

Annexure A:
Quarterly Financial Report –
31 December 2015

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PART 1 - IN-YEAR REPORT

EXECUTIVE SUMMARY

Summary Statement of Financial Performance

Description	2015/2016 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
Operating Revenue	34,399,338	17,024,652	16,998,291	99.8%	49.4%
Operating Expenditure	32,008,978	14,755,863	14,431,566	97.8%	45.1%

The summary statement of financial performance shows actual operating revenue of R16 998 million (49.4%) of the current budget and operating expenditure of R14 432 million (45.1%) 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 15.

Details of revenue by source and expenditure by type are shown in Table C4 on page 16. Details of material variances and remedial action, where applicable, are shown on page 17 to page 21.

Summary Statement of Capital Budget Performance

2015/16 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
6,852,988	2,082,605	1,892,205	90.9%	27.6%

The summary statement of capital budget performance shows actual capital expenditure of R1 892 million (27.6%) of the current budget. The year to date spend of R1 892 million represents 26.25% (R1 061 million) on internally-funded projects and 29.57% (R831 million) on externally-funded projects.

Details of capital expenditure categorised by municipal vote, standard classification and by funding source are shown in Table C5 on page 22. Details of material variances and remedial action, where applicable, are shown on page 23 to 25.

mSCOA implementation and impact on individual items

With the implementation of mSCOA, certain existing revenue and expenditure items were split into various items in order to comply with mSCOA requirements and classifications. Alignment of the 2015/16 budgetary provisions to the mSCOA items is difficult to achieve as there are no trends to base projections on. This might possibly result in irregular variances on certain items although these variances will be offset against other items within the same category.

Continuous amendments to expenditure items will be effected in terms of the City's Virement Policy to ensure alignment of budgetary provisions with mSCOA requirements with further amendments taking place in the adjustments budget in January 2016.

Table C1: Monthly budget statement summary

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

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	6,018,735	6,546,155	6,546,155	3,310,615	3,272,408	38,207	1.2%	6,552,155
Service charges	15,197,370	17,002,759	17,109,107	8,284,930	8,234,320	50,610	0.6%	17,126,145
Investment revenue	543,356	271,687	271,687	289,275	289,237	38	0.0%	580,766
Transfers recognised - operational	3,264,270	3,579,752	3,467,634	1,991,082	1,997,853	(6,771)	-0.3%	4,009,410
Other own revenue	4,238,957	4,269,728	4,194,231	2,291,240	2,419,044	(127,803)	-5.3%	4,200,133
Total Revenue (excluding capital transfers and contributions)	29,262,688	31,670,081	31,588,814	16,167,142	16,212,862	(45,720)	-0.3%	32,468,610
Employee costs	8,124,733	9,847,508	9,957,188	5,011,008	5,130,035	(119,027)	-2.3%	9,925,384
Remuneration of Councillors	128,412	139,311	139,311	64,333	66,200	(1,867)	-2.8%	139,311
Depreciation & asset impairment	1,917,134	2,089,827	2,089,827	1,015,979	1,044,914	(28,935)	-2.8%	2,127,123
Finance charges	779,929	971,133	971,137	359,881	373,123	(13,243)	-3.5%	762,538
Materials and bulk purchases	7,432,744	8,326,560	8,328,090	3,869,928	3,936,670	(66,742)	-1.7%	8,308,623
Transfers and grants	136,487	120,402	155,210	89,416	90,038	(622)	-0.7%	162,815
Other expenditure	8,875,827	10,595,504	10,368,216	4,021,020	4,114,882	(93,862)	-2.3%	11,191,920
Total Expenditure	27,395,265	32,090,246	32,008,978	14,431,566	14,755,863	(324,297)	-2.2%	32,617,714
Surplus/(Deficit)	1,867,422	(420,164)	(420,164)	1,735,576	1,456,999	278,577	19.1%	(149,104)
Transfers recognised - capital	2,423,179	2,223,813	2,754,821	799,013	786,667	12,346	1.6%	2,766,484
Contributions & Contributed assets	49,172	53,761	55,703	32,136	25,124	7,012	27.9%	68,734
Surplus/(Deficit) after capital transfers & contributions	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790	297,936	13.1%	2,686,114
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790	297,936	13.1%	2,686,114
Capital expenditure & funds sources								
Capital expenditure	5,251,742	6,043,985	6,852,988	1,892,205	2,082,605	(190,400)	-9.1%	6,444,186
Capital transfers recognised	2,473,313	2,223,813	2,755,162	799,013	826,897	(27,883)	-3.4%	2,766,825
Public contributions & donations	44,219	53,761	55,361	32,136	24,940	7,196	28.9%	68,392
Borrowing	2,152,377	2,579,264	2,670,077	868,678	730,307	138,372	18.9%	2,529,240
Internally generated funds	581,833	1,187,146	1,372,387	192,377	500,462	(308,085)	-61.6%	1,079,728
Total sources of capital funds	5,251,742	6,043,985	6,852,988	1,892,205	2,082,605	(190,400)	-9.1%	6,444,186
Financial position								
Total current assets	10,571,364	9,183,356	9,550,819	13,215,510				9,183,356
Total non current assets	38,578,872	42,929,513	43,928,498	35,687,008				42,929,513
Total current liabilities	8,656,354	8,829,527	9,690,997	5,520,456				8,829,527
Total non current liabilities	12,040,207	14,391,843	14,363,873	12,390,224				14,391,843
Community wealth/Equity	28,453,675	28,891,499	29,424,449	30,991,838				28,891,499
Cash flows								
Net cash from (used) operating	6,109,974	4,184,203	4,681,926	2,067,630	1,423,251	(644,379)	-45.3%	4,681,926
Net cash from (used) investing	(4,769,574)	(6,046,623)	(6,839,365)	(1,855,244)	(2,077,434)	(222,190)	10.7%	(6,839,365)
Net cash from (used) financing	(407,811)	1,671,793	1,671,793	(141,078)	(142,504)	(1,426)	1.0%	1,671,793
Cash/cash equivalents at the month/year end	3,199,148	2,074,783	2,139,765	2,696,718	1,828,723			2,139,765

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	2014/15	Budget Year 2015/16						Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	
R thousands								
Revenue - Standard								
<i>Governance and administration</i>	10,951,099	11,423,542	11,467,380	6,640,698	6,638,498	2,200	0.0%	11,785,301
Executive and council	305,097	294,405	333,253	154,522	188,162	(33,640)	-17.9%	341,115
Budget and treasury office	10,390,999	10,863,581	10,864,305	6,399,602	6,357,451	42,151	0.7%	11,171,444
Corporate services	255,003	265,556	269,821	86,574	92,885	(6,311)	-6.8%	272,742
<i>Community and public safety</i>	3,157,772	3,102,900	3,181,739	1,133,454	1,312,841	(179,387)	-13.7%	3,430,850
Community and social services	111,465	101,689	108,041	45,521	50,677	(5,155)	-10.2%	117,265
Sport and recreation	89,968	111,802	98,319	28,246	41,749	(13,503)	-32.3%	104,727
Public safety	1,093,085	1,071,703	1,123,937	421,532	549,363	(127,832)	-23.3%	1,122,533
Housing	1,620,155	1,536,028	1,568,306	492,567	548,026	(55,459)	-10.1%	1,808,136
Health	243,098	281,679	283,136	145,588	123,026	22,562	18.3%	278,189
<i>Economic and environmental services</i>	1,982,540	2,068,429	2,371,693	804,397	776,847	27,549	3.5%	2,706,740
Planning and development	255,857	295,963	307,079	146,219	138,128	8,091	5.9%	377,316
Road transport	1,695,014	1,766,123	2,058,271	656,851	635,548	21,304	3.4%	2,321,267
Environmental protection	31,669	6,343	6,343	1,326	3,172	(1,845)	-58.2%	8,157
<i>Trading services</i>	15,640,726	17,350,212	17,375,954	8,419,475	8,295,131	124,345	1.5%	17,379,866
Electricity	10,371,563	11,421,475	11,422,688	5,751,976	5,645,612	106,364	1.9%	11,435,329
Water	2,689,397	2,922,748	2,922,964	1,272,725	1,315,035	(42,310)	-3.2%	2,931,902
Waste water management	1,526,954	1,894,642	1,918,955	848,313	790,382	57,931	7.3%	1,902,652
Waste management	1,052,811	1,111,347	1,111,347	546,461	544,102	2,359	0.4%	1,109,983
<i>Other</i>	2,901	2,572	2,572	267	1,336	(1,068)	-80.0%	1,072
Total Revenue - Standard	31,735,038	33,947,655	34,399,338	16,998,291	17,024,652	(26,361)	-0.2%	35,303,828
Expenditure - Standard								
<i>Governance and administration</i>	4,716,365	6,043,012	6,052,652	2,729,015	2,797,631	(68,617)	-2.5%	5,875,521
Executive and council	779,217	1,047,793	1,050,034	461,334	486,112	(24,778)	-5.1%	1,021,643
Budget and treasury office	1,998,638	2,713,212	2,717,131	1,209,107	1,222,859	(13,752)	-1.1%	2,529,874
Corporate services	1,938,510	2,282,007	2,285,487	1,058,573	1,088,660	(30,087)	-2.8%	2,324,003
<i>Community and public safety</i>	5,950,683	7,094,791	7,022,645	2,919,013	2,955,395	(36,382)	-1.2%	7,577,757
Community and social services	511,528	566,317	584,617	292,686	289,627	3,058	1.1%	589,126
Sport and recreation	1,253,877	1,467,195	1,447,537	636,605	654,239	(17,634)	-2.7%	1,433,803
Public safety	2,196,586	2,503,345	2,551,221	878,256	909,795	(31,539)	-3.5%	2,572,141
Housing	1,179,815	1,626,880	1,512,502	645,666	636,872	8,794	1.4%	2,063,539
Health	808,876	931,054	926,767	465,801	464,862	939	0.2%	919,148
<i>Economic and environmental services</i>	3,282,903	3,503,807	3,500,924	1,569,405	1,578,647	(9,242)	-0.6%	3,727,459
Planning and development	677,746	756,326	758,896	374,192	375,409	(1,217)	-0.3%	856,305
Road transport	2,496,835	2,641,172	2,635,850	1,138,432	1,146,099	(7,668)	-0.7%	2,751,626
Environmental protection	108,322	106,309	106,178	56,781	57,139	(358)	-0.6%	119,528
<i>Trading services</i>	13,388,635	15,385,492	15,371,476	7,184,635	7,393,918	(209,284)	-2.8%	15,375,413
Electricity	8,275,131	9,441,323	9,428,087	4,427,520	4,497,551	(70,031)	-1.6%	9,415,789
Water	2,317,963	2,464,347	2,465,446	1,204,000	1,237,137	(33,137)	-2.7%	2,494,663
Waste water management	1,210,872	1,507,947	1,505,988	683,697	717,794	(34,097)	-4.8%	1,506,381
Waste management	1,584,669	1,971,875	1,971,955	869,418	941,437	(72,018)	-7.6%	1,958,579
<i>Other</i>	56,679	63,143	61,281	29,498	30,271	(772)	-2.6%	61,565
Total Expenditure - Standard	27,395,265	32,090,246	32,008,978	14,431,566	14,755,863	(324,297)	-2.2%	32,617,714
Surplus/ (Deficit) for the year	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790	297,936	13.1%	2,686,114

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.

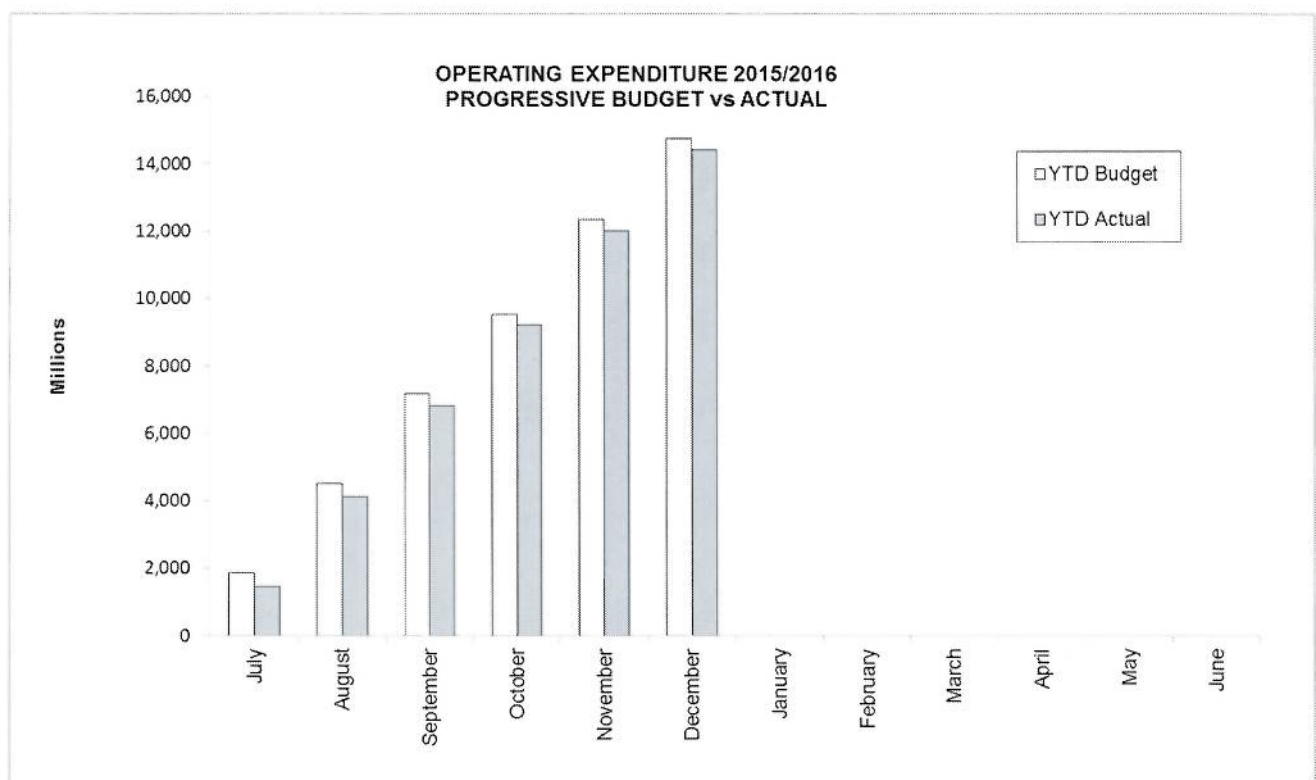
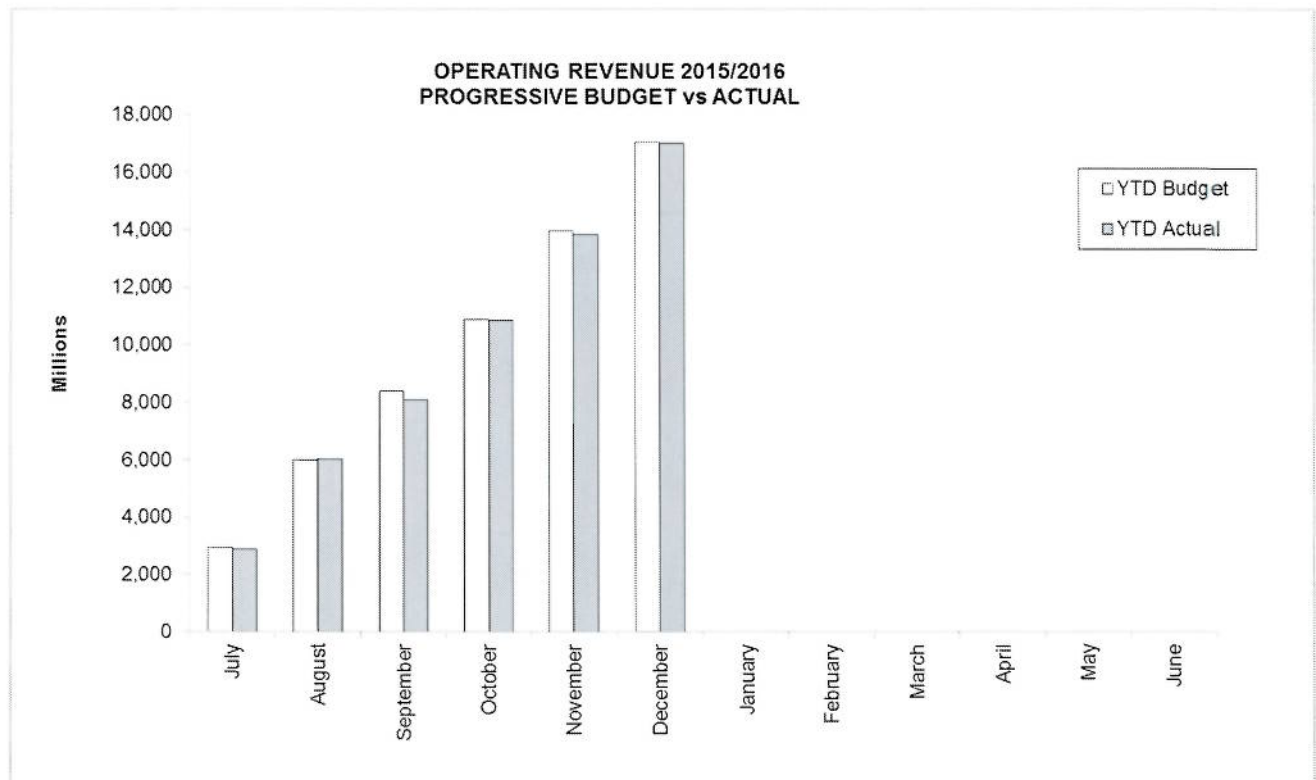


Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

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	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote								
Vote 1 - City Health	496,314	539,593	541,050	282,629	260,504	22,125	8.5%	538,466
Vote 2 - City Manager	1,530	1,348	1,548	120	501	(381)	-76.0%	73,276
Vote 3 - Community Services	183,331	167,052	188,285	61,875	83,388	(21,513)	-25.8%	203,918
Vote 4 - Compliance & Auxiliary Services	10,448	4,394	5,068	1,146	2,581	(1,435)	-55.6%	4,667
Vote 5 - Corporate Services	61,674	80,174	85,217	20,340	28,234	(7,894)	-28.0%	87,415
Vote 6 - Energy, Environmental & Spatial Planning	143,449	148,659	155,689	65,732	62,633	3,099	4.9%	156,291
Vote 7 - Finance	1,170,367	768,694	772,726	523,633	511,076	12,557	2.5%	1,080,114
Vote 8 - Human Settlements	1,620,146	1,536,021	1,568,300	492,566	548,026	(55,460)	-10.1%	1,808,130
Vote 9 - Rates & Other	9,540,176	10,426,245	10,426,245	6,019,370	5,986,076	33,294	0.6%	10,426,245
Vote 10 - Safety & Security	1,126,071	1,085,440	1,126,543	438,086	558,054	(119,968)	-21.5%	1,130,282
Vote 11 - Social Dev & Early Childhood Development	19,918	526	562	28	158	(129)	-82.0%	525
Vote 12 - Tourism, Events & Economic Development	28,344	55,086	55,086	16,342	41,793	(25,451)	-60.9%	53,586
Vote 13 - Transport for Cape Town	1,695,269	1,760,594	2,073,330	656,614	642,018	14,597	2.3%	2,340,225
Vote 14 - Utility Services	15,649,248	17,378,799	17,404,541	8,423,075	8,302,074	121,001	1.5%	17,405,698
Total Revenue by Vote	31,746,285	33,952,623	34,404,189	17,001,557	17,027,116	(25,559)	-0.2%	35,308,838
Expenditure by Vote								
Vote 1 - City Health	854,059	996,804	997,024	490,497	496,864	(6,367)	-1.3%	989,354
Vote 2 - City Manager	172,731	210,825	208,296	104,776	114,245	(9,469)	-8.3%	288,793
Vote 3 - Community Services	1,444,981	1,687,957	1,688,291	767,239	782,017	(14,778)	-1.9%	1,682,059
Vote 4 - Compliance & Auxiliary Services	495,833	568,028	568,871	272,326	279,217	(6,891)	-2.5%	578,710
Vote 5 - Corporate Services	1,526,228	1,808,415	1,808,751	823,091	845,784	(22,693)	-2.7%	1,827,543
Vote 6 - Energy, Environmental & Spatial Planning	504,849	552,947	556,726	271,621	272,146	(525)	-0.2%	568,156
Vote 7 - Finance	1,814,684	2,213,600	2,217,685	995,895	1,003,421	(7,525)	-0.7%	2,020,516
Vote 8 - Human Settlements	1,147,498	1,586,986	1,472,610	627,858	617,823	10,035	1.6%	2,023,814
Vote 9 - Rates & Other	570,802	962,510	965,239	446,952	455,578	(8,626)	-1.9%	972,632
Vote 10 - Safety & Security	2,251,812	2,607,501	2,643,604	917,608	946,225	(28,617)	-3.0%	2,665,517
Vote 11 - Social Dev & Early Childhood Development	140,775	183,805	184,055	68,803	66,917	1,886	2.8%	183,459
Vote 12 - Tourism, Events & Economic Development	521,977	569,288	569,438	281,712	284,197	(2,486)	-0.9%	574,089
Vote 13 - Transport for Cape Town	2,459,684	2,718,462	2,719,216	1,163,441	1,167,863	(4,423)	-0.4%	2,829,475
Vote 14 - Utility Services	13,489,354	15,423,118	15,409,173	7,199,745	7,423,564	(223,819)	-3.0%	15,413,598
Total Expenditure by Vote	27,395,265	32,090,246	32,008,978	14,431,566	14,755,863	(324,297)	-2.2%	32,617,714
Surplus/ (Deficit) for the year	4,351,019	1,862,378	2,395,211	2,569,991	2,271,253	298,738	13.2%	2,691,124

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

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

The ensuing 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
Revenue by Vote Vote 1 - City Health	22,125	8.5%	The over-recovery is a combination of over-/under-recovery. 1. Operating Grants & Donations (over), due to higher than planned revenue recognition on pharmaceutical and vaccines expenditure. 2. Service Charges for cleaning of vacant plots (under), due to lower than planned demand.	Pharmaceutical expenditure is demand driven and difficult to predict. Vaccines were purchased in advance as suppliers close over festive period. Cleaning of vacant plots is demand driven. A review was done in the mid-year review process with adjustments proposed in the January 2016 adjustments budget. Documentation was submitted to DPSA; waiting on a response. Adjustments to the period budget was proposed in the January 2016 adjustments budget.
Vote 2 - City Manager	(381)	-76.0%	The under-recovery relates to an Operating Grants & Donations project, where payment of the 2nd tranche is awaited to continue with further implementation/spending on the project.	
Vote 3 - Community Services	(21,513)	-25.8%	The under-recovery reflects on: 1. Camp/Resort Fees, due to the periodic budget provision not aligned with the seasonal trends. 2. Capital Grants & Donations projects: (i) New Regional Library Kuyasa Khayelitsha project: Orders for IT equipment have been placed; delivery expected shortly. (ii) Delays in the implementation of the following USDG-funded projects: Atlantis Synthetic Pitch, Hanover Park Synthetic Pitch and Nomzamo Park-Upgrade. 3. Operating Grants & Donations projects (Libraries), due to vacancies being in various stages of the recruitment and selection process.	The period budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.
Vote 4 - Compliance & Auxiliary Services	(1,435)	-55.6%	The under-recovery reflects on: 1. Recoupment of Staff Telephone costs, due to lower than planned recoveries from councillors for private telephone calls. 2. Handling Fees, due to incorrect posting against the element.	Incorrect transactions are being investigated and journals will be processed. The period budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.
Vote 5 - Corporate Services	(7,894)	-28.0%	The variance is a combination of over-/under-recovery. 1. Service Charges (over) iro Broadband Charges and Radio Trunking services, where actual revenue is more than planned to date. 2. Skills Development Levy (under), where payment is still outstanding. 3. Capital grant-funded project - Broadband WC - (over), where progress is slower than planned.	The budget provision was reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue by Vote Vote 6 - Energy, Environmental & Spatial Planning	3,099	4.9%	The variance is a combination of over-/under-recovery. 1. Building Levies, Rezoning Fees, Sub-divisions, Consents and Advertising fees (over), due to higher than planned revenue received, which is attributable to the property/building industry being more active than anticipated. 2. Operating Grants & Donations projects (Medium Term Infrastructure Investment Framework and Athlone Power station) (under), due to delays as a result of changes in the SCM processes and legal implications with tenders, which delayed the appointment of consultants. 3. Capital Grants & Donations project (Quality Public Space project) (over), where progress to date is ahead of schedule. The over-recovery is mainly on: 1. Handling and administration fees, due to higher than planned revenue from rates clearance certificates, legal fees recoveries and credit card recoveries. 2. CID Levies, due to adjustments to the base on which CID levies are calculated as supplementary valuations are implemented and new developments come onto stream. 3. Discounts from suppliers of goods and services, due to higher than planned revenue received. 4. Skills Development Levy, due to revenue allocated incorrectly to the Finance Directorate.	No corrective action required for over-recovery on revenue. Grant-funded projects were reviewed during the mid-year review process with proposed amendments in the January 2016 adjustments budget.
Vote 7 - Finance	12,557	2.5%		Revenue incorrectly allocated to the directorate will be journalised to the correct profit centre. A review was done during the mid-year review process with proposed amendments in the January 2016 adjustments budget.
Vote 8 - Human Settlements	(55,460)	-10.1%	The under-recovery is combination of over-/under-recovery. 1. Operating Grants & Donations (over), where some projects are slightly behind schedule and others ahead of schedule resulting in a small over-recovery. 2. Capital grant-funded projects - USDG (National) (under) a) Belhar/Pentech Housing project: The contractor is on site. Project is proceeding slower than expected. b) 10 Ha Somerset West Housing project: Awaiting Provincial Government approval. c) Morningstar Durbanville Housing project: Advertising of tender delayed. d) Valhalla Park Integrated Housing project: Delayed due to Local Content requirements by National Treasury. 3. Capital grant-funded projects (Provincial) (over) where progress on CRU upgrade projects is faster than planned.	The period budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.
Vote 9 - Rates & Other	33,294	0.6%	The over-recovery is mainly on: 1. Property Rates, due to the misalignment of the periodic budget provisions with the actual billings as the number of days billed per month differs from month to month. This over-recovery covers the impact of valuation objections and appeals that resulted in the reduction of the rates billed in current/previous financial years. 2. Income Forgone, due to more than planned Rates rebates processed to date.	A review was done during the mid-year review process with proposed amendments in the January 2016 adjustments budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue by Vote Vote 10 - Safety & Security	(119,968)	-21.5%	The under-recovery is a combination of over-/under-recovery. 1. Traffic Fines Income (under), due to fewer fines issued than planned to date. 2. Impoundment Fees for Cellphones and Vehicles (under), due to fewer impoundments than planned for. 3. Fire Fees (over) where revenue is dependent on the amount of fires extinguished within the City. 4. Licences and Permits (over), due to a higher than planned number of applications for learner licences, learner certificates and PDP operator certificates received. The under-recovery is on a capital grant-funded project (Jabulani Centre), due to land reservation not yet finalised.	Situation is closely monitored and reviewed on continuous basis. The budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.
Vote 11 - Social Dev & Early Childhood Development	(129)	-82.0%	The under-recovery is a combination of over-/under-recovery. 1. Admission Fees (under), due to lower than planned revenue received from the Cape Town Cup Event held at the Cape Town Stadium. 2. Encroachment Fees, Informal Trading Levies and Rental Income (over), due to revenue received, which was not planned for.	RFQ will be submitted to SCM once land reservation has been secured. A review was done during the mid-year review process with proposed amendments in the January 2016 adjustments budget.
Vote 12 - Tourism, Events & Economic Development	(25,451)	-60.9%	The under-recovery is a combination of over-/under-recovery. 1. Operating grant-funded projects (under), mainly due to: a) Delays in roll-out of further MyCiti routes. b) Impact of reduced operating hours of some MyCiti bus stations. c) Delays in funding from Provincial Government as MOA for the CIP and PTI has not been finalised. d) Late processing of staff recoveries for staff funded from grant funding. 2. Capital grant funded projects (over), due to: a) Progress being slightly ahead of schedule for Strand & Adderley Intersection rehab, Camps Bay Drive widening and rehab, and Hout Bay Main Rd rehab projects. b) New IRT project management tender approved. 3. Busfares (under), due to a lower than planned usage of service. 4. Development Levies (over), due to higher than planned revenue received for property development in the City.	Situation is under further investigation. The budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.
Vote 13 - Transport for Cape Town	14,597	2.3%		Period budgets were adjusted where required and reviewed during the mid-year review process with proposed amendments in the January 2016 adjustments budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue by Vote Vote 14 - Utility Services	121,001	1.5%	The over-recovery is a combination of over-/under-recovery. A. Cape Town Electricity 1. Electricity Service charges (R77.6 million over), due to consumer demand resulting in higher than planned sale of electricity. 2. Capital grants & donations projects (over), due to faster than planned progress on electrification projects and higher than planned demand for new installations. 3. Recoveries of Infrastructure Maintenance (over), due to a higher than planned demand from customers for services to be rendered. B. Water and Sanitation 1. Water Service Charges Revenue (R27.9 million under) and Sanitation Service Charges Revenue (R4.7 million over), where actual revenue was impacted by billing cycle days, billing corrections, correction of meter readings, meter replacements and consumer demand. 2. Capital grant-funded projects (USDG) (over), where the progress on the Mitchells Plain Treatment Works project and Cape Flats Bulk Sewer Project are progressing at a faster rate than planned. 3. Administration Fees (over), due to higher than planned revenue from dunning charges. 4. Operating Grants & Donations projects (EPWP) (over), due to progress on Janitorial Services project being faster than planned. C. Solid Waste Management 1. Refuse Service Charges (R.5 million over) due to (i) the misalignment of the period budget with the actual trend on Refuse Removal and the impact of data clean-up, (ii) lower than planned demand for Disposal Coupons for the period up to December and (iii) higher than planned revenue from special waste fees. 2. Operating Grants & Donations project HSDG (under), due to delays in filling positions.	The budgets were reviewed in the mid-year review process with adjustments proposed in the January 2016 adjustments budget.

