b>5 618 991</b>	<b>5 555 558</b>	<b>479 732</b>	<b>140 063</b>	<b>(339 668)</b>	<b>-242.5%</b>	<b>5 555 550</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	120 500	-	-	-	-	120 500
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	(4 829)	(51 092)	-	-	-	-	(51 092)
Decrease (increase) in non-current investments	(1 664 482)	(379 999)	(1 029 558)	-	(50 000)	50 000	-100.0%	(1 029 558)
<b>Payments</b>								
Capital assets	(5 304 406)	(6 093 310)	(6 476 086)	(784 081)	(1 396 087)	(612 006)	43.8%	(6 476 086)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(6 968 888)</b>	<b>(6 478 138)</b>	<b>(7 436 235)</b>	<b>(784 881)</b>	<b>(1 446 887)</b>	<b>(662 006)</b>	<b>45.8%</b>	<b>(7 436 235)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	1 500 000	1 500 000	-	-	-	-	1 500 000
Increase (decrease) in consumer deposits	-	33 904	64 726	-	-	-	-	64 726
<b>Payments</b>								
Repayment of borrowing	(336 841)	(309 853)	(309 853)	(88 055)	(89 481)	(1 426)	1.6%	(309 853)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(336 841)</b>	<b>1 224 051</b>	<b>1 254 872</b>	<b>(88 855)</b>	<b>(89 481)</b>	<b>(1 426)</b>	<b>1.6%</b>	<b>1 254 872</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1 889 743)</b>	<b>364 904</b>	<b>(625 813)</b>	<b>(392 405)</b>	<b>(1 395 505)</b>			<b>(625 813)</b>
Cash/cash equivalents at beginning:	8 099 366	6 603 670	6 242 365	6 209 623	6 242 365			6 242 365
Cash/cash equivalents at month/year end:	6 209 623	6 968 574	5 616 552	5 817 218	4 846 860			5 616 552



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

Description	YTD variance R Thousands	YTD variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<b>R thousands</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	640 536	10.7%	Collections for the period year to date was higher than anticipated.	No corrective action required at this time.
Government - operating	30 000	3.7%	Immaterial variance.	No corrective action required at this time.
Government - capital	(174 881)	-15.9%	Less grant income received than originally budgeted for due to slower cash outflow on capital projects.	No corrective action required at this time.
Interest	15 436	13.5%	Investment income is greater than expected, due to better returns earned on higher cash balances by fund managers.	No corrective action required at this time.
Dividends	-	-	-	-
<b>Payments</b>				
Suppliers and employees	169 998	-2.2%	Immaterial variance.	No corrective action required at this time.
Finance charges	1 426	-0.8%	Immaterial variance.	No corrective action required at this time.
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(339 668)</b>	<b>-242.5%</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	50 000	-100%	Budgeted investment in the CTICC not made as originally planned.	Corrective actions is not required at this time.
<b>Payments</b>				
Capital assets	(612 006)	43.8%	Slower cash outflow than originally anticipated.	Corrective actions is not required at this time.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(662 806)</b>	<b>45.8%</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	(1 426)	1.6%	Immaterial variance.	No corrective action required at this time.
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 426)</b>	<b>1.6%</b>		

