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## GENERAL INFORMATION

### MEMBERS OF THE MAYORAL COMMITTEE

Councillor	J I Mokoena	Executive Mayor - Chairperson
Councillor	F S Chainé	
Councillor	J C Erasmus	
Councillor	M M Fikizolo	
Councillor	G L Lefuo	
Councillor	T G Lobe	
Councillor	M E Moilwa	
Councillor	T A Montsi	
Councillor	M A Scheepers	
Councillor	M Selaledi	
Councillor	A T Stander	

### GRADING OF LOCAL AUTHORITY

Grade 13 (Grade 5 in terms of Remuneration of Public Office Bearers Act 20/1998)

### AUDITORS

Auditor-General  
Represented by PricewaterhouseCoopers Inc.

### BANKERS

ABSA Bank

### REGISTERED OFFICE

Bram Fischer Building	P O Box 288	Telephone : (051) 4058911
De Villiers Street	Bloemfontein	Fax: (051) 4476673
Bloemfontein	9300	

### CITY MANAGER

M J Matlole : M.M. - Masters in Management (Wits University)

### EXECUTIVE DIRECTOR FINANCE

J F Britz: Registered Municipal Accountant (Associate)

### APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements as set out on pages 3 to 30 were approved by the City Manager on 20 September 2004 and will be presented to Council for approval.

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**M J MATLOLE**  
**CITY MANAGER**

**20 September 2004**

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**J F BRITZ**  
**EXECUTIVE DIRECTOR FINANCE**  
**(Registered Municipal Accountant)**

**20 September 2004**

**In order to avoid delay in publication, the Financial Statements are issued without the report of the Auditor General. The Auditor's report is not complete as yet and the statements are therefore subject to any observation in the report.**

## REPORT OF THE EXECUTIVE DIRECTOR FINANCE

### FOR THE FINANCIAL YEAR 1 JULY 2003 TO 30 JUNE 2004

#### 1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2004 are as follows :

	ACTUAL 2003	ACTUAL 2004	VARIANCE 2003/2004	BUDGET 2004	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
<b>INCOME</b>					
Opening surplus	26 637 285	34 413 804	29.2	24 684 400	39.4
Operating income for the year	1 090 562 959	1 213 475 945	11.3	1 255 713 230	(3.4)
	1 117 200 244	1 247 889 749	11.7	1 280 397 630	(2.5)
<b>EXPENDITURE</b>					
Operating expenditure for the year	1 043 343 079	1 153 556 564	10.6	1 277 249 840	(9.7)
Sundry transfer	39 443 361	57 951 542	46.9		
Closing surplus	34 413 804	36 381 643	5.7	3 147 790	1055.8
	1 117 200 244	1 247 889 749	11.7	1 280 397 630	(2.5)

#### 1.1 Rate and General Services

	ACTUAL 2003	ACTUAL 2004	VARIANCE 2003/2004	BUDGET 2004	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	501 617 264	545 649 040	8.8	598 709 820	(8.9)
Expenditure	522 186 292	615 109 850	17.8	687 314 030	(10.5)
Surplus/(deficit)	(20 569 028)	(69 460 810)	(237.7)	(88 604 210)	21.6
Surplus/(deficit) as % of total income	(4.1)	(12.7)		(14.8)	

The actual deficit is R19.1 million less than the budgeted deficit of R88.6 million. This was mainly due to governmental transfers which were not fully utilized in the financial year. The budgeted restructuring grant of R45 million was not received in the financial year, resulting in the less actual income received with a corresponding underspending of the funds under expenditure.

## 1.2 Housing Service

	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCE 2003/2004 %	BUDGET 2004 R	VARIANCE ACTUAL/ BUDGET %
Income	6 248 511	6 405 842	2.5	7 289 140	(12.1)
Expenditure	9 197 418	6 846 430	(25.6)	9 211 270	(25.7)
Surplus/(deficit)	(2 948 907)	(440 588)	85.1	(1 922 130)	77.1
Surplus/(deficit) as % of total income	(47.2)	(6.9)		(26.4)	

In accordance with the stipulation of the Housing Act (Act 107 of 1997), the net proceeds of the housing schemes must be transferred to the operating account of the Housing Fund. The deficit represents the administration cost to be allocated to the Rate and General Services.