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
Expenditure by Vote Vote 1 - City Health	(6,367)	-1.3%	The variance consists of under/over expenditure on various items. 1. Employee-related costs (under), due to the turnaround time in filling vacancies and staff appointments (largely externally-funded posts) made at lower than budgeted total cost to company resulting in savings. The lower than budgeted final wage award further contributed to the variance. 2. Contracted Services (under), largely due to lower than anticipated expenditure on plot cleaning and re-active R&M costs, which are demand driven and difficult to predict accurately per month. Delays in submission of invoices from the National Health Laboratory services further contributed to the under expenditure. 3. Electricity (under), largely due to lower than anticipated expenditure to date. 4. Security Services & Charges (under), due to outstanding invoices. 5. Pharmaceutical supplies (grant-funded) (over), due to bulk purchases of supplies for December/January resulting in the misalignment of the period budget with actuals to date.	The recruitment and selection process is on-going. A review of the grant funding allocation was undertaken during the mid-year review and adjustments were included in the proposed January 2016 adjustment budget.
Vote 2 - City Manager	(9,469)	-8.3%	1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Contracted Services (under), due to delays with the sign-off on the business brand strategy/plan and the second payment to WESGRO, which is scheduled for processing in January 2016. Lower than anticipated communication costs further contribute to the variance. 3. Grants/Sponsorships (under), due to the misalignment of the period budget with the anticipated transfer of payment to beneficiaries.	The recruitment and selection process is on-going. The directorate has filled 88% of its staff establishment, with 15 vacancies in various stages of the recruitment and selection process. Cash flows are proposed to be amended in the January 2016 adjustments budget.
Vote 3 - Community Services	(14,778)	-1.9%	The variance consists of under/over expenditure on various items. 1. Contracted Services (over), largely due to the misalignment of the budgetary provisions on various new R&M cost elements, which are difficult to accurately plan per monthly cycle as no prior year trends are available. 2. Employee-related costs (under), due to the turnaround time in filling vacancies, the impact of the internal filling of vacant posts, the cumulative impact of the lower than budgeted final wage award and the non-alignment of the period budget with the appointment of seasonal lifesavers over the festive season. 3. Other Expenditure (under), largely due to the misalignment of the period budget with the year to date actual on fuel, security, minor tools & equipment and cleaning costs. 4. Depreciation (under), which is largely linked to the capitalisation rate of projects. 5. Other Materials (over), largely due to accelerated expenditure on R&M, which resulted in the misalignment of the period budget with the actual to date.	The directorate currently has a 5.62% vacancy rate and recruitment and selection process is on-going. Budgetary provisions were reviewed during the mid-year review and assessment process and adjustments were included in the proposed January 2016 adjustment budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Expenditure by Vote</u> Vote 4 - Compliance & Auxiliary Services	(6,891)	-2.5%	The variance consists of a combination of under/over expenditure on various items. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted salary increases. 2. Councillor Remuneration (under), largely due to councillor increases not yet implemented. 3. General Expenses (under), due to the lower than anticipated expenditure on various items within this expenditure category, which are of an ad-hoc nature and difficult to accurately plan per month. 4. Contracted Services (over), largely due to higher than anticipated year to date expenditure on external forensic investigations.	The recruitment and selection process is on-going. As at end of December 2015 the directorate had 47 vacancies, which are at various stages of recruitment and selection process. Councillor increases was approved by the Minister of Co-operative Government and Traditional Affairs and will be submitted to Council for approval in January 2016. A review of the period budgets was undertaken during the mid-year review and adjustments were included in the proposed January 2016 adjustment budget.
Vote 5 - Corporate Services	(22,693)	-2.7%	1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Other Materials and Other Expenditure (under), largely due to lower than anticipated expenditure on R&M-related items and computer services (telecommunication and rental costs) respectively.	The recruitment and selection process is on-going. As at end of December 2015 the directorate had a total of 191 vacancies, which were at various stages of the recruitment and selection process. A review of the period budgets was undertaken during the mid-year review and adjustments were included in the proposed January 2016 adjustment budget.
Vote 6 - Energy, Environmental & Spatial Planning	(525)	-0.2%	The variance consists of a combination of under/over expenditure on various items. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Contracted Services (under), largely due to delays in the finalisation of the tender for alien vegetation clearing project. 3. Other Expenditure (over), largely due to escalating security requirements to secure assets and protect staff at nature reserves.	The recruitment and selection process is on-going. Additional allocation/top-up for Security Services was incorporated in the January 2016 adjustment budget.
Vote 7 - Finance	(7,525)	-0.7%	The variance is a combination of under/over expenditure. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Depreciation (under), which is largely linked to the capitalisation rate of projects. 3. Other expenditure (under), mainly due to lower than anticipated expenditure on insurance related items, which are based on insurance claims. An incorrect credit posting relating to road accident fund recoveries further contributed to the variance. This will be re-posted to the relevant claim project. 4. Scrapping of stock (over), largely due to expenditure incurred against no budget. 5. Loss on Foreign Exchange (over), where expenditure is linked to the exchange rate, which is unpredictable and difficult to plan given the rand value fluctuation.	The recruitment and selection process is on-going. Corrective journals will be processed for the road accident fund recoveries. A review of the budget was undertaken during the mid-year review and adjustments were included in the proposed January 2016 adjustment budget.

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Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote Vote 8 – Human Settlements	10,035	1.6%	The variance consists of under/over expenditure on various items. 1. Peoples Housing Process (PHP) projects (over), largely due to higher than anticipated rate of expenditure achieved on various projects, which is difficult to estimate accurately as many factors influence the rate of progress on housing development projects managed and control by communities in terms of the national PHP process. 2. Subsidy on Homeowners Redemption (over), largely as a result of expenditure incurred against no budget; this expenditure will be funded from the Housing development fund. 3. Other materials (over), largely due to higher than anticipated expenditure on housing fire kits for informal settlements. 4. Employee-related costs (under), due to the turnaround time in filling of vacancies, impact of the internal filling of vacant posts and the non-alignment of the planned expenditure with the actual filling of grant-funded posts. 5. Contracted Services (under), due to the slower than anticipated rate of expenditure on the Belhar Pentech and Somerset West housing development projects, which are dependent on the finalisation of bulk services before building works on top structures can commence.	The recruitment and selection process is on-going. The directorate currently has a 6% vacancy rate, which represents 53 positions. A review of the grant-funded posts was undertaken and staff linked to grant-funded posts are currently in the process of being mapped. A review of the budgetary provisions was undertaken in the mid-year review and adjustments proposed in the January 2016 adjustment budget.
Vote 9 – Rates & Other	(8,626)	-1.9%	The variance is largely due to lower than anticipated expenditure on Indigent Relief for Refuse Removal and Free Basic Electricity in Eskom areas, which is linked to the number of applications received and consumers who qualified for the indigent assistance.	The situation is monitored.
Vote 10 – Safety & Security	(28,617)	-3.0%	The variance consists of under-/over expenditure on various items. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts, and contract and seasonal staff appointments still in process of being made. 2. Contracted Services (under), largely due to lower than anticipated expenditure on the re-active component of R&M, which is demand driven and difficult to plan accurately per month. 3. Uniforms & Protective clothing (under), mainly due to delays in the finalisation of the uniform tender. 4. Fuel (under), due to stricter control measures put in place by the directorate to reduce fuel cost. 5. Tools and Equipment (under), due to R&M work being outsourced resulting in less materials required. 6. Hire Charges (over) – due to higher than anticipated vehicle hire to ensure continues optimum service delivery. 7. Computer Services (over), due to additional IT services required.	The recruitment and selection process is ongoing. As at end of December 2015, the directorate had a total of 392 vacancies, which are at various stages of the recruitment and selection process. 537 appointments were made and 42 terminations processed since the start of the financial year. Budgetary re-alignment on employee-related costs is ongoing. A review of the budgetary provisions of other expenditure categories was undertaken in the mid-year review and adjustments proposed in the January 2016 adjustment budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote Vote 11 - Social Dev & Early Childhood Development	1,886	2.8%	The variance is a combination of under/over expenditure. 1. Contracted Services (over), largely as a result of EPWP projects implemented earlier than anticipated. 2. Other Expenditure (over), due to the increased demand for hiring services, transportation services, gardening supplies (as part of the poverty alleviation programme), printing and stationery and photographic materials. 3. Employee-related costs (under), due to the turnaround time in filling of vacancies, the impact of the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award.	Corrective action (virements) to re-alignment period budgets with anticipated spend is ongoing. The recruitment and selection process is ongoing and vacancies are expected to be filled by April 2016.
Vote 12 - Tourism, Events & Economic Development	(2,486)	-0.9%	The variance is a combination of under/over expenditure. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies and the impact of the internal filling of vacant posts. 2. Contracted Services (under), due to lower than anticipated R&M expenditure on facilities. 3. Other expenditure (over), largely on cleaning cost and security service and charges, due to the misalignment of the period budget with the actual cost relating to events.	The recruitment and selection process is on-going. The directorate had 62 vacancies as at 31 December 2015. Twenty eight positions (25 internal and 3 external) were filled with 3 terminations processed from 1 July 2015 to date. The budgetary provisions were reviewed in the mid-year review and re-alignment of the budgetary provisions is proposed in the January 2016 adjustments budget.
Vote 13 - Transport for Cape Town	(4,423)	-0.4%	The variance largely consists of under- and over expenditure on various items: 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Contracted Services (over), largely as a result of accelerated expenditure on storm water projects (River and Canal cleaning), consultants cost, repairs on aging fleet and IRT communication costs. 3. Other Expenditure (under), largely due to: a) Lower than anticipated expenditure on grant-funded projects as funding for some projects is not available pending finalisation of agreements and signed MOA. b) Lower than anticipated IRT compensation payments, due to decreased claim settlements. c) Delays in processing security services invoices. d) Lower than planned expenditure on security cost, due to the impact of the moderation exercise implemented on security services at public transport interchanges. 4. IRT compensation (over), due to delays in processing of the month-end journal.	The recruitment and selection process is on-going. As at end of December 2015 the directorate had 215 vacancies. 75 vacancies were filled from 1 July 2015 and 48 terminations processed. The review of the period budget was undertaken during the mid-year review and adjustments are proposed in the January 2016 adjustments budget. Variances are monitored by the finance manager and corrective action taken where required.

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Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote Vote 14 - Utility Services	(223,819)	-3.0%	The variance is a combination of under- and over expenditure. 1. Employee-related costs (under), due to the turnaround time in filling of vacancies, the internal filling of vacant posts and the cumulative impact of the lower than budgeted final wage award. 2. Bulk purchases: a) Bulk Water: Levy (under), largely due to delays in submission and processing of December accounts by the Department of Water Affairs. b) Electricity (under), due to periodic budget seasonalisation, which is based on trends from prior years. This expenditure trend is difficult to predict accurately per monthly cycles. 3. Depreciation (under), which is affected by the capitalisation rate of assets based on the completion and progress of capital projects. 4. Finance charges (under), largely due to the non-alignment of the period budget with the rehabilitation of landfill sites interest cost, which is calculated and charged at year end. 5. Materials Other (under), largely due to: a) Slower than anticipated start on R&M programmes. b) Incorrect budgetary allocation for refuse bags against Materials: General (the actuals are posted on cleaning costs). 6. Contracted Services (under) due to: a) Slower than anticipated start on R&M and other projects. b) Lower than anticipated repair work on building, smoke machines, and filters and pumps at the Athlone pump station. c) Lower than anticipated sewer services and haulage expenditure for waste transportation between drop-offs and disposal sites as a result of recycling initiatives implemented. d) Delays in the appointment of transaction advisor within the Solid Waste Management department. 7. Other Expenditure a) Chemicals (under), due to lower than anticipated spend on chemicals, which are demand driven and dependent on climatic changes and difficult to plan accurately per month. b) Rehabilitation of Landfill sites (under), due to delays in the finalisation of the Atlantis landfill closure tender. c) Electricity (over), largely due to higher volumes of electricity consumed at plant/pump stations within Eskom-supplied areas. d) Hire Charges (over), due to higher than anticipated expenditure for water and sanitation evacuation work done in the Cape Flats areas. e) Cleaning Costs (over), due to the budgetary allocation for refuse bags incorrectly reflecting on materials while the actuals are posted on cleaning costs. f) Minor Tools and Equipment (over), due to higher than anticipated purchases of refuse containers, which is demand driven.	The recruitment and selection process is on-going. Utility Services had 1 098 vacancies [Solid Waste Management - 367, Water & Sanitation - 471, Cape Town Electricity - 257, Project Monitoring Unit - 2 and Support Services - 1] out of 10 291 staff establishment as at 30 November 2015. As at end December the directorate had 89.33% filled positions out of the total staff establishment. The directorate has made 450 appointments (207 were internal appointments) since the beginning of 2015/16. For the same period 209 terminations were processed. The period budget was reviewed during the mid-year review with adjustments proposed in the January 2016 adjustments budget.