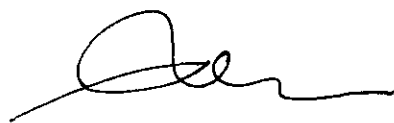


**Table SC9: Monthly Budget Statement - Actual and revised targets for cash receipts and cash flows**

Description	Budget Year 2014/15												2014/15 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Budget	Nov Budget	Dec Budget	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year	Budget Year +1	Budget Year +2
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Property rates	476 044	409 531	531 075	530 477	486 497	491 195	409 189	497 805	578 005	424 219	420 007	587 361	5 841 406	6 188 871	6 623 437
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	856 628	952 848	858 230	893 618	853 677	829 899	801 094	736 070	806 158	837 595	842 698	756 224	10 024 738	10 774 483	11 603 398
Service charges - water revenue	144 776	170 176	138 202	189 968	186 804	191 694	228 315	243 523	196 308	187 452	183 253	100 403	2 160 875	2 452 410	2 752 640
Service charges - sanitation revenue	89 623	103 938	73 800	115 490	88 541	95 469	99 173	108 314	113 837	97 374	119 180	80 402	1 185 140	1 329 592	1 492 294
Service charges - refuse	53 800	62 129	44 842	76 996	64 880	63 642	104 514	92 936	59 564	86 163	70 958	161 961	942 385	1 014 216	1 088 970
Service charges - other	42 720	24 683	20 439	22 300	27 269	20 234	32 596	24 524	29 192	18 866	33 790	18 171	314 784	353 181	414 253
Rental of facilities and equipment	38 280	17 862	18 093	16 764	13 886	11 050	11 179	15 196	12 628	15 130	12 075	(13 507)	168 636	164 081	168 517
Interest earned - external investments	32 452	52 181	44 997	41 855	41 989	40 709	41 461	40 423	40 299	42 570	40 406	465 086	924 430	501 633	440 593
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	17 165	16 252	16 664	12 714	15 955	15 881	14 712	14 840	14 634	14 829	18 934	2 847	175 428	185 484	195 500
Licences and permits	3 658	23 096	23 201	17 844	13 196	14 836	11 943	13 777	14 199	14 061	6 943	37 617	194 371	219 933	257 395
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operating	771 030	70 068	-	355 048	536 474	610 962	58 560	638 323	419 115	-	-	42 890	3 502 470	4 005 459	4 446 242
Other revenue	182 369	873 224	341 265	41 070	29 662	665 094	32 036	23 942	679 886	26 084	28 740	(574 735)	2 348 637	2 436 694	2 573 032
<b>Cash Receipts by Source</b>	<b>2 708 545</b>	<b>2 775 990</b>	<b>2 110 809</b>	<b>2 314 145</b>	<b>2 358 828</b>	<b>3 050 666</b>	<b>1 844 772</b>	<b>2 449 673</b>	<b>2 963 827</b>	<b>1 764 343</b>	<b>1 776 983</b>	<b>1 664 719</b>	<b>27 783 300</b>	<b>29 626 038</b>	<b>32 056 271</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	800 762	3 671	120 294	207 505	225 556	176 503	349 558	207 814	472 066	357 947	427 473	(244 578)	3 104 572	2 456 222	2 456 911
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	120 500	120 500	74 448	78 468
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	1 500 000	1 500 000	1 500 000	1 000 000
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	64 726	64 726	37 294	41 024
Receipt of non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of non-current receivables	-	-	-	-	-	-	-	-	-	-	-	(51 092)	(51 092)	(30 562)	(34 307)
Change in non-current investments	-	-	-	-	-	(180 000)	-	(50 000)	(50 000)	(50 000)	-	(699 558)	(1 029 558)	(206 352)	(89 310)
<b>Total Cash Receipts by Source</b>	<b>3 509 306</b>	<b>2 779 661</b>	<b>2 231 103</b>	<b>2 521 650</b>	<b>2 584 385</b>	<b>3 047 169</b>	<b>2 194 330</b>	<b>2 607 486</b>	<b>3 385 893</b>	<b>2 072 291</b>	<b>2 204 456</b>	<b>2 354 718</b>	<b>31 492 449</b>	<b>33 457 087</b>	<b>35 509 058</b>

Table continues on next page.