## 1.3 Trading Services

The purchase prices of water and electricity are subject to administered adjustments by Bloem Water Board and Eskom respectively. The purchase price of purified water increased by approximately 7.08%, and the purchase price of electricity by 8.0% during the 2003/2004 financial year.

### Electricity Service

	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCE 2003/2004 %	BUDGET 2004 R	VARIANCE ACTUAL/ BUDGET %
Income	380 137 672	433 197 199	14.0	439 923 670	(1.5)
Expenditure	342 102 644	350 293 906	2.4	389 522 830	(10.1)
Surplus/(deficit)	38 035 028	82 903 293	118.0	50 400 840	64.5
Surplus/(deficit) as % of total income	10.0	19.1		11.5	

An amount of R64,3 million will be transferred to the Rate and General Services as a contribution in relief of rates. A saving on the purchase of electricity in the amount of R27,3 million and other savings in general, resulted in an under-expenditure of 10.07%. Refer also to note 28.

### Produce Market

	<b>ACTUAL 2003</b>	<b>ACTUAL 2004</b>	<b>VARIANCE 2003/2004</b>	<b>BUDGET 2004</b>	<b>VARIANCE ACTUAL/ BUDGET</b>
	<b>R</b>	<b>R</b>	<b>%</b>	<b>R</b>	<b>%</b>
Income	9 632 468	9 512 390	(1.2)	9 939 210	(4.3)
Expenditure	7 072 088	8 080 208	14.3	7 481 750	8.0
Surplus/(deficit)	2 560 380	1 432 182	(44.1)	2 457 460	(41.7)
Surplus/(deficit) as % of total income	26.6	15.1		24.7	

Increases in overtime, bank charges and electricity consumption resulted in an excess of 8% over the budgeted expenditure. The income from commission from market agents was R368 427 less than the budgeted amount. The surplus will be transferred to the Rate and General Services.

### Water Service

	<b>ACTUAL 2003</b>	<b>ACTUAL 2004</b>	<b>VARIANCE 2003/2004</b>	<b>BUDGET 2004</b>	<b>VARIANCE ACTUAL/ BUDGET</b>
	<b>R</b>	<b>R</b>	<b>%</b>	<b>R</b>	<b>%</b>
Income	192 927 044	218 711 474	13.4	199 851 390	9.4
Expenditure	162 784 637	173 226 170	6.4	183 719 960	(5.7)
Surplus/(deficit)	30 142 407	45 485 304	50.9	16 131 430	182.0
Surplus/(deficit) as % of total income	15.6	20.8		8.1	

An amount of R25,5 million will be transferred to the Rate and General Services account as a contribution in relief of rates. The income from the sale of water was R18.2 million more than the budgeted amount, whilst the purchase of water was R8,9 million less than the amount budgeted for.

## 2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R246 205 994. The actual expenditure is 10.29% more than the amount budgeted for. Additional funds received from government for infrastructural development and health clinics were utilized on the capital budget which resulted in an over expenditure on the approved budget.

	<b>2004 ACTUAL</b>	<b>2004 BUDGET</b>	<b>2003 ACTUAL</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>RATE AND GENERAL SERVICES</b>			
EXECUTIVE OFFICE	1 415 592		253 142
COMMUNITY AND SOCIAL DEVELOPMENT			
- Fire Brigade	1 247 548	1 115 070	1 251 849
- Traffic and Security Services	2 041 605	1 587 230	1 891 858
- Park and Recreation	6 318 808	7 330 450	7 839 231
- Social Development	3 696 825	3 641 800	
- Health Services	4 767 288	2 717 500	4 454 094
CORPORATE SERVICES			
- Corporate Management Support	9 659 284	3 655 000	4 396 895
- Info Management and Technology	2 293 301	3 849 660	4 676 705
- Procurement Services: Stores	203		53 554
INFRASTRUCTURAL SERVICES			
- Roads and Stormwater	57 639 252	43 728 820	42 838 926
- Sanitation	51 670 130	37 348 700	36 720 869
- Administration, Vehicles and Equipment	933 484		
- Mechanical Services	504 364	350 000	62 477
- Solid Waste	2 409 220	4 920 000	9 203 304
FINANCE	1 242 643	11 257 000	124 396
ECONOMIC DEVELOPMENT AND PLANNING			
- Planning	6 305 077	6 121 970	3 587 168
- Economic Development	546 412	1 030 000	
<b>SUBTOTAL</b>	<b>152 691 036</b>	<b>128 653 200</b>	<b>117 354 468</b>
<b>HOUSING SERVICE</b>	<b>4 908 627</b>	<b>8 250 000</b>	<b>799 578</b>
<b>TRADING SERVICES</b>			
Electricity	58 032 976	59 167 870	56 361 256
Produce Market	1 822 864	2 027 000	1 660 924
Water	28 750 491	25 128 500	19 526 900
<b>SUBTOTAL</b>	<b>88 606 331</b>	<b>86 323 370</b>	<b>77 549 080</b>
<b>GRAND TOTAL</b>	<b>246 205 994</b>	<b>223 226 570</b>	<b>195 703 126</b>