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	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates	6,018,735	6,546,155	6,546,155	3,310,615	3,272,408	38,207	1.2%	6,552,155
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–
Service charges - electricity revenue	9,976,994	11,127,619	11,127,619	5,612,449	5,534,856	77,593	1.4%	11,127,619
Service charges - water revenue	2,524,635	2,745,181	2,745,181	1,202,717	1,230,676	(27,959)	-2.3%	2,745,181
Service charges - sanitation revenue	1,321,307	1,470,947	1,470,947	661,725	657,068	4,657	0.7%	1,470,947
Service charges - refuse revenue	980,691	1,097,246	1,097,246	537,433	537,052	381	0.1%	1,097,054
Service charges - other	393,743	561,765	668,113	270,606	274,668	(4,062)	-1.5%	685,344
Rental of facilities and equipment	369,121	345,646	345,791	178,974	170,348	8,626	5.1%	365,189
Interest earned - external investments	543,356	271,687	271,687	289,275	289,237	38	0.0%	580,766
Interest earned - outstanding debtors	198,230	233,996	234,770	102,588	117,224	(14,636)	-12.5%	231,266
Dividends received	–	–	–	–	–	–	–	–
Fines	988,017	977,210	997,254	360,062	498,429	(138,367)	-27.8%	996,923
Licences and permits	43,111	43,028	29,579	19,424	14,789	4,635	31.3%	29,444
Agency services	168,519	153,993	153,993	84,207	84,859	(652)	-0.8%	153,993
Transfers recognised - operational	3,264,270	3,579,752	3,467,634	1,991,082	1,997,853	(6,771)	-0.3%	4,009,410
Other revenue	2,384,151	2,441,185	2,358,175	1,540,174	1,523,947	16,227	1.1%	2,348,650
Gains on disposal of PPE	87,809	74,669	74,669	5,810	9,447	(3,637)	-38.5%	74,669
Total Revenue (excluding capital transfers)	29,262,688	31,670,081	31,588,814	16,167,142	16,212,862	(45,720)	-0.3%	32,468,610
Expenditure By Type								
Employee related costs	8,124,733	9,847,508	9,957,188	5,011,008	5,130,035	(119,027)	-2.3%	9,925,384
Remuneration of councillors	128,412	139,311	139,311	64,333	66,200	(1,867)	-2.8%	139,311
Debt impairment	1,523,784	1,798,371	1,798,493	527,335	527,335	(0)	0.0%	1,798,493
Depreciation & asset impairment	1,917,134	2,089,827	2,089,827	1,015,979	1,044,914	(28,935)	-2.8%	2,127,123
Finance charges	779,929	971,133	971,137	359,881	373,123	(13,243)	-3.5%	762,538
Bulk purchases	7,108,843	7,967,555	7,959,015	3,724,361	3,759,250	(34,889)	-0.9%	7,959,015
Other materials	323,901	359,005	369,075	145,568	177,420	(31,853)	-18.0%	349,608
Contracted services	3,576,198	4,818,153	4,278,885	1,455,819	1,576,664	(120,845)	-7.7%	4,621,603
Transfers and grants	136,487	120,402	155,210	89,416	90,038	(622)	-0.7%	162,815
Other expenditure	3,772,749	3,978,981	4,290,837	2,037,866	2,010,883	26,983	1.3%	4,771,824
Loss on disposal of PPE	3,096	–	–	–	–	–	–	–
Total Expenditure	27,395,265	32,090,246	32,008,978	14,431,566	14,755,863	(324,297)	-2.2%	32,617,714
Surplus/(Deficit)	1,867,422	(420,164)	(420,164)	1,735,576	1,456,999	278,577	19.1%	(149,104)
Transfers recognised - capital	2,423,179	2,223,813	2,754,821	799,013	786,667	12,346	1.6%	2,766,484
Contributions recognised - capital	44,219	53,761	55,703	32,136	25,124	7,012	27.9%	68,734
Contributed assets	4,953	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & Taxation	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790			2,686,114
Surplus/(Deficit) after taxation	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790			2,686,114
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790			2,686,114
Share of surplus/ (deficit) of associate	–	–	–	–	–			–
Surplus/ (Deficit) for the year	4,339,773	1,857,410	2,390,359	2,566,726	2,268,790			2,686,114

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
Revenue By Source				
Property rates	38,207	1.2%	The over-recovery is a combination of over-/under-recovery. 1. Property Rates, mainly as a result of the misalignment of the periodic budget provision with the actual billings as the number of days billed per month differs from month to month. This over-recovery covers the impact of valuation objections and appeals that resulted in the reduction of the rates billed in current/previous financial years. 2. Income Forgone, due to more than planned Rates rebates processed to date.	Periodic budget provisions were reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Property rates - penalties & collection charges	-	-	-	-
Service charges - electricity revenue	77,593	1.4%	The over-recovery is mainly on Electricity Sales, which is influenced by consumer demand and seasonal fluctuations.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Service charges - water revenue	(27,959)	-2.3%	The under-recovery is mainly on Water Sales. The sale of water is demand driven and actual revenue is influenced by a number of different factors i.e. billing corrections, correction of meter readings, meter replacements/installations and consumer consumption.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Service charges - sanitation revenue	4,657	0.7%	The over-recovery is mainly on Sewerage Sales. The charges on sewerage are demand driven and linked to water consumption and the factors influencing water consumption.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Service charges - refuse revenue	381	0.1%	The variance is a combination of over-/under-recovery. 1. The misalignment of the period budget with the actual trend on Refuse Removal (under).	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Service charges - other	(4,062)	-1.5%	2. Lower than planned demand for Disposal Coupons (under) 3. Higher than planned demand for special waste collection services (over). The under-recovery is a combination of over-/under-recovery on various revenue elements in this category. 1. Administration Fees revenue (over), mainly due to administration fees charged for rates clearance certificates, RD cheques, dunning charges etc. and which is demand driven and cannot be accurately estimated. 2. Fire Fees (over) within the Safety & Security directorate, due to the number of fires that had to be attended to being more than estimated. 3. Recoveries of Infrastructure Maintenance (over) within the Cape Town Electricity department, due to higher than planned number of jobs executed. 4. Service Charges-Infrastructure (over), due to the writing off of dormant debtor accounts with credit balances. 5. Busfares-Transit products (over), due to higher than planned usage of services. 6. Building Levies (over), due to higher than planned revenue from building plans submitted. 7. Camp /Resort Fees (under) within Community Services, due to a lower demand/usage of facilities than planned to date. 8. Admission Fees (under) within TEED, due to the lower than planned revenue from the Cape Town Cup Event. 9. Busfares-MyCiTi (under), due to lower than anticipated demand for the service by consumers. 10. Impoundment Fees for Vehicles/Cellphones (under), due to a lower than planned number of impoundments.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.

Table continues on next page

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source Rental of facilities and equipment	8,626	5.1%	The over-recovery is mainly within Community Services, Human Settlements and Tourism, Events & Economic Development and is mainly due to the misalignment of the periodic budget provisions with the actual revenue received from rentals.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Interest earned - external investments	38	0.0%	The over-recovery is within Finance where the actuals are slightly higher than planned to date.	Interest earned is monitored by the Investment Section on a monthly basis. Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Interest earned - outstanding debtors	(14,636)	-12.5%	The under-recovery is mainly due to lower than planned interest billed on outstanding consumer debtors for Rates and Water & Sanitation.	Situation is monitored. No corrective action required at this stage.
Dividends received	-	-	-	-
Fines	(138,367)	-27.8%	The under-recovery is mainly on Traffic Fines as a result of lower than planned fines income received to date. The period budget provisions are not accurately aligned with the actual trend as accurate planning of fines issued is not possible. Fines Income is influenced by law enforcement actions, fines issued, fines reviewed by Municipal Courts, fines paid etc.	Situation is monitored by the finance manager.
Licences and permits	4,635	31.3%	The over-recovery is mainly within Safety & Security and is due to a higher than planned number of applications for learner licences, learner certificates and PDP operator certificates received.	Situation is monitored. Licences and Permits are demand driven and difficult to plan accurately per monthly cycles.
Agency services	(652)	-0.8%	The under-recovery is mainly within Safety and Security and is due to the actual revenue being received one month in arrears as the reconciliation is done one month in arrears. Accurate planning is difficult due to the service being demand driven.	Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Transfers recognised - operational	(6,771)	-0.3%	The variance is a combination of over-/under-recovery within the following directorates/departments: 1. Human Settlements (R3.6 million over): Some projects are slightly behind schedule and others ahead of schedule with resulting in a small over-recovery to date. 2. Transport for Cape Town (R22.8 million under) mainly due to: a) Delays in roll-out of further MyCiTi routes. b) The impact of reduced operating hours of some MyCiTi bus stations. c) Delay in funding from Provincial Government as MOA for the CITP and PTI have not been finalised. d) Late processing of staff recoveries for staff funded from grant funding. 3. City Health (R24.1 million over): Higher than planned revenue recognition on pharmaceutical and vaccines expenditure. 4. Water & Sanitation (R2.6 million over) (EPWP): Janitorial Services project progressing being faster than planned. 5. Energy, Environmental and Spatial Planning (R4.8 million under): Projects for the Medium Term Infrastructure Investment Framework and Athlone Power station were delayed and will be rephrased to the next financial year.	Situation is monitored by the respective finance managers. Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.

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Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Revenue By Source</u> Other revenue	16,227	1.1%	The variance is a combination of over-/under-recovery. 1. CIDS-Commercial (over) within Finance, due adjustments to the base on which CID levies are calculated flowing from the implementation of supplementary valuations and the addition of new developments. 2. Salvaged Items (over), due the sale of salvage goods and items being more than planned for. 3. Hire of municipal staff (over) mainly within Safety & Security, due to higher than planned demand for traffic officers at events and security officers in CID areas. 4. Skills Development Levy (under), due to outstanding payment from LGSETA. 5. Development Levy (over) mainly within Transport for Cape Town, Cape Town Electricity, Water & Sanitation and Solid Waste Management, due to higher than planned receipts of levies paid by property developers in the City.	Situation is monitored by the finance managers in the respective services. Budget was reviewed during the mid-year review process with amendments proposed in the January 2016 adjustments budget.
Gains on disposal of PPE	(3,637)	-38.5%	The under-recovery is mainly within Water & Sanitation, Corporate Services and Finance Service, due to lower than planned revenue generated from the sale of PPE resulting in the misalignment of the period budget with the actual trend of transactions.	This revenue category is demand driven and difficult to accurately plan per monthly cycle. The situation is monitored on a monthly basis.

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
Expenditure By Type Employee related costs				
Remuneration of councillors	(119,027)	-2.3%	The variance is mainly due to: 1. The turnaround time in the filling of vacancies and the internal filling of vacant posts within the City. 2. Appointment of seasonal workers and temporary staff, which are dependent on peak seasons as and when departments require additional labour. 3. Medical aid increases for 2016 not implemented yet. 4. The cumulative impact of the lower than budgeted final wage award.	The City had 2782 vacancies as at 31 December 2015; 1757 positions were filled (728 internal and 1029 external) with 836 terminations processed from 1 July to date. The filling of vacancies is on-going and seasonal staff are appointed as required. Medical aid increases will be implemented during January 2016. Savings realised to date have been set aside and ring-fenced within investment accounts to cover unfunded cash commitments as approved by Council.
Debt impairment	(1,867)	-2.8%	The variance is largely due to councillor increases not yet implemented.	Salary increases were approved by the Minister of Corporate Governance & Traditional Affairs. It will be submitted to Council for approval in January 2016.
Depreciation & asset impairment	(0)	0.0%	-	-
Finance charges	(28,935)	-2.8%	The variance is largely as a result of the capitalisation rate of assets, which is based on the completion and progress of capital projects.	Amendments to the budget provision is proposed in the January 2016 adjustments budget.
	(13,243)	-3.5%	The variance is largely due to the non-alignment of the period budget with rehabilitation of landfill sites interest cost, which is calculated and charged at year end.	The period budget will be aligned with actual expenditure.
Bulk purchases	(34,889)	-0.9%	1. Bulk purchases - Water (under), largely due to delays in submission of accounts by the Department of Water Affairs. 2. Electricity (under), due to periodic budget seasonalisation not in line with actual cash flows, which is based on prior year trends and difficult to predict accurately.	The Water & Sanitation department is following up on the outstanding accounts and payments are made as accounts are received. Review of period budgets is ongoing and corrective action undertaken where necessary.
Other materials	(31,853)	-18.0%	The variance is a combination of under/over expenditure. 1. Slower than anticipated start on pro-active R&M programmes resulting in under expenditure. 2. Incorrect budgetary allocation for refuse bags against Materials: General (the actuals are posted on cleaning costs). 3) Higher than anticipated expenditure on housing fire kits for informal settlements. 3) Accelerated expenditure on R&M, which resulted in the misalignment of the period budget with the actual to date.	Budgetary reviews were undertaken during the mid-year review and proposed amendments included in the January 2016 adjustments budget.

Table continues on next page.