Description	Budget Year 2014/15												2014/15 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Budget	Nov Budget	Dec Budget	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>															
<b>Cash Payments by Type</b>															
Employee related costs	664 705	662 689	668 427	697 877	1 037 694	701 111	707 495	706 933	706 380	706 481	705 661	751 613	8 717 066	9 423 461	10 181 605
Remuneration of councillors	9 426	9 465	9 456	10 907	10 906	10 906	11 278	11 278	11 559	11 491	11 077	15 870	133 619	142 438	151 554
Interest paid	–	–	188 050	–	–	171 767	–	–	183 299	–	–	286 630	829 746	1 062 289	1 301 246
Bulk purchases - Electricity	791 798	876 854	826 715	482 692	424 236	421 690	418 013	447 106	479 122	497 722	463 038	549 314	6 678 300	7 205 955	7 781 805
Bulk purchases - Water & Sewer	26 750	28 289	17 233	18 685	20 009	60 146	24 520	29 017	39 420	28 350	23 844	52 499	368 761	404 273	444 073
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
General expenses	1 614 923	796 348	849 212	706 879	574 987	688 620	637 837	632 069	641 924	690 683	628 624	142 723	8 604 830	9 147 975	9 938 169
<b>Cash Payments by Type</b>	<b>3 107 602</b>	<b>2 373 646</b>	<b>2 559 092</b>	<b>1 917 039</b>	<b>2 067 832</b>	<b>2 054 241</b>	<b>1 799 143</b>	<b>1 826 403</b>	<b>2 061 703</b>	<b>1 934 727</b>	<b>1 832 244</b>	<b>1 798 651</b>	<b>25 332 322</b>	<b>27 386 391</b>	<b>29 798 452</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	462 057	202 822	119 203	370 519	443 925	335 338	210 332	466 810	604 612	759 127	908 190	1 593 152	6 476 086	5 601 948	5 413 057
Repayment of borrowing	–	–	88 055	–	–	65 148	–	–	89 481	–	–	67 169	309 853	285 598	407 882
Other Cash Flow s/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Cash Payments by Type</b>	<b>3 569 659</b>	<b>2 576 467</b>	<b>2 766 350</b>	<b>2 287 558</b>	<b>2 511 757</b>	<b>2 454 727</b>	<b>2 009 475</b>	<b>2 293 212</b>	<b>2 755 796</b>	<b>2 693 854</b>	<b>2 740 434</b>	<b>3 458 972</b>	<b>32 118 261</b>	<b>33 273 936</b>	<b>35 619 391</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(60 352)</b>	<b>203 194</b>	<b>(535 247)</b>	<b>234 092</b>	<b>72 627</b>	<b>592 442</b>	<b>184 855</b>	<b>314 274</b>	<b>630 097</b>	<b>(621 563)</b>	<b>(535 978)</b>	<b>(1 104 254)</b>	<b>(625 813)</b>	<b>183 151</b>	<b>(110 333)</b>
Cash/cash equivalents at the month/year beginning:	6 209 623	6 149 271	6 352 465	5 817 218	6 051 309	6 123 937	6 716 379	6 901 234	7 215 508	7 845 605	7 224 042	6 688 064	6 242 365	5 616 552	5 799 703
Cash/cash equivalents at the month/year end:	6 149 271	6 352 465	5 817 218	6 051 309	6 123 937	6 716 379	6 901 234	7 215 508	7 845 605	7 224 042	6 688 064	5 583 810	5 616 552	5 799 703	5 689 370