Resources used to finance the fixed assets were as follows :

	<b>2004 ACTUAL R</b>	<b>2004 BUDGET R</b>	<b>2003 ACTUAL R</b>
Capital Development Fund	144 748 883	139 098 570	134 227 523
Contributions from operating income	2 841 548	3 174 560	4 170 099
Provisions and reserves	2 956 391	9 470 020	7 794 599
Erven Trust Fund	5 097 710	7 718 000	3 297 619
Grants and subsidies	81 945 297	57 051 780	36 076 065
Public contributions	8 616 165	6 713 640	10 137 221
<b>TOTAL</b>	<b>246 205 994</b>	<b>223 226 570</b>	<b>195 703 126</b>

A complete analysis of capital expenditure (budgeted and actual) per classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

### **3. EXTERNAL LOANS, INVESTMENTS AND CASH**

External loans outstanding on 30 June 2004 amounted to R21 756 627 as set out in appendix B.

Investments, cash and bank on 30 June 2004 amounted to R380 676 074.

More information regarding loans and investments is disclosed in the notes (4 and 7) and appendix B to the financial statements.

### **4. FUNDS AND RESERVES**

More information regarding funds and reserves is disclosed in the notes (1 to 3) and appendix A to the financial statements.

### **EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, Chairperson and members of the Mayoral Executive Committee, Councillors, the City Manager and Heads of Directorates for the support they have given me and to the staff of my own department, and in particular to the local representatives of the Auditor-General and the firm PricewaterhouseCoopers Inc. appointed by the Auditor-General for their assistance in the preparation of these financial statements.

**J F BRITZ**  
**B Com., FIMFO**  
**Registered Municipal Accountant (Associate)**  
**Executive Director Finance**  
**Mangaung Local Municipality**

**Date : 20 September 2004**

## ACCOUNTING POLICIES

### 1. Basis of presentation

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1996) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in paragraph three. The accounting policies are consistent with those applied in the previous year, except as otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis whereas certain direct income is accrued when received, such as traffic fines, pre-paid electricity and certain licences.

### 2. Consolidation

The balance sheet includes the Rate and General Services, Housing Service, Trading Services and the different funds and reserves. All interdepartmental charges are set off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

### 3. Fixed Assets

- 3.1 Fixed Assets are stated :
  - at historical cost, or
  - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, or
  - ◆ at valuation on date of transfer/acquisition.

while the assets are in existence and fit for use, except in the case of assets which are written off at the end of their estimated life as determined by the Executive Director Finance. Erven are stated at valuation as recorded in the valuation roll.
- 3.2 Capital outlay is financed from various sources including operating income, Government loans, external loans, contributions by the public and internal advances. The period of internal advances is equated to the lives of the assets that are being financed and the services concerned is being charged interest at the internal interest rate.
- 3.3 Depreciation
 

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through :

  - Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income.
  - Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account, and therefore it is unnecessary to make any further provision for depreciation.

3.4 The net proceeds on the sale of immovable property are credited to the Erven Trust Fund.

The net proceeds on the sale of movable property are :

- credited to the Capital Development Fund if it amounts to R1 000 or more.
- credited to income if it amounts to less than R1 000.

#### 4. Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

#### 5. Funds, Reserves and Provisions

5.1 Reserves and provisions have been established where considered necessary. The basis used in determining contributions to these funds is as follows :

(a) Replacement Funds

Water Service - 1% of the capitalised value of the assets in the undertaking concerned at the end of the previous financial year.

Electricity Service - ½ % of the capitalised value of the assets in the undertaking concerned at the end of the previous financial year.

(b) Capital Development Funds

Not less than 1% of the defined annual income.

(c) Insurance Fund

An insurance reserve has been established to cater for losses not covered in the external policy. The contributions are provided as estimated by the Council's Insurance Brokers and are charged against the various services.