Description	YTD Variance R Thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Expenditure By Type</u> Contracted services	(120,845)	-7.7%	The variance is a combination of over/under expenditure. 1. Slower than anticipated start on R&M and other projects. 2. Delays in the appointment of transaction advisor in the Solid waste Management department. 3. Slower than anticipated rate of expenditure largely on Housing Development projects, which is dependent on the finalisation of bulk services before building works on top structure can commence. 4. Accelerated expenditure on storm water projects (River and Canal cleaning), consultants costs, aging fleet and communication cost. 5. Misalignment of the budgetary provisions on various new R&M-related items.	The period budget was reviewed in the mid-year review with amendment proposed in the January 2016 adjustments budget. Expenditure trends are expected to increase over the ensuing months.
Transfers and grants Other expenditure	(622) 26,983	-0.7% 1.3%	Immaterial variance. Main contributors to the variance are : 1. Pharmaceutical supplies (grant-funded) (over), largely as a result of bulk purchases of supplies for December /January resulting in the misalignment of the period budget with actuals to date. 2. Cleaning Costs (over), due to the misalignment of budgetary provisions for refuse bags, which reflects on materials while the actuals are posted on cleaning costs. 3. Chemicals (under), due to lower than anticipated spend on chemicals, which are demand driven and difficult to plan accurately per month.	- The period budgets were reviewed during the mid-year review with amendments proposed in the January 2016 adjustments budget.
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	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Multi-Year expenditure appropriation								
Vote 1 - City Health	20,173	15,673	20,105	3,700	9,751	(6,051)	-62.1%	21,288
Vote 2 - City Manager	13,920	14,954	15,148	7,392	7,314	78	1.1%	33,274
Vote 3 - Community Services	199,711	160,331	206,801	64,180	81,699	(17,519)	-21.4%	221,715
Vote 4 - Compliance & Auxiliary Services	3,723	4,134	9,931	2,453	1,470	983	66.9%	22,635
Vote 5 - Corporate Services	379,050	420,880	430,302	107,389	85,752	21,637	25.2%	436,545
Vote 6 - Energy, Environmental & Spatial Planning	56,216	80,064	78,295	23,168	17,658	5,510	31.2%	79,859
Vote 7 - Finance	90,740	141,379	142,717	14,996	21,808	(6,811)	-31.2%	40,186
Vote 8 - Human Settlements	962,031	420,835	582,162	113,569	194,068	(80,499)	-41.5%	416,993
Vote 9 - Rates & Other	—	—	—	—	—	—	—	—
Vote 10 - Safety & Security	82,095	105,163	133,593	36,853	32,834	4,019	12.2%	149,957
Vote 11 - Social Dev & Early Childhood Development	23,251	11,971	17,944	3,551	1,964	1,587	80.8%	15,760
Vote 12 - Tourism, Events & Economic Development	36,678	41,098	42,583	9,568	18,765	(9,197)	-49.0%	41,403
Vote 13 - Transport for Cape Town	1,218,720	1,399,805	1,785,655	550,455	496,576	53,878	10.8%	1,955,077
Vote 14 - Utility Services	2,165,433	3,227,699	3,387,752	954,932	1,112,946	(158,014)	-14.2%	3,009,494
Total Capital Expenditure	5,251,742	6,043,985	6,852,988	1,892,205	2,082,605	(190,400)	-9.1%	6,444,186
Capital Expenditure - Standard Classification								
Governance and administration	520,222	587,509	617,858	136,448	115,556	20,892	18.1%	534,176
Executive and council	31,234	21,193	37,849	6,568	4,407	2,161	49.0%	48,674
Budget and treasury office	16,215	14,495	18,302	5,107	4,425	683	15.4%	15,750
Corporate services	472,772	551,820	561,707	124,773	106,724	18,048	16.9%	469,752
Community and public safety	1,341,328	799,473	1,024,082	248,761	348,650	(99,889)	-28.7%	884,511
Community and social services	81,411	69,196	92,597	35,238	44,206	(8,968)	-20.3%	99,172
Sport and recreation	151,529	124,613	149,464	37,235	53,834	(16,599)	-30.8%	156,586
Public safety	126,115	169,157	179,548	58,955	46,725	12,230	26.2%	190,190
Housing	962,099	420,904	582,516	113,633	194,133	(80,499)	-41.5%	417,347
Health	20,173	15,603	19,957	3,700	9,751	(6,051)	-62.1%	21,218
Economic and environmental services	1,277,386	1,502,183	1,896,175	575,989	526,108	49,881	9.5%	2,086,926
Planning and development	38,812	83,570	75,439	22,427	21,330	1,097	5.1%	90,211
Road transport	1,227,644	1,408,046	1,807,096	552,251	503,440	48,811	9.7%	1,979,510
Environmental protection	10,930	10,567	13,640	1,312	1,338	(27)	-2.0%	17,204
Trading services	2,111,807	3,154,319	3,314,372	930,841	1,091,991	(161,150)	-14.8%	2,938,072
Electricity	898,889	1,343,939	1,411,824	330,714	453,921	(123,207)	-27.1%	1,122,474
Water	524,051	786,494	816,896	287,988	408,891	(120,903)	-29.6%	853,749
Waste water management	460,858	726,171	746,938	262,308	158,631	103,677	65.4%	691,744
Waste management	228,009	297,715	338,715	49,832	70,549	(20,717)	-29.4%	270,105
Other	999	500	500	166	300	(134)	-44.7%	500
Total Capital Expenditure - Standard Classification	5,251,742	6,043,985	6,852,988	1,892,205	2,082,605	(190,400)	-9.1%	6,444,186
Funded by:								
National Government	2,189,129	2,137,367	2,632,659	733,246	766,703	(33,457)	-4.4%	2,586,270
Provincial Government	282,292	86,446	122,163	65,767	60,194	5,573	9.3%	180,214
District Municipality	—	—	—	—	—	—	—	—
Other transfers and grants	1,892	—	341	—	—	—	—	341
Transfers recognised - capital	2,473,313	2,223,813	2,755,162	799,013	826,897	(27,883)	-3.4%	2,766,825
Public contributions & donations	44,219	53,761	55,361	32,136	24,940	7,196	28.9%	68,392
Borrowing	2,152,377	2,579,264	2,670,077	868,678	730,307	138,372	18.9%	2,529,240
Internally generated funds	581,833	1,187,146	1,372,387	192,377	500,462	(308,085)	-61.6%	1,079,728
Total Capital Funding	5,251,742	6,043,985	6,852,988	1,892,205	2,082,605	(190,400)	-9.1%	6,444,186

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
Capital Expenditure by Vote				
Vote 1 - City Health	(6,051)	-62.1%	1. Tafelsig Clinic - Extension and Upgrade project: Project has reached practical completion stage. Awaiting final account. 2. Delays in the award of tenders for various projects.	1. Tafelsig Clinic - Extension and Upgrade project: Payments will be made upon agreement of final account. 2. Follow up on the SCM processes and timeline for appointments.
Vote 2 - City Manager	78	1.1%	Immaterial variance.	Cash flows will be amended in the January 2016 adjustments budget.
Vote 3 - Community Services	(17,519)	-21.4%	1. City Parks - Upgrade Nomzamo Park - Smart Park: Adjudication completed. Bid Evaluation Committee recommendation made. Waiting on date of Bid Adjudication Committee meeting. 2. Sport, Recreation and Amenities a) Roof Enclosure of Retreat Swimming Pool: Termination notice was issued to contractor on 4 November 2015. Contractor responded with dispute notice. Legal Services to advise on way forward. A process has commenced for the appointment of a new contractor with expected site handover in April 2016. b) Vehicles - Additional - S&R: Delay due to additional processes recently implemented. The tender will now be awarded in January 2016, should no appeals be received. Orders will be placed thereafter. c) Hanover Park Synthetic Pitch: Tender awarded on 2 November 2015 with 21 day appeal period having ended on 27 November 2015; awaiting outcome. Construction is anticipated to commence on site end January 2016. d) Atlantis Synthetic Pitch: Tender awarded on 16 November 2015 with 21 day appeal period having ended on 14 December 2015; awaiting outcome. Construction is anticipated to commence on site end January 2016. 3. Library and Information Services - New Regional Library Kuyasa Khayelitsha: Practical completion achieved 30 October 2015; contractor busy with final snags. Orders are being placed for IT equipment. Quotations came in lower than the anticipated. 1. Furniture, Tools & Equipment - Additional: Delivery earlier than anticipated. 2. Security hardening of Subcouncil offices: Some of the orders have been delivered earlier than anticipated.	Cash flows will be amended in the January 2016 adjustments budget.
Vote 4 - Compliance & Auxiliary Services	983	66.9%	The directorate is ahead of the planned spend, mainly due to the following reasons: 1. Specialised Vehicle Replacement Project: Specialised vehicles were delivered earlier than anticipated. 2. FM Structural Rehabilitation Project - The Space Management System development and the Civic Centre Retrofit projects: Projects progressing faster than anticipated.	Cash flows will be amended in the January 2016 adjustments budget.
Vote 5 - Corporate Services	21,637	25.2%		Cash flows will be amended in the January 2016 adjustments budget.
Vote 6 - Energy, Environmental & Spatial Planning	5,510	31.2%	1. Replace Computer Equipment FY2016: Delivered earlier than anticipated. 2. Quality Public Spaces - Citywide FY2016: Good contractor performance. 3. DAMS Enhancements: Good contractor performance.	Cash flows will be amended in the January 2016 adjustments budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Capital Expenditure by Vote Vote 7 - Finance	(6,811)	-31.2%	Basement Parking: This is a multi-funded and multi-year project. The CRR portion was utilised first and is fully spent. The EFF portion of the project will not be completed as per original plan, due to the inclusion of the meeting rooms pod area in the CTICC design and the revised construction program that was submitted by the contractor to accommodate the changes in design. The variance relates to various projects including: 1. Langa Hostels CRU 463 project: The contractor indicated the project will be completed by 29 February 2016 despite initial project delays. 2. Belhar/Pentech Housing project: The contractor is on site. Project is proceeding slower than expected. 3. 10 Ha Somerset West Housing Project: project can only recommence once the rephasing of the project is approved by Provincial Government. 4. Pelican Park Phase 1 Housing project: Delay in the house construction resulted in delays in the construction of the courtyards and infrastructure services surrounding these houses. 5. Vahalla Park Integrated Housing project: Project was delayed, due to Local Content requirements by National Treasury. Tender award was not made in October 2015, due to additional input from Supply Chain Management. 6. CRU projects in Manenberg & Ottery: Completion delayed by gang violence. 7. Fisanteakraal Garden Cities Phase 2: Project delayed due to community unrest. 8. Morkel's Cottage Strand Housing Project: Access to site (Provincial Government portion of land) re-emerged as a delivery hindrance. 9. Morningstar Durbanville Housing Project: Advertising of tender to commence February 2016 following delay. 10. Urbanisation: Backyards/Informal Settlement Upgrade: Delay in the approval of term tenders, which was earmarked to implement these projects.	The project will be rephased to 2016/17. Budget and cash flows will be amended in the January 2016 adjustments budget.
Vote 8 - Human Settlements	(80,499)	-41.5%	General: Project managers have revised cash flows of all projects based on current data. The revised cash flows will be adjusted in the January 2016 adjustment budget. 1. Langa Hostels CRU 463 project: Increase in construction of services is expected for project to be completed by 29 February 2016. 2. Belhar/Pentech Housing project: Due to challenges with contractor the budget will be revised in the January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. Contract terminated January 2016. 3. 10 Ha Somerset West: Budget will be reduced to R10 million in the January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. Meetings have been scheduled with the Provincial Government to speed up project approval. 4. Pelican Park Phase 1 Housing project: Anticipated completion date of 31 March 2016 expected. 5. Vahalla Park Integrated Housing project: Budget will be reduced to R6 million in January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. Project to start January/February 2016. 6. CRU projects in Manenberg & Ottery: Projects expected to be completed by April 2016. 7. Fisanteakraal Garden Cities Phase 2: Budget will be reduced to R16.3 million in the January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. 8. Morkel's Cottage Strand Housing Project: Urgent meeting to attempt resolution with Provincial Government in order to allow City to access the Provincial land scheduled for 14 January 2016. Budget will be reduced to R6 million in the January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. 9. Morningstar Durbanville Housing Project: Budget will be reduced to R1 million in the January 2016 adjustment budget and project rephased to 2016/17 to align with construction timelines. Tender to be advertised in February 2016. 10. Urbanisation: Backyards/ Informal Settlement Upgrade: Budget will be reduced to R70.8 million in the January 2016 adjustment budget and some projects rephased	On-going monitoring of progress on these projects is taking place.
Vote 9 - Rates & Other Vote 10 - Safety & Security	- 4,019	- 12.2%	Equipment and services delivered ahead of schedule, due to availability of stock and building supplies in respect of the following projects: a) Integrated Contact Centre b) Construction of Disaster volunteer bases in Wallacedene and Blueridge c) CCTV Installation and Upgrade d) Property Improvements City Wide e) CCTV Cameras- City Wide	

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Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Capital Expenditure by Vote Vote 11 - Social Dev & Early Childhood Development	1,587	80.8%	The positive variance is due to good contractor performance on the implementation of the following projects: a) Construction of the Golden Gate Early Childhood Development Centre b) Construction of the Nantes Early Childhood Development Centre c) Training and Programme Equipment	Budget and cash flow to be amended in the January 2016 adjustments budget.
Vote 12 - Tourism, Events & Economic Development	(9,197)	-49.0%	Strategic Assets: Delay due to incorrect invoice for advance payment received from service provider on the following projects: 1. Upgrade of Good Hope Centre 2. Upgrade of City Hall Events: 1. Film & Events Permitting System: Delay in appointment of consultant with work now expected to commence in February 2016.	Strategic Assets: Service provider to amend and re-submit invoice. Events: An amount of R700 000 will be rephased to 2016/17. Budget and cash flow to be amended in the January 2016 adjustments budget.
Vote 13 - Transport for Cape Town	53,878	10.8%	December invoices on a number of projects were significantly higher than had been originally expected as contractors accelerated their work in the last two months of the calendar year to make up for lesser progress earlier in the year.	None considered necessary.
Vote 14 - Utility Services	(158,014)	-14.2%	Refer below.	There are on-going ED engagements with line directors and project managers to ensure that tracking and monitoring of projects are within the prescribed timeframes and that corrective actions are processed timeously. Refer below for further comments per department.
Utility Services Support	(40)	-32.1%	Contingency Insurance Replacement: Cash flows misaligned.	Cash flows will be aligned in the January 2016 adjustments budget.
Water & Sanitation	(17,186)	-3.0%	Immaterial variance.	-
Solid Waste Management	(20,717)	-29.4%	The following projects have contributed to the variance: 1. New Transfer Station Infrastructure project: Delay in the tender process, due to an appeal, which was subsequently resolved. Drop-off tender has been awarded. Documents have been signed. Contractor on-site. A portion of the project being rephased to 2016/17. 2. Replacement - Plant & Vehicles: Delivery expected in the latter half of the financial year, due to delay in City-wide fleet tender award. 3. Bellville Transfer Station: The construction was completed at a lower than anticipated cost and is currently in the defects liability period. 4. New Drop-offs FY2016: The appeal for the Waste Management license resulted in delays in the tender process for the Beaconsvale drop-off. The professional team has been appointed and is currently busy finalising the designs. The construction portion of the project has been rephased to 2016/17.	Budgets and cash flows to be amended in the January 2016 adjustments budget.
Cape Town Electricity	(120,071)	-25.3%	1. The following projects have been extensively delayed, due to protracted tender processes caused by changes in legislation around local content requirements. a) City Depot CBD: Appeal period for the new tender has expired. Contract to be signed and construction guarantee to be forwarded. Contractor to be on site in January 2016. b) Bloemhof - Stores Upgrade: Report being prepared for BAC meeting. Waiting on BAC date. c) Facilities, Alterations and Upgrading: Tenderers that were declared non-responsive are now being considered and an award is imminent. 2. Oakdale Main Substation Upgrade Phase 2: Multi-funded project. Building tender awarded. Both the removal of overhead line and 145 kV GIS contracts are in place. Project rescheduled due to appeal received on the GIS tender.	Tender processes to be closely monitored by project managers and corrective action implemented timeously, where required. Budget and cash flows to be amended in the January 2016 adjustments budget.