## PART 2 - SUPPORTING DOCUMENTATION

### Debtors analysis

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

**Table SC3 Monthly budget statement Aged Debtors**

Description	Budget Year 2014/15										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	215 687	58 304	53 302	62 814	54 276	53 307	279 825	1 374 366	2 151 882	1 824 589	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	644 631	33 293	15 698	9 549	8 714	7 294	50 452	75 337	844 968	151 346	-	-
Receivables from Non-exchange Transactions - Property Rates	434 848	59 906	44 890	47 196	35 310	31 100	139 386	612 790	1 405 426	865 782	-	-
Receivables from Exchange Transactions - Waste Water Management	123 572	28 192	24 824	29 970	27 215	26 394	129 797	613 332	1 003 296	826 708	-	-
Receivables from Exchange Transactions - Waste Management	85 423	13 091	11 834	11 822	10 501	10 068	51 582	208 720	383 020	292 672	-	-
Receivables from Exchange Transactions - Property Rental Debtors	48 201	9 983	10 199	(770)	9 103	477 815	-	-	554 531	486 148	-	-
Interest on Arrear Debtor Accounts	42 694	15 888	20 712	19 961	14 508	18 106	85 349	505 897	723 115	643 822	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other	(236 885)	(24 050)	(17 059)	(14 652)	(13 585)	(5 979)	(43 647)	(150 967)	(506 824)	(228 831)	-	-
Total By Income Source	1 338 172	194 607	164 400	165 889	146 043	618 104	692 726	3 239 474	6 559 415	4 862 236	-	-
2013/14 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	(139 103)	17 640	12 275	10 546	14 447	9 558	16 496	43 120	(15 018)	94 170	-	-
Commercial	852 044	56 435	35 936	36 816	23 057	20 746	88 068	356 274	1 467 376	522 960	-	-
Households	758 037	142 069	133 995	136 953	122 290	593 095	811 253	2 878 683	5 378 374	4 342 274	-	-
Other	(132 805)	(21 537)	(17 806)	(18 428)	(13 751)	(5 296)	(21 092)	(38 603)	(289 317)	(97 189)	-	-
Total By Customer Group	1 338 172	194 607	164 400	165 889	146 043	618 104	692 726	3 239 474	6 559 415	4 862 236	-	-

### Additional debtors information

Monthly collection rate			YTD collection rate
Period	Current year	Previous year	
12 Month	98.00%	95.18%	97.55%
6 month	97.61%	95.97%	97.55%
3 month	97.44%	94.16%	97.67%
Monthly	102.44%	95.90%	97.80%

2014/15 Billing vs Receipts		
Month	Billing R	Receipts R
July	1 957 772 594.77	1 930 402 632.45
August	2 253 395 142.71	2 064 186 076.16
September	2 171 870 466.03	2 224 853 509.17

12 month collection ratio per source			
Source	Current year	Previous year	YTD collection rate
Electricity	100.29%	99.01%	100.28%
Water	90.69%	87.47%	90.42%
Sewerage	93.81%	86.87%	92.58%
Refuse	94.89%	94.24%	93.92%
Rates	99.31%	99.49%	99.47%
Other	100.13%	100.07%	99.94%

## Creditors analysis

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

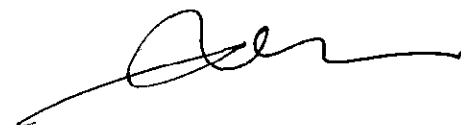
**Table SC4 Monthly budget Statement Aged Creditors**

Description	Budget Year 2014/15									Prior year totals (same period)
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
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	103 976	204	77	178	4	4	(235)	16	104 224	109 449
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	103 976	204	77	178	4	4	(235)	16	104 224	109 449

## Outstanding commitments against Cash and Cash Equivalents

Item	Previous Month	Current Month
	R'000	R'000
Closing Cash Balance	6,352,464	5,817,218
Unspent Conditional Grants	2,371,665	2,114,043
Housing Development	349,167	353,218
MTAB	26,744	25,892
Trust Funds	1,439	1,446
Financial commitments	513,000	513,000
Sinking Funds	-	-
Insurance reserves	489,276	494,800
CRR	1,188,722	1,177,691
<b>TOTAL</b>	<b>4,940,013</b>	<b>4,680,090</b>
<b>TOTAL cash resources not committed</b>	<b>1,412,451</b>	<b>1,137,128</b>

Note: The closing cash balance for the previous month was corrected to include interest (R23.3 million) earned on the sinking fund investments.