The following risks are insured under the reserve fund:



Business all risk  
Glass  
Business interruption, and  
Motor fleet

(d) The policies for funds and reserves as compiled and approved by Council, are available at the department of the Executive Director Finance.

(e) Leave-pay Provision

An estimated amount is transferred annually to the leave-pay provision. It is the policy of the Council to carry a provision of not less than 25% of the outstanding amount.

#### 6. Surpluses and Deficits

The policy with regard to trading surpluses and deficits is :

- Electricity Services - A maximum of 15% of the gross income derived from the electricity service is appropriated as a contribution towards the relief of rates. The balance is carried forward to the next financial year.

- Produce Market - The surplus is transferred to Rate and General Services as a contribution towards the relief of rates.
- Water Service - A maximum of 15% of the gross income derived from the sale of water is appropriated as a contribution towards the relief of rates. The balance is carried forward to the next financial year.

## 7. **Treatment of administration and other overhead expenses**

Administration expenses are charged to the various services on a sliding scale based on the expenditure of the relevant department.

## 8. **Leased Assets**

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, which reflects the extent and cost of lease finance utilised in each accounting period.

## 9. **Investments**

Investments are shown in the statements at original cost or market value if a permanent decline in the value occurred and are invested in the securities prescribed in Section 84 of Ordinance 8 of 1962 and Section 10 G(9)(a) of the Local Government Transition Act of 1993, as amended.

## 10. **Income Recognition**

10.1 Electricity and Water billings  
Meters on properties are read and billed monthly.

10.2 Pre-paid electricity  
Income is accrued when the cash is received

10.3 Assessment Rates  
Mangaung Local Municipality applies a differential partial site rating system. In terms of this system the assessment rates are levied partly on the municipal valuation of the ratable property without any improvements and partly on the municipal valuation of the improvements forming part of the ratable property.

## 11. **Retirement Benefits**

Mangaung Local Municipality, its employees and councillors contribute to the following pension- or provident funds :

Free State Municipal Pension Fund  
SALA Pension Fund  
Municipal Councillor's Pension Fund  
Free State Municipal Provident Fund  
SAMWU National Provident Fund  
Mangaung Multi Provident Fund  
Government Employees Pension Fund  
Old Mutual Orion

These funds provide retirement benefits to employees and councillors and are subject to

the Pension Funds Act, 1956. Benefits are being calculated according to the different funds' rules. Current contributions are charged against operating income.

Actuarial valuations are performed by the relevant pension funds at least every three years.

## **12. Medical Aid Funds**

Mangaung Local Municipality, its employees and pensioners contribute to the following medical aid funds.

Munimed  
Bonitas Medical Fund  
Pro Sano Medical Aid Scheme  
Sanmed  
Free State Municipal Medical Scheme  
Hosmed  
Samwumed

Benefits are being calculated according to the rules of the different funds. Current contributions are charged against operating income.

## BALANCE SHEET AT 30 JUNE 2004

	<u>Note</u>	2004	2003
		R	R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES			
Statutory Funds	1	1 029 810 531	932 876 712
Reserves	2	174 567 623	185 324 776
RETAINED SURPLUS	17	36 381 643	24 117 586
		1 240 759 797	1 142 319 074
ACCUMULATED HOUSING FUND			
Operating account	26	71 389 731	76 704 330
TRUST FUNDS	3	6 182 020	5 679 379
LONG TERM LIABILITIES	4	20 440 486	21 752 095
CONSUMER DEPOSITS - SERVICES	5	36 342 080	32 720 372
		1 375 114 114	1 279 175 250
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	728 568 075	636 189 883
INVESTMENTS	7	8 293	5 422
LONG TERM DEBTORS	8	55 825 096	48 765 667
		784 401 464	684 960 972
NET CURRENT ASSETS		590 712 650	594 214 278
CURRENT ASSETS			
Stock	9	28 713 324	23 881 489
Debtors	10	399 060 289	402 006 114
Short-term investments	7	317 024 927	315 280 783
Short-term portion of long-term debtors	8	22 240 678	18 810 071
Cash and Bank		63 642 854	74 662 461
		239 969 422	240 426 640
CURRENT LIABILITIES			
Provisions	11	14 967 457	14 476 961
Creditors	12	223 685 824	223 862 389
Short-term portion of long-term liabilities	4	1 316 141	2 087 290
		1 375 114 114	1 279 175 250