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

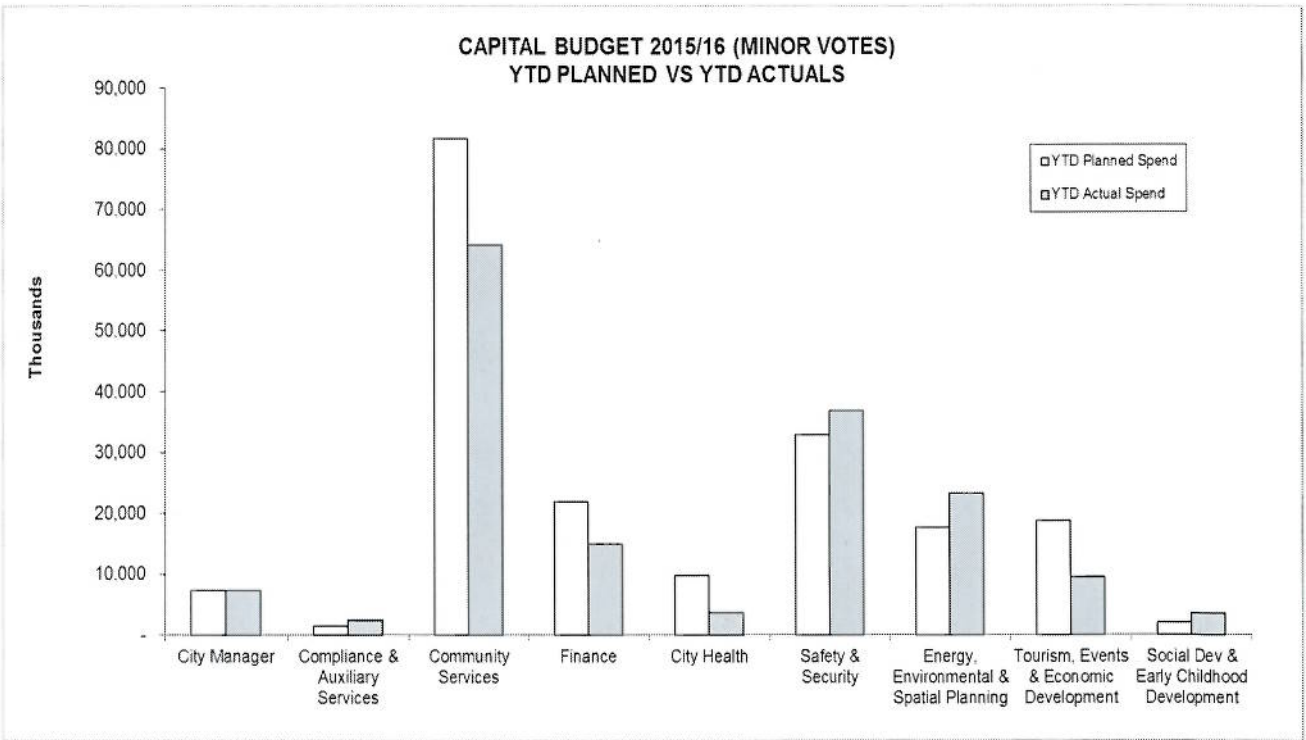
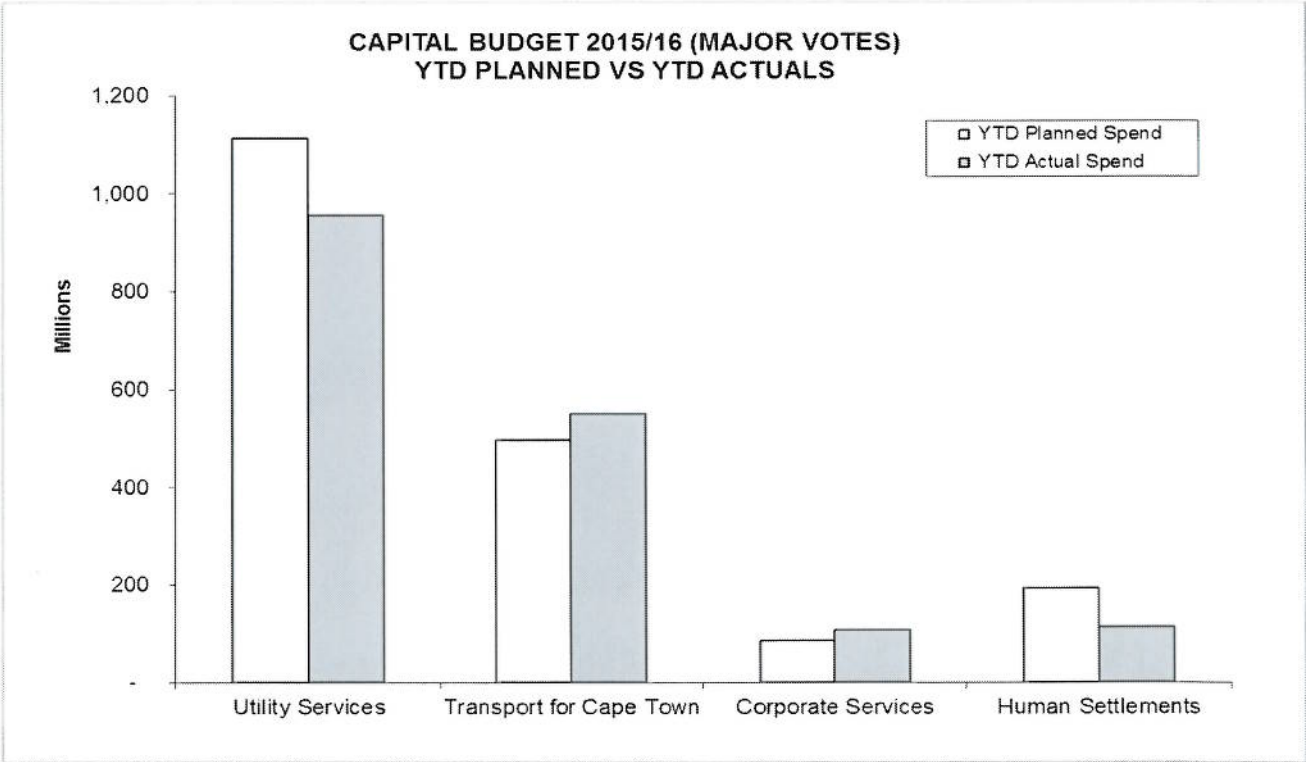


Table C6: Monthly Budget Statement - Financial Position

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

Description	2014/15	Budget Year 2015/16			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	3,199,149	–	–	3,135,819	–
Call investment deposits	1,746,347	3,607,195	3,973,885	5,618,019	3,607,195
Consumer debtors	4,618,497	4,740,731	4,741,505	3,418,102	4,740,731
Other debtors	707,217	504,938	504,938	752,151	504,938
Current portion of long-term receivables	19,838	19,470	19,470	19,838	19,470
Inventory	280,316	311,022	311,022	271,582	311,022
Total current assets	10,571,364	9,183,356	9,550,819	13,215,510	9,183,356
Non current assets					
Long-term receivables	75,324	94,142	94,142	60,851	94,142
Investments	3,753,617	3,911,206	4,141,639	–	3,911,206
Investment property	–	–	–	–	–
Investments in Associate	–	–	–	–	–
Property, plant and equipment	34,749,931	38,924,165	39,692,718	35,626,157	38,924,165
Agricultural	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangible assets	–	–	–	–	–
Other non-current assets	–	–	–	–	–
Total non current assets	38,578,872	42,929,513	43,928,498	35,687,008	42,929,513
TOTAL ASSETS	49,150,236	52,112,868	53,479,318	48,902,518	52,112,868
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	345,682	498,690	498,690	345,681	498,690
Consumer deposits	272,258	447,963	447,963	285,285	447,963
Trade and other payables	6,911,132	6,907,829	7,769,299	3,789,250	6,907,829
Provisions	1,127,282	975,045	975,045	1,100,239	975,045
Total current liabilities	8,656,354	8,829,527	9,690,997	5,520,456	8,829,527
Non current liabilities					
Borrowing	6,415,499	8,032,745	8,032,745	6,285,580	8,032,745
Provisions	5,624,708	6,359,098	6,331,128	6,104,644	6,359,098
Total non current liabilities	12,040,207	14,391,843	14,363,873	12,390,224	14,391,843
TOTAL LIABILITIES	20,696,561	23,221,369	24,054,869	17,910,680	23,221,369
NET ASSETS	28,453,675	28,891,499	29,424,449	30,991,838	28,891,499
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	25,663,410	27,044,035	27,748,592	28,346,392	27,044,035
Reserves	2,790,265	1,847,464	1,675,856	2,645,446	1,847,464
TOTAL COMMUNITY WEALTH/EQUITY	28,453,675	28,891,499	29,424,449	30,991,838	28,891,499

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	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	6,018,735	6,440,048	6,444,815	3,506,992	3,255,415	251,577	7.7%	6,444,815
Service charges	13,768,730	15,773,011	15,893,761	7,949,112	7,855,928	93,183	1.2%	15,893,761
Other revenue	3,404,157	3,107,198	3,019,877	2,869,161	1,931,658	937,503	48.5%	3,019,877
Government - operating	3,251,460	3,579,752	3,229,634	1,773,750	1,736,604	37,146	2.1%	3,229,634
Government - capital	2,423,179	2,277,574	2,810,524	1,699,478	1,710,140	(10,662)	-0.6%	2,810,524
Interest	735,298	442,109	442,109	243,362	234,156	9,206	3.9%	442,109
Dividends	–	–	–	–	–	–		–
Payments								
Suppliers and employees	(22,782,130)	(26,548,109)	(26,271,414)	(15,626,214)	(14,953,764)	672,450	-4.5%	(26,271,414)
Finance charges	(709,455)	(887,380)	(887,380)	(348,010)	(346,886)	1,125	-0.3%	(887,380)
Transfers and Grants	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	6,109,974	4,184,203	4,681,926	2,067,630	1,423,251	(644,379)	-45.3%	4,681,926
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	91,419	74,669	74,669	–	–	–		74,669
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	28,800	4,955	4,955	–	–	–		4,955
Decrease (increase) in non-current investments	361,949	(170,422)	(170,422)	–	–	–		(170,422)
Payments								
Capital assets	(5,251,742)	(5,955,826)	(6,748,567)	(1,855,244)	(2,077,434)	(222,190)	10.7%	(6,748,567)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4,769,574)	(6,046,623)	(6,839,365)	(1,855,244)	(2,077,434)	(222,190)	10.7%	(6,839,365)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	–	2,000,000	2,000,000	–	–	–		2,000,000
Increase (decrease) in consumer deposits	(97,959)	40,724	40,724	–	–	–		40,724
Payments								
Repayment of borrowing	(309,852)	(368,931)	(368,931)	(141,078)	(142,504)	(1,426)	1.0%	(368,931)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(407,811)	1,671,793	1,671,793	(141,078)	(142,504)	(1,426)	1.0%	1,671,793
NET INCREASE/ (DECREASE) IN CASH HELD	932,589	(190,628)	(485,646)	71,308	(796,687)			(485,646)
Cash/cash equivalents at beginning:	2,266,559	2,265,410	2,625,410	2,625,410	2,625,410			2,625,410
Cash/cash equivalents at month/year end:	3,199,148	2,074,783	2,139,765	2,696,718	1,828,723			2,139,765

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 R thousands	YTD variance R Thousands	YTD variance %	Reasons for material deviations	Remedial or corrective steps/remarks
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	251,577	7.7%	More rates income received than originally budgeted for.	No corrective action required at this time.
Service charges	93,183	1.2%	Immaterial variance.	No corrective action required at this time.
Other revenue	937,503	48.5%	More income received in the form of VAT refunds than originally budgeted for.	No corrective action required at this time.
Government - operating	37,146	2.1%	Immaterial variance.	No corrective action required at this time.
Government - capital	(10,662)	-0.6%	Immaterial variance.	No corrective action required at this time.
Interest	9,206	3.9%	Immaterial variance.	No corrective action required at this time.
Dividends	—			
Payments				
Suppliers and employees	672,450	-4.5%	Immaterial variance.	No corrective action required at this time.
Finance charges	1,125	-0.3%	Immaterial variance.	No corrective action required at this time.
Transfers and Grants	—			
NET CASH FROM/(USED) OPERATING ACTIVITIES	(644,379)	-45.3%		
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	—			
Decrease (increase) in non-current debtors	—			
Decrease (increase) other non-current receivables	—			
Decrease (increase) in non-current investments	—			
Payments				
Capital assets	(222,190)	10.7%	Slower cash outflow than originally anticipated.	No corrective action required at this time.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(222,190)	10.7%		
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	—			
Borrowing long term/refinancing	—			
Increase (decrease) in consumer deposits	—			
Payments				
Repayment of borrowing	(1,426)	1.0%	Immaterial variance	No corrective action required at this time
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,426)	1.0%		

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

Description	Budget Year 2015/16												2015/16 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands															
Cash Receipts By Source															
Property rates	492,123	500,769	620,023	823,289	521,068	549,720	541,938	545,476	540,806	541,833	546,956	220,815	6,444,815	6,923,656	7,446,456
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	927,657	934,240	1,113,025	972,414	901,177	885,972	921,425	928,588	919,337	920,052	947,683	706,000	11,077,569	12,416,442	13,909,056
Service charges - water revenue	157,171	135,770	149,377	222,409	177,505	221,346	185,734	183,405	188,264	188,821	179,584	200,261	2,189,648	2,437,115	2,729,151
Service charges - sanitation revenue	98,606	82,163	91,501	126,519	107,013	120,925	110,103	111,091	110,895	112,370	110,551	139,059	1,320,796	1,465,189	1,632,608
Service charges - refuse	54,267	50,819	51,609	60,668	54,958	60,071	59,675	57,413	59,730	57,541	56,439	80,066	703,257	765,751	824,401
Service charges - other	29,429	25,007	27,414	40,716	36,855	32,507	42,647	43,494	39,164	40,337	35,137	209,785	602,492	523,329	581,589
Rental of facilities and equipment	14,657	20,916	18,181	24,656	25,020	28,341	5,989	10,424	8,404	7,844	5,481	(61,885)	108,229	102,350	101,010
Interest earned - external investments	52,096	37,363	34,935	37,627	33,460	47,881	38,358	36,473	36,071	36,121	26,760	24,964	442,109	248,721	785,653
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	21,730	19,292	14,441	28,272	21,191	19,111	13,271	12,955	17,216	16,300	13,829	1,764	199,372	204,430	217,470
Licences and permits	2,880	18,811	24,723	16,055	23,510	25,675	8,757	10,479	17,646	14,859	10,708	9,469	183,572	207,858	219,082
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operating	1,080,851	-	-	167,726	350,000	175,173	112,268	606,800	674,346	59,008	49,138	(45,676)	3,229,634	3,658,622	3,972,647
Other revenue	291,565	888,889	29,538	214,034	222,467	855,206	29,260	25,852	599,542	23,077	23,480	(674,205)	2,528,705	2,694,938	2,827,154
Cash Receipts by Source	3,223,033	2,714,040	2,174,768	2,734,386	2,474,224	3,021,926	2,069,423	2,572,450	3,211,420	2,018,164	2,005,745	810,618	29,030,197	31,648,400	35,246,277
Other Cash Flows by Source															
Transfer receipts - capital	668,419	73,580	36,666	158,645	549,867	212,300	273,775	297,488	539,783	-	-	(0)	2,810,524	2,492,837	2,584,489
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	74,669	95,666	84,361
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	1,000,000	1,800,000
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	40,724	44,796	49,276
Receipt of non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	(170,422)	37,909	(483,545)
Total Cash Receipts by Source	3,891,452	2,787,620	2,211,435	2,893,031	3,024,091	3,234,226	2,343,198	2,869,937	3,751,203	2,018,164	2,005,745	2,760,544	33,790,647	35,324,316	39,285,330

Table continues on next page.