## Allocation and grant receipts and expenditure

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Table SC7 Monthly Budget Statement transfers and grants expenditure

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Operating expenditure of Transfers and Grants</b>								
<b>National Government:</b>	–	1 919 255	1 957 266	37 398	62 469	(25 072)	-40.1%	1 957 266
Restructuring	–	1 191	1 191	–	–	–		1 191
Finance Management grant	–	1 250	1 250	76	76	(0)	0.0%	1 250
Equitable share	–	1 503 173	1 503 173	468	1 100	(632)	-57.4%	1 503 173
Urban Settlements Development Grant	–	114 142	150 556	8 604	10 917	(2 313)	-21.2%	150 556
Public Transport Network Operations Grant	–	217 498	217 498	21 046	42 379	(21 333)	-50.3%	217 498
Energy Efficiency and Demand Side Management Grant	–	900	900	–	–	–		900
Dept of Environ Affairs and Tourism	–	200	565	–	–	–		565
Housing Accreditation	–	200	200	5	30	(25)	-84.9%	200
Expanded Public Works Programme	–	20 804	20 804	1 705	1 813	(108)	-5.9%	20 804
2014 African Nations Championship Host City Operating Grant	–	–	–	(112)	–	(112)	–	–
LGSETA	–	–	536	–	–	–		536
Public Transport Infrastructure & Systems Grant	–	7 726	7 726	–	–	–		7 726
Infrastructure Skills Development Grant	–	2 300	2 300	–	–	–		2 300
Municipal Disaster Grant	–	–	–	–	–	–		–
Municipal Human Settlements Capacity Grant	–	49 871	49 871	5 606	5 845	(239)	-4.1%	49 871
Department: Water and Sanitation	–	–	697	–	310	(310)	-100.0%	697
<b>Provincial Government:</b>	–	1 542 400	1 540 538	123 015	140 449	(17 434)	-12.4%	1 540 538
Cultural Affairs and Sport - Provincial library Services	–	30 735	30 735	6 140	6 202	(62)	-1.0%	30 735
Human Settlements - Human Settlement Development Grant	–	1 097 130	1 095 268	60 519	85 770	(25 252)	-29.4%	1 095 268
Human Settlement - Settlement Assistance	–	1 000	1 000	–	–	–		1 000
Health - TB	–	17 206	17 206	3 910	3 424	486	14.2%	17 206
Health - Global Fund	–	37 555	37 555	9 663	7 454	2 209	29.6%	37 555
Health - ARV	–	109 589	109 589	26 222	18 954	7 268	38.3%	109 589
Health - Nutrition	–	4 636	4 636	1 590	773	618	105.8%	4 636
Health - Vaccines	–	70 956	70 956	14 456	17 739	(3 283)	-18.5%	70 956
Comprehensive Health	–	155 960	155 960	–	–	–		155 960
Transport and Public Works - Provision for persons with special needs	–	10 000	10 000	(11)	–	(11)		10 000
Transport Safety and Compliance - Rail Safety	–	500	500	416	–	416		500
Community Development Workers	–	732	732	110	133	(23)	-17.5%	732
City of Cape Town - Public access centres	–	500	500	–	–	–		500
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	–	5 900	5 900	–	–	–		5 900
<b>Other grant providers:</b>	–	35 826	41 089	4 350	5 980	(1 630)	-27.3%	41 089
Tourism	–	2 190	2 190	–	–	–		2 190
Carnegie	–	3 057	3 057	387	420	(33)	-7.8%	3 057
CMITF	–	9 777	11 979	1 876	1 610	267	16.6%	11 979
CID	–	2 969	2 969	807	807	0	0.0%	2 969
Century City Property Owners Association	–	468	468	–	52	(52)	-100.0%	468
Traffic Free Flow (Pty) Ltd	–	–	1 135	–	436	(436)	-100.0%	1 135
Mamre Fencing	–	–	17	–	–	–		17
South African Biodiversity Institute (SANBI)	–	482	2 391	241	–	241	0.0%	2 391
Sustainable Energy Africa	–	424	424	–	–	–		424
University Stellenbosch	–	1 781	1 781	–	297	(297)	-100.0%	1 781
DBSA - Green Fund	–	10 000	10 000	–	500	(500)	-100.0%	10 000
Agency Francaise de Developpement (AFD)	–	4 679	4 679	1 039	1 858	(819)	-44.1%	4 679
<b>Total operating expenditure of Transfers and Grants</b>	–	3 497 481	3 538 892	164 762	208 998	(44 136)	-21.1%	3 538 892

Table continues on next page.