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003	2003	2003		2004	2004	2004	2004
ACTUAL INCOME	ACTUAL EXPEN- DITURE	SURPLUS/ (DEFICIT)		ACTUAL INCOME	ACTUAL EXPEN- DITURE	SURPLUS/ (DEFICIT)	BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
501 617 264	522 186 292	(20 569 028)	<b>RATE AND GENERAL SERVICES</b>	545 649 040	615 109 850	(69 460 810)	(88 604 210)
372 132 212	329 774 603	42 357 609	Community Services	407 977 174	401 139 066	6 838 108	(9 579 340)
13 505 611	86 706 547	(73 200 936)	Subsidised Services	12 964 735	97 740 605	(84 775 870)	(82 417 450)
115 979 441	105 705 142	10 274 299	Economic Services	124 707 131	116 230 179	8 476 952	3 392 580
6 248 511	9 197 418	(2 948 907)	<b>HOUSING SERVICES</b>	6 405 842	6 846 430	(440 588)	(1 922 130)
582 697 184	511 959 369	70 737 815	<b>TRADING SERVICES</b>	661 421 063	531 600 284	129 820 779	68 989 730
1 090 562 959	1 043 343 079	47 219 880	TOTAL	1 213 475 945	1 153 556 564	59 919 381	(21 536 610)
65 215 584	73 121 130	(7 905 276)	Distribution, Suspense and Quarry Accounts	68 691 098	58 308 967	10 382 131	0
		(39 443 361)	Appropriations for the year (Refer to note 17)			(58 037 455)	
		(128 757)	Net surplus/(deficit) for the year			12 264 057	
		24 246 343	Accumulated surplus/ (deficit) beginning of the year			24 117 586	
		24 117 586	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			36 381 643	

Refer to appendix D, E and E(i) for more detail

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

		<b>2004</b>	<b>2003</b>
		<b>R</b>	<b>R</b>
	<b>Note</b>		
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		239 016 159	261 745 061
Cash generated by operations	18	185 941 863	61 048 646
Investment income	16	43 645 475	54 548 853
(Increase)/decrease in working capital	19	(61 080 017)	100 360 293
		168 507 321	215 957 792
<u>Less: External interest paid</u>	16	(2 354 107)	(426 017)
<b>Cash available from operations</b>		166 153 214	215 531 775
Cash contributions from the public and State		72 862 945	46 213 286
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in fixed assets	6	(246 205 994)	(195 703 126)
<b>NET CASH FLOW</b>		(7 189 835)	66 041 935
<b>CASH EFFECTS OF FINANCING ACTIVITIES :</b>			
Increase/(decrease) in long-term loans	20	(2 082 757)	(1 071 893)
(Increase)/decrease in cash investments	21	(1 747 015)	(31 488 041)
(Increase)/decrease in cash	22	11 019 607	(33 482 001)
<b>NET CASH (GENERATED)/UTILIZED</b>		7 189 835	(66 041 935)



## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
<b>1. STATUTORY FUNDS</b>		
Capital Development Fund	937 743 786	850 203 450
Redemption Fund	-	900 000
Insurance Fund	69 965 924	64 060 439
Erven Trust Fund	22 100 821	17 712 823
(Refer to note 25 and appendix A for more detail)	1 029 810 531	932 876 712
<b>2. RESERVES</b>		
<b>PROTECTION SERVICES</b>		
Disaster Management	3 339 836	3 557 247
Parking Fund	3 728 353	3 853 351
<b>PARKS AND RECREATION</b>		
Tennis Court Surface Renewal Fund	2 257 374	2 182 584
<b>INFRASTRUCTURAL SERVICES</b>		
Vehicles and Plant - Maintenance	378 757	347 916
<b>GRAVEL QUARRIES</b>		
General Reserve	875 486	816 529
<b>SPECIAL AND SUNDRY RESERVES</b>		
Market Deficit	1 897 327	1 742 835
Workmen's Compensation Act	15 078 401	14 926 302
Student Bursaries	738 991	789 035
Capital Reserve	2 558 856	2 350 499
Stores Contingencies Account	15 858 838	14 079 709
General Reserve - Petra Quarry	6 866 806	6 307 669
General Reserve - Business Entity	102 741 548	-
<b>ELECTRICITY SERVICE</b>		
Tariff