Description	Budget Year 2015/16												2015/16 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Payments by Type															
Employee related costs	680,861	680,444	798,497	723,206	1,103,111	753,521	772,917	767,585	761,830	761,871	761,031	1,148,124	9,712,997	10,479,612	11,359,773
Remuneration of councillors	10,109	10,112	10,112	10,081	10,076	10,076	10,616	11,393	12,408	12,298	10,698	21,331	139,311	148,366	157,862
Interest paid	-	-	183,433	-	-	164,577	-	-	179,071	-	150,000	210,298	887,380	1,026,051	1,166,427
Bulk purchases - Electricity	821,363	983,592	931,672	549,298	555,335	533,955	500,005	514,466	494,582	531,299	510,738	662,977	7,589,279	8,661,513	9,874,125
Bulk purchases - Water & Sewer	30,082	18,793	30,306	15,370	63,218	33,231	30,933	34,128	36,045	37,945	23,544	16,142	369,736	390,072	411,136
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	1,898,056	820,241	818,745	782,647	835,711	1,104,394	716,131	734,819	659,382	638,107	428,935	(977,076)	8,460,091	9,078,054	9,721,303
Cash Payments by Type	3,440,471	2,513,182	2,772,765	2,080,602	2,567,451	2,599,755	2,030,602	2,062,390	2,143,317	1,981,520	1,884,945	1,081,796	27,158,794	29,783,668	32,690,625
Other Cash Flows/Payments by Type															
Capital assets	489,868	190,286	137,203	315,151	276,094	446,641	221,055	430,312	576,936	681,330	651,577	2,332,112	6,748,567	5,453,707	5,336,609
Repayment of borrowing	-	-	88,055	-	-	53,023	-	-	89,481	-	66,667	71,706	368,931	574,549	525,919
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	3,930,339	2,703,468	2,998,023	2,395,753	2,843,545	3,099,418	2,251,657	2,492,702	2,809,734	2,662,850	2,603,189	3,485,614	34,276,292	35,811,924	38,553,153
NET INCREASE/(DECREASE) IN CASH HELD	(38,887)	84,152	(786,589)	497,278	180,546	134,808	91,541	377,235	941,470	(644,686)	(597,444)	(725,070)	(485,646)	(487,609)	732,177
Cash/cash equivalents at the month/year beginning:	2,625,410	2,586,523	2,670,675	1,884,087	2,381,364	2,561,910	2,696,718	2,788,260	3,165,495	4,106,965	3,462,279	2,864,835	2,625,410	2,139,765	1,652,156
Cash/cash equivalents at the month/year end:	2,586,523	2,670,675	1,884,087	2,381,364	2,561,910	2,696,718	2,788,260	3,165,495	4,106,965	3,462,279	2,864,835	2,139,765	2,139,765	1,652,156	2,384,333

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 2015/16										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	281,745	86,927	56,070	68,516	48,737	55,415	296,767	1,372,950	2,267,127	1,842,386	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	645,831	53,050	25,704	16,591	9,648	9,721	63,160	106,040	929,745	205,160	-	-
Receivables from Non-exchange Transactions - Property Rates	450,502	91,016	12,699	51,353	32,817	30,837	145,588	607,937	1,422,749	868,531	-	-
Receivables from Exchange Transactions - Waste Water Management	150,629	42,373	26,274	31,549	24,266	22,860	139,636	619,682	1,057,269	837,993	-	-
Receivables from Exchange Transactions - Waste Management	75,179	21,018	13,567	14,111	11,209	12,078	51,801	233,815	432,778	323,014	-	-
Receivables from Exchange Transactions - Property Rental Debtors	54,220	11,661	(2,178)	11,326	11,059	9,313	59,808	489,371	644,580	580,877	-	-
Interest on Arrear Debtor Accounts	42,169	20,857	19,449	18,410	16,690	15,521	87,899	547,628	768,623	686,149	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other	(139,758)	(198,632)	(28,032)	(16,500)	(6,421)	(10,163)	(40,321)	(227,905)	(667,731)	(301,309)	-	-
Total By Income Source	1,560,517	128,271	123,552	195,355	148,005	145,582	804,339	3,749,518	6,855,139	5,042,800	-	-
2014/15 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	67,450	(146,476)	(22,032)	20,695	11,235	7,258	27,338	55,615	21,082	122,140	-	-
Commercial	840,222	92,279	30,111	35,588	22,931	23,190	112,375	369,707	1,526,403	563,791	-	-
Households	809,839	224,012	125,399	162,419	122,422	124,631	660,966	3,428,715	5,658,422	4,499,172	-	-
Other	(156,994)	(41,544)	(9,926)	(23,347)	(8,582)	(9,497)	3,640	(104,519)	(350,768)	(142,304)	-	-
Total By Customer Group	1,560,517	128,271	123,552	195,355	148,005	145,582	804,339	3,749,518	6,855,139	5,042,800	-	-

Additional debtors information

Monthly Collection Rate			YTD Collection Rate
Period	Current year	Previous year	
12 Months	96.81%	96.91%	96.51%
6 Months	97.04%	96.80%	98.64%
3 Months	93.79%	96.17%	99.00%
Monthly	92.98%	95.48%	97.09%

12 Months collection ratio per services			
Services	Current year	Previous year	YTD collection rate
Electricity	98.40%	99.69%	98.41%
Water	87.48%	89.15%	87.67%
Sewerage	89.41%	92.39%	89.26%
Refuse	90.13%	95.17%	90.90%
Rates	98.59%	98.57%	99.14%
Other	99.42%	99.85%	99.40%

2015/16 Billings vs Receipts		
Month	Billing R	Receipts R
July	2,209,073,483.25	2,088,193,398.76
August	2,488,922,992.22	2,169,405,482.27
September	2,262,304,780.14	2,419,049,564.44
October	2,505,481,428.54	2,705,870,983.61
November	2,395,688,029.38	2,226,384,947.06
December	2,422,380,493.07	2,252,286,523.97

Creditors analysis

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

Table SC4 Monthly budget Statement Aged Creditors

Description	Budget Year 2015/16									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	241,528	(3,245)	25	2	—	3	(13)	79	238,378	174,337
Auditor General	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total By Customer Type	241,528	(3,245)	25	2	—	3	(13)	79	238,378	174,337

Outstanding commitments against Cash and Cash Equivalents

Item	Previous Month R'000	Current Month R'000
Closing Cash Balance	6,492,167	6,626,975
Unspent Conditional Grants	2,119,329	2,184,840
Housing Development	294,263	288,380
MTAB	18,976	18,976
Trust Funds	648	652
Financial commitments	401,000	401,000
Sinking Funds	-	-
Insurance reserves	459,007	461,941
CRR	1,778,801	1,745,257
TOTAL	5,072,024	5,101,045
TOTAL cash resources not committed	1,420,143	1,525,931

Allocation and grant receipts and expenditure

Table SC7 Monthly Budget Statement transfers and grants expenditure

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Operating expenditure of Transfers and Grants								
National Government:	671,249	2,345,168	2,267,813	162,947	194,863	(31,906)	-16.4%	2,698,043
Equitable share	—	1,811,289	1,811,464	1,281	1,667	(386)	-23.2%	1,811,087
Finance Management grant	973	1,050	1,050	500	549	(49)	-9.0%	1,050
Restructuring	—	1,191	1,191	—	—	—	—	—
Urban Settlements Development Grant	162,977	229,443	99,593	41,056	42,870	(1,813)	-4.2%	364,187
Public Transport Network Operations Grant	367,748	—	—	(1,176)	—	(1,176)	—	64,765
Energy Efficiency and Demand Side Management Grant	599	480	480	128	258	(130)	-50.4%	480
Dept. of Environ Affairs and Tourism	4,326	4,304	4,524	393	2,199	(1,805)	-82.1%	6,338
Housing Accreditation	23	200	200	—	99	(99)	-100.0%	200
Expanded Public Works Programme	23,552	23,216	23,216	8,307	4,643	3,664	78.9%	23,216
Integrated City Development Grant	3,116	5,000	5,000	—	70	(70)	-100.0%	2,915
Public Transport Infrastructure & Systems Grant	—	8,466	18,750	5,761	9,713	(3,953)	-40.7%	31,959
Infrastructure Skills Development	2,763	7,526	7,526	2,671	3,763	(1,092)	-29.0%	7,026
Municipal Human Settlements Capacity Grant	18,363	13,703	44,783	9,450	19,818	(10,367)	-52.3%	44,783
Public Transport Network Grant	—	238,000	238,000	94,650	108,704	(14,054)	-12.9%	238,000
Department of Public Service and Administration	—	1,300	1,500	9	500	(491)	-98.2%	1,500
LGSETA	—	—	536	—	—	—	—	536
Public Transport Infrastructure Grant	79,844	—	—	(83)	—	(83)	—	—
Urban Renewal	6,294	—	—	—	—	—	—	—
2014 African Nations Championship	(26)	—	—	—	—	—	—	—
Water Demand Side Management	697	—	—	—	—	—	—	—
Provincial Government:	730,002	1,199,402	1,170,498	388,296	363,770	24,526	6.7%	1,367,387
Cultural Affairs and Sport - Provincial Library Services	28,874	32,100	32,100	14,422	16,064	(1,642)	-10.2%	34,600
Human Settlements - Human Settlement Development Grant	411,253	696,014	670,436	227,178	217,240	9,939	4.6%	863,185
Human Settlements - Municipal Accreditation Assistance	3,989	10,000	10,000	2,643	5,000	(2,357)	-47.1%	7,737
Human Settlement - Settlement Assistance	—	—	—	357	—	357	100.0%	1,011
Health - TB	17,206	24,535	24,535	8,802	11,602	(2,800)	-24.1%	24,535
Health - Global Fund	37,936	34,408	34,408	16,986	16,202	784	4.8%	33,108
Health - ARV	109,584	136,515	136,515	75,945	53,173	22,772	42.8%	133,515
Health - Nutrition	4,065	4,904	4,904	2,218	2,400	(182)	-7.6%	4,904
Health - Vaccines	65,565	76,822	76,822	39,218	38,411	807	2.1%	74,325
Comprehensive Health	—	163,465	163,465	—	—	—	—	165,828
Transport and Public Works - Provision for persons with special needs	10,075	10,000	10,000	—	1,429	(1,429)	-100.0%	10,134
Transport Safety and Compliance - Rail Safety	2,197	4,000	—	—	—	—	—	83
Community Development Workers	741	789	1,462	526	633	(107)	-16.9%	1,462
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	5,353	5,850	5,850	—	1,617	(1,617)	-100.0%	12,293
Economic Development and Tourism	500	—	—	—	—	—	—	—
Community Safety Law Enforcement Officers	19,384	—	—	—	—	—	—	—
Local Government - Compliance	467	—	—	—	—	—	—	—
Western Cape Financial Management Support Grant	300	—	—	—	—	—	—	303
Metropolitan Transport Fund	12,514	—	—	—	—	—	—	—
Library Service: Metro Library Grant	—	—	—	—	—	—	—	170
City of Cape Town - Public access centres	—	—	—	—	—	—	—	146
Community Safety - Law Enforcement Auxiliary Services	—	—	—	—	—	—	—	47
Other grant providers:	12,811	34,838	38,979	14,108	17,703	(3,595)	-20.3%	43,490
Tourism	1,918	2,000	2,000	149	1,000	(851)	-85.1%	500
Carnegie	1,953	879	1,213	498	993	(495)	-49.8%	931
CMTF	—	411	3,611	(1)	411	(412)	-100.3%	8,394
CID	2,839	2,791	2,791	1,396	1,396	—	—	2,908
Century City Property Owners Association	468	732	732	140	366	(226)	-61.8%	749
Traffic Free Flow (Pty) Ltd	1,017	1,585	1,768	470	887	(417)	-100.0%	1,768
DBSA - Green Fund	—	25,000	25,000	10,992	12,000	(1,008)	-8.4%	25,000
Stellenbosch University	505	1,026	1,026	348	513	(164)	-32.1%	1,026
V&A Waterfront Holdings (Pty) Ltd	134	275	275	117	138	(21)	-15.3%	275
Domain (Pty) Ltd	—	140	140	—	—	—	—	—
Sustainable Energy Africa	—	—	424	—	—	—	—	424
South African Biodiversity Institute	3,544	—	—	—	—	—	—	—
Agence Francaise De Development	308	—	—	—	—	—	—	—
UN Women Safer Cities Initiative	125	—	—	—	—	—	—	—
Chemical Industries Education and Training Authority	—	—	—	—	—	—	—	1,500
Mamre Fencing	—	—	—	—	—	—	—	17
Total operating expenditure of Transfers and Grants:	1,414,063	3,679,408	3,467,290	666,349	676,326	(10,976)	-1.9%	4,008,920

Table continues on next page.