Description	2013/14	Budget Year 2014/15						
	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>	–	2 515 669	2 768 260	264 848	231 717	28 997	12.5%	2 762 832
Mineral Energy: Energy Efficiency and Demand Side Management Grant	–	9 100	9 100	207	122	–		7 900
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	–	5 000	5 000	415	–	415		5 000
National Government - Other: Previous years' Dora allocations	–	200	200	5	–	5	0.0%	200
National Treasury: Expanded Public Works Programme	–	400	400	22	–	22		400
National Treasury: Integrated City Development Grant	–	57 171	54 482	861	1 000	(139)	-13.9%	54 482
National Treasury: Municipal Human Settlements Capacity Grant	–	500	500	–	–	–		500
National Treasury: Neighbourhood Development Partnership Grant	–	35 470	40 030	763	3 185	(2 422)	-76.0%	40 030
National Treasury: Other	–	1 902	2 239	38	337	(299)	-88.8%	2 239
National Treasury: Urban Settlements Development Grant	–	1 244 737	1 494 870	164 080	160 505	–		1 490 642
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant	–	–	250	91	250	(159)	-63.6%	250
Transport: Public Transport Infrastructure & Systems Grant	–	2 000	2 000	1 473	1 000	–		2 000
Transport: Public Transport Infrastructure Grant	–	1 159 140	1 159 140	96 892	65 318	31 573	48.3%	1 159 140
Transport: Public Transport Network Operations Grant	–	50	50	–	–	–		50
<b>Provincial Government:</b>	–	292 065	324 831	45 911	106 092	(60 181)	-56.7%	324 831
Cultural Affairs and Sport: Development of Sport and Recreation Facilities	–	250	250	–	–	–		250
Cultural Affairs and Sport: Library Services (Conditional Grant)	–	10 200	10 808	1 438	211	1 227	582.8%	10 808
Economic Development and Tourism: False Bay Ecology	–	–	850	238	850	(612)	-72.0%	850
Economic Development and Tourism: Public Access Centres	–	2 350	2 350	–	–	–		2 350
Housing: Integrated Housing and Human Settlement Development Grant	–	263 029	294 335	43 844	103 697	(59 853)	-57.7%	294 335
Provincial Government: Community Development Workers (CDW) Operational Grant Support	–	300	300	–	–	–		300
Provincial Government: Fibre Optic Broadband Roll Out	–	10 702	10 702	(0)	1 100	(1 100)	-100.0%	10 702
Transport and Public Works: Other	–	234	235	218	235	(17)	-7.3%	235
Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infrastructure	–	5 000	5 000	174	–	174	0.0%	5 000
<b>Other grant providers:</b>	–	75 119	75 643	10 098	9 639	459	4.8%	65 235
Other grant providers:	–	75 119	75 643	10 098	9 639	459	4.8%	65 235
<b>Total capital expenditure of Transfers and Grants</b>	–	<b>2 882 853</b>	<b>3 168 734</b>	<b>320 857</b>	<b>347 448</b>	<b>(30 725)</b>	<b>-8.8%</b>	<b>3 152 898</b>

\*2013/14 audited outcomes were not available at the time of compilation of this table.

**Material variance explanations for corporate performance for Quarter 1 2015**

The information below reflects the indicator(s) with material variances for quarter 1 of 2014/15.