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure of Transfers and Grants								
National Government:	2,186,882	2,137,367	2,632,659	733,246	766,703	6,264	0.8%	2,586,270
Mineral Energy: Energy Efficiency and Demand Side Management Grant	5,989	11,520	11,520	1,658	4,770	(3,112)	-65.2%	11,520
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	22,224	5,000	5,000	2,010	900	1,110	123.3%	5,000
National Treasury: Expanded Public Works Programme	400	400	400	—	—	—		458
National Treasury: Infrastructure Skills Development Grant	—	—	—	—	—	—	0.0%	500
National Treasury: Integrated City Development Grant	53,517	45,826	45,826	22,616	13,940	8,676	62.2%	52,256
National Treasury: Local Government Restructuring Grant	1,341	153	100	98	100	(2)	-2.0%	100
National Treasury: Municipal Human Settlements Capacity Grant	428	—	500	93	500	(407)	-81.5%	500
National Treasury: Neighbourhood Development Partnership Grant	9,448	60,000	60,000	8,852	26,500	(17,648)	-66.6%	60,000
National Treasury: Other	265	650	650	259	370	(111)	-30.0%	650
National Treasury: Urban Settlements Development Grant	1,246,923	1,158,317	1,453,162	384,704	412,882	(28,179)	-6.8%	1,191,287
Transport: Public Transport Infrastructure & Systems Grant	—	—	—	—	—	—		266
Transport: Public Transport Infrastructure Grant	842,210	—	200,000	49,871	142,206	(92,335)	-64.9%	408,232
Transport: Public Transport Network Grant	—	855,501	855,501	263,087	164,535	98,552	59.9%	855,501
National Treasury: Local Government Finance Management Grant	598	—	—	—	—	—		—
National Treasury: Infrastructure Skills Development Grant	299	—	—	—	—	—		500
National Treasury: Municipal Disaster Grant	1,366	—	—	—	—	—		—
National Treasury: Accreditation: Development Support	179	—	—	—	—	—		—
National Treasury: Urban renewal	1,695	—	—	—	—	—		—
Provincial Government:	284,184	86,446	122,163	65,767	60,194	5,573	9.3%	180,214
Cultural Affairs and Sport: Library Services (Conditional Grant)	8,027	5,733	7,365	1,122	1,632	(510)	-31.3%	9,765
Cultural Affairs and Sport: Development of Sport and Recreation Facilities	—	—	—	—	—	—		134
Cultural Affairs and Sport: Library Services: Metro Library Grant	—	—	—	—	—	—		4,830
Economic Development and Tourism: Public Access Centres	—	—	—	—	—	—		58
Housing: Integrated Housing and Human Settlement Development Grant	254,030	55,773	81,351	59,375	53,270	6,105	11.5%	131,672
Provincial Government: Community Development Workers (CDW) Operational Grant Support	300	292	292	—	292	(292)	-100.0%	292
Provincial Government: Fibre Optic Broadband Roll Out	6,417	7,298	11,804	128	3,000	(2,872)	-95.7%	11,803
Provincial Government: Transport Safety and Compliance - Rail Safety	—	—	4,000	—	—	—		4,000
Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infrastructure	9,890	17,350	17,350	5,142	2,000	3,142	157.1%	17,660
Cultural Affairs and Sport - Three Anchor Bay Tennis Court	139	—	—	—	—	—		—
Economic Development and Tourism - False Bay Ecology	850	—	—	—	—	—		—
Economic Development and Tourism - Interactive Community Access	2,296	—	—	—	—	—		—
Transport and Public Works: Vehicle Impound Facility	343	—	—	—	—	—		—
Metropolitan Transport Fund	1,892	—	—	—	—	—		—
Other grant providers:	44,219	53,761	55,703	32,136	24,940	7,196	28.9%	68,734
Other: Other	44,219	53,761	55,703	32,136	24,940	58,503	234.6%	68,734
Total capital expenditure of Transfers and Grants	2,515,285	2,277,574	2,810,524	831,149	851,836	19,034	2.2%	2,835,218
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	3,929,347	5,856,982	6,277,814	1,396,499	1,428,162	8,058	0.6%	6,844,138

Material variance explanations for corporate performance for Quarter 2 2016

Description of Indicator	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1.J Percentage of treated potable water not billed	-36%	Water not billed has increased due to an increase in (i) the volume of water supplied to communal taps in informal settlements, (ii) water lost due to leakages in the network, (iii) water lost through meter under-reading and (iv) water not billed due to billing errors. The percentage water not billed has increased because water treated (denominator) increased by 8.7% from 2013/14 to 2014/15, while water supplied (billed) to end users (numerator) over the same period only increased by 6.8%.	Future non-revenue water figures (water not billed) will be closely monitored. Investigation involving various Water & Sanitation branches in progress. Continuation of implementation of a range of departmental initiatives aimed at reducing water losses and non-water revenue (NRW). Responsible person: Peter Flower Due date: Ongoing
3.E (a) Number of water services points (taps) provided	-11%	Although various projects have been initiated and installations completed, the administration and verification processes, as well as GPS capturing (required for audit purposes) has not been completed in time for inclusion in the first quarter reporting cycle. In addition, projects were hampered, due to time-consuming processes required before commencement of projects e.g. community consultations involving the position and space for taps and toilets to be provided, the appointment of community liaison officials, as well as workers for the contractors in each settlement.	Capacitating of project managers and emphasising of project deadlines to ensure the on-time completion of prerequisite actions (time-consuming processes - see reason for variance) to allow timeous completion for inclusion in relevant performance reporting cycle. Responsible person: Pierre Maritz Due date: On-going
3.E (b) Number of sanitation service points (toilets) provided	-44%	Although various projects have been initiated and installations completed, the administration and verification processes, as well as GPS capturing (required for audit purposes) has not been completed in time for inclusion in the first quarter reporting cycle. In addition, projects were hampered, due to time-consuming processes required before commencement of projects e.g. community consultations involving the position and space for taps and toilets to be provided, the appointment of community liaison officials, as well as workers for the contractors in each settlement.	Capacitating of project managers and emphasising of project deadlines to ensure the on-time completion of prerequisite actions (time-consuming processes - see reason for variance) to allow timeous completion for inclusion in relevant performance reporting cycle. Responsible person: Pierre Maritz Due date: On-going
5.D Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan (EE)	-17%	Level 1-3 positions are characterised by scarce skills categories in terms of the senior management and leadership category. The City is not the only competitor for these skills and despite the City attraction strategy we are not always able to attract, appoint and retain designated groups at this level.	Continuous monitoring of this indicator. Guiding EE presentations to all line directorates. The City's Corporate Services directorate is in the process to revisit (on a broad City-wide basis) the City's attraction and retention strategies. Succession planning and identification of talent in the designated groups at lower levels and the positioning of these talents for identified senior positions is seriously considered and an on-going priority. The signing of the notice of appointment (NOA) by the EE: Manager was introduced to curb further deviations from targets. EMT has recently adopted a standard operating procedure document that deals with the application of Employment Equity within Recruitment & Selection. Responsible person: Michael Siyolo Due date: On-going (end of the EE plan)

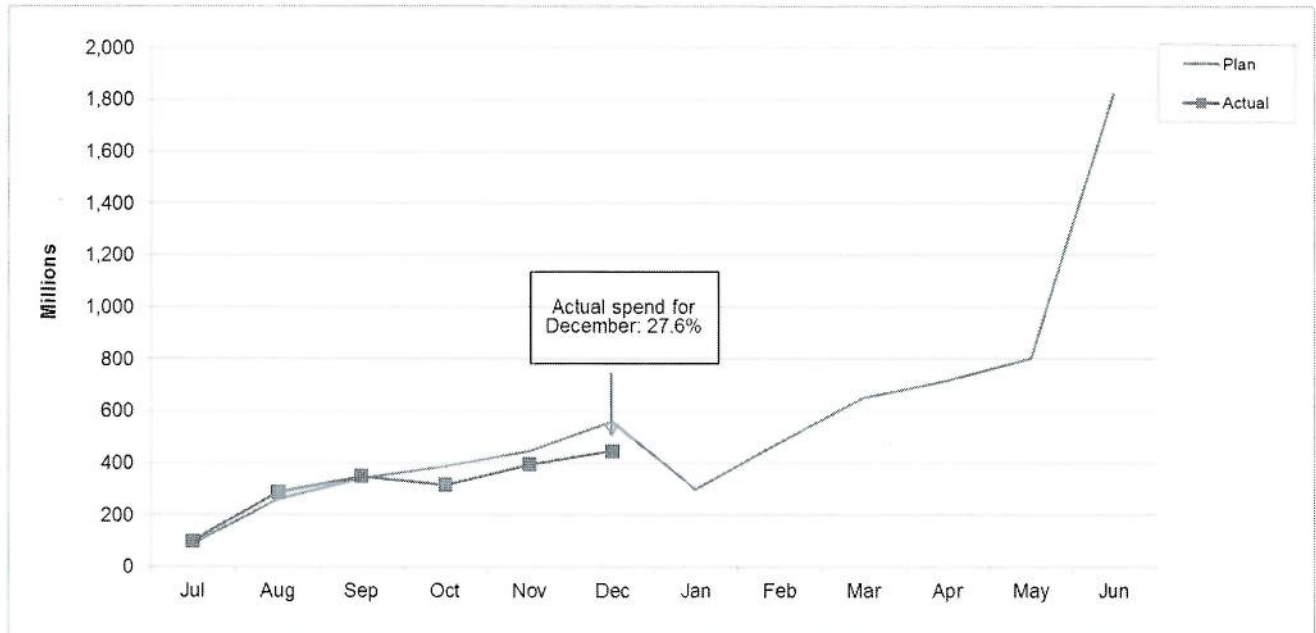
Capital programme performance

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

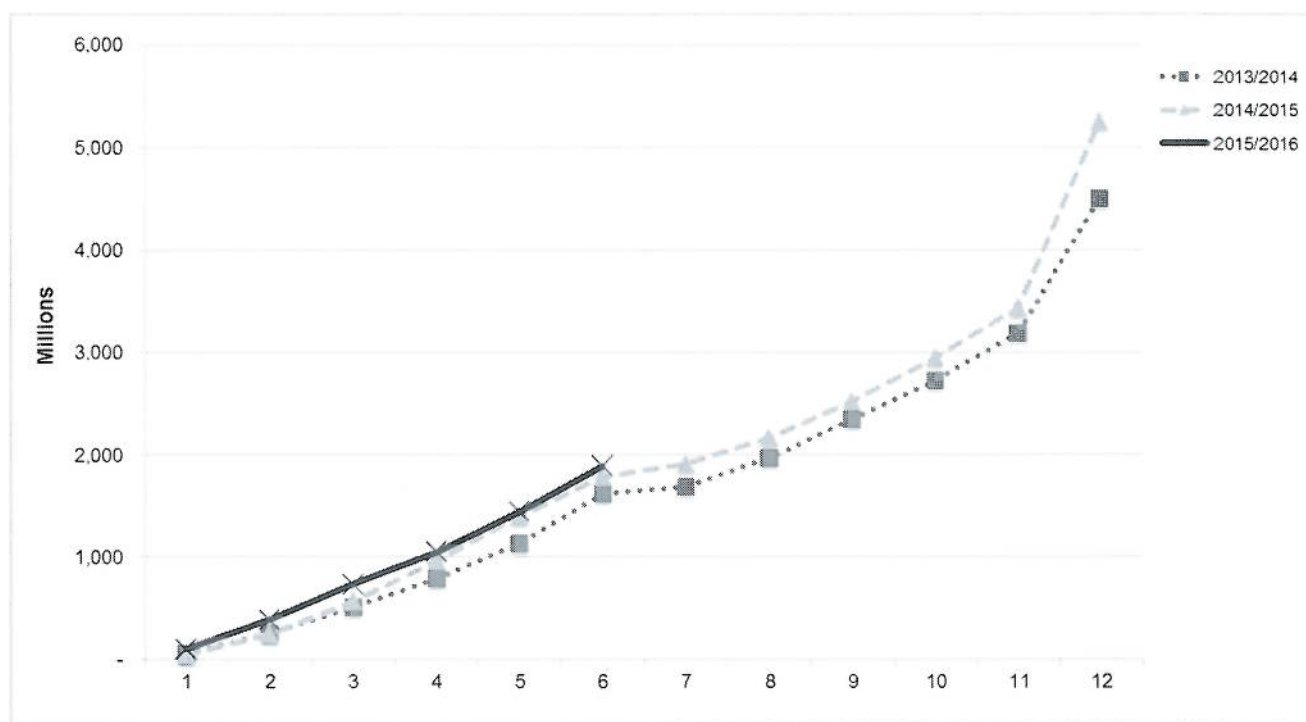
Table SC12 Monthly Budget Statement - capital expenditure trend

Month	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands								
Monthly expenditure performance trend								
July	38,964	119,935	87,835	99,708	87,835	(11,873)	-13.5%	1.6%
August	202,822	271,184	262,542	386,853	350,377	(36,476)	-10.4%	6.4%
September	327,173	374,433	340,675	735,280	691,051	(44,229)	-6.4%	12.2%
October	396,473	380,345	387,585	1,050,432	1,078,636	28,205	2.6%	17.4%
November	431,445	419,526	445,868	1,445,564	1,524,505	78,940	5.2%	23.9%
December	390,680	561,332	558,100	1,892,205	2,082,605	190,400	9.1%	31.3%
January	118,919	224,634	298,284		2,380,889	–		
February	257,311	436,274	478,258		2,859,147	–		
March	358,096	584,242	651,290		3,510,437	–		
April	424,399	688,228	718,151		4,228,587	–		
May	491,155	657,936	801,812		5,030,400	–		
June	1,814,304	1,325,916	1,822,588		6,852,988	–		
Total Capital expenditure	5,251,742	6,043,985	6,852,988					

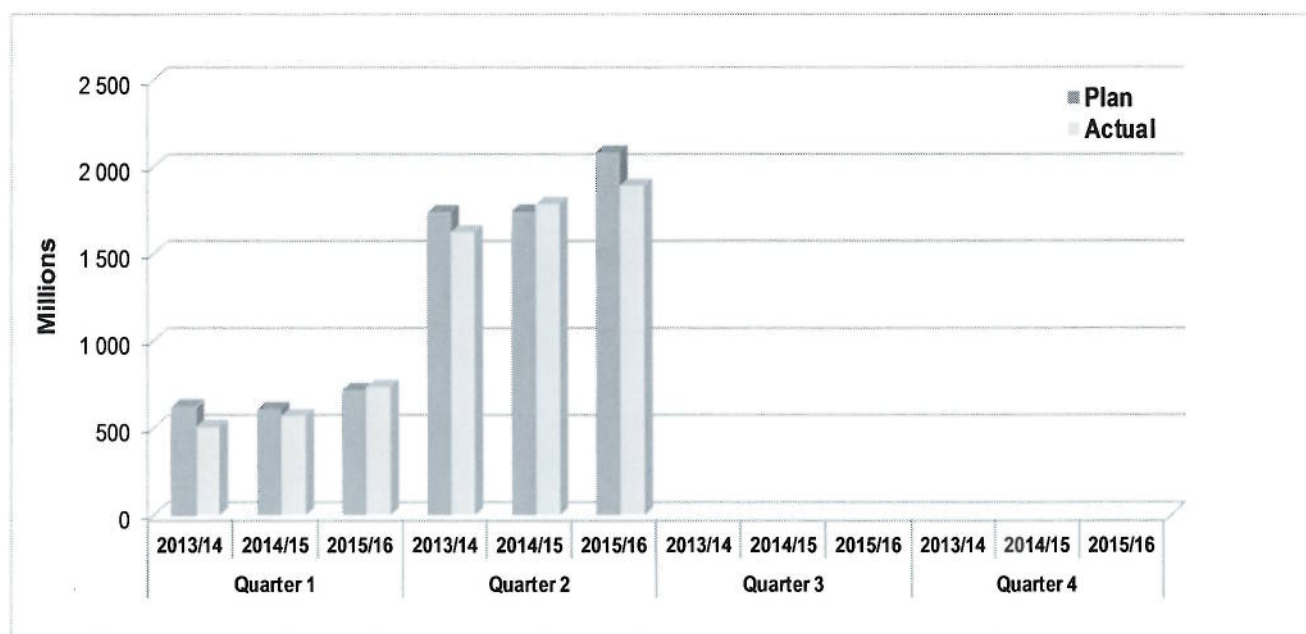
The monthly expenditure-to-date measured against the 2015/16 current budget is graphically illustrated below.



The capital expenditure trend for the City for the 2013/14, 2014/15 and 2015/16 financial years is graphically illustrated below.



The capital expenditure quarterly trend for the 2013/14, 2014/15 and 2015/16 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 **December 2015** 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 18.01.2016