Description of Indicator	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
5.H Ratio of cost coverage maintained	-0.87%	The low cost coverage ratio is compensated by a high debt coverage ratio.	No immediate remedial action is necessary since the City has sufficient liquid reserves for its present needs.  Responsible person: David Valentine  Due date: Not applicable
5.J Debt coverage by own billed revenue	-2.50%	N/A	No taking up of long term funding is necessary to fund its capital programme in the short term. Refer to comments under ratio of cost coverage above.  Responsible person: David Valentine  Due date: Not applicable

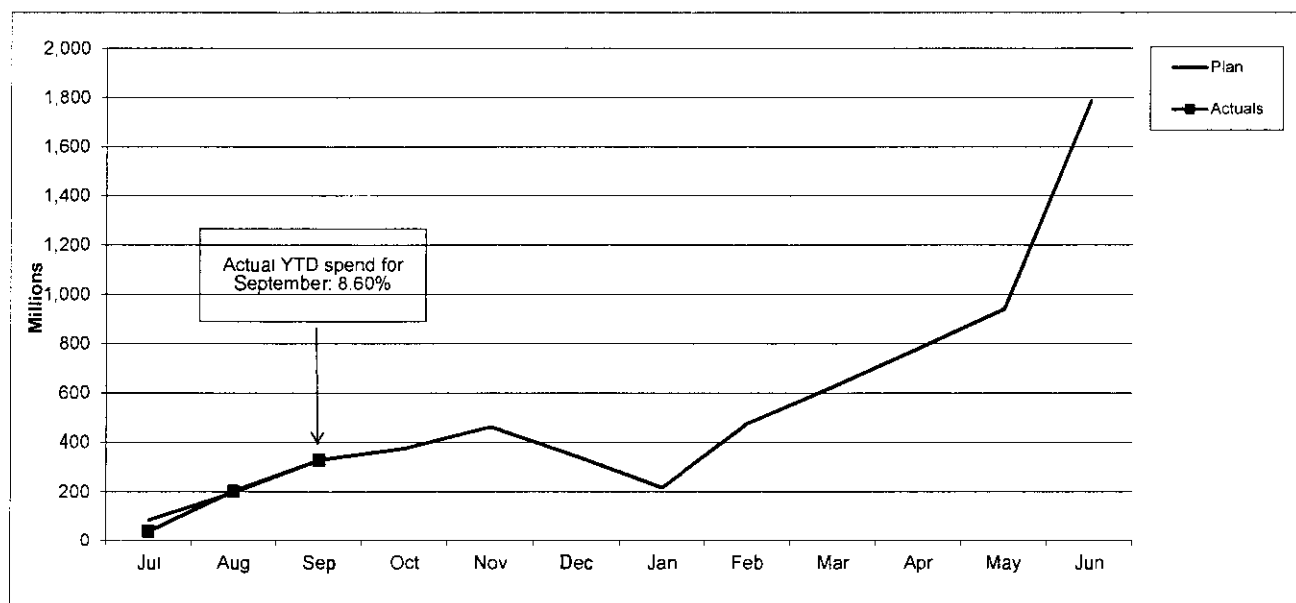
## Capital programme performance

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

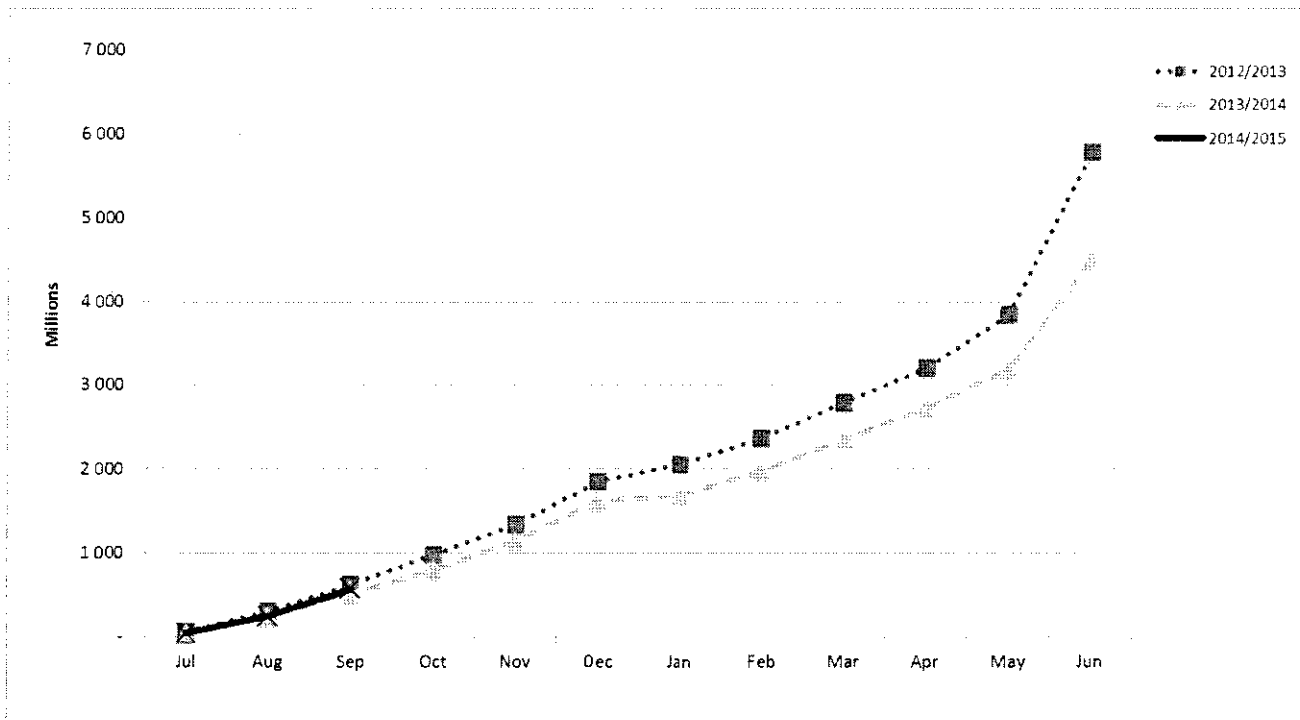
**Table SC12 Monthly Budget Statement - capital expenditure trend**

Month	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands								
<b>Monthly expenditure performance trend</b>								
July	52 401	135 515	84 196	38 964	84 196	45 232	53.7%	0.6%
August	198 025	279 404	196 549	241 786	280 746	38 960	13.9%	3.9%
September	255 735	461 448	328 642	568 959	609 388	40 428	6.6%	9.2%
October	284 835	402 354	374 762		984 149	–		
November	341 978	465 382	462 351		1 446 500	–		
December	490 309	390 410	343 269		1 789 768	–		
January	63 338	256 268	216 022		2 005 791	–		
February	282 952	505 716	476 185		2 481 976	–		
March	380 479	558 353	625 716		3 107 692	–		
April	378 773	631 070	780 311		3 888 003	–		
May	456 073	696 878	940 855		4 828 858	–		
June	1 317 394	1 428 519	1 784 248		6 613 106	–		
<b>Total Capital expenditure</b>	<b>4 502 293</b>	<b>6 211 315</b>	<b>6 613 106</b>					

The monthly expenditure-to-date measured against the 2014/15 current budget is graphically illustrated below.



The capital expenditure trend for the City for the 2012/13, 2013/14 and 2014/15 financial years is graphically illustrated below.

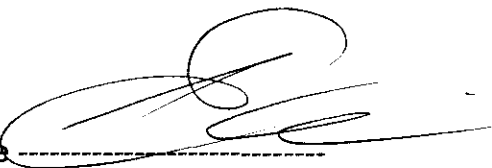


**MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

I, **Achmat Ebrahim**, the municipal manager of City of Cape Town, hereby certify that the quarterly report on the implementation of the budget and financial state affairs of the municipality, for the period ended **September 2014** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name Achmat Ebrahim

Municipal Manager of City of Cape Town (CPT)

Signature  Date 17.10.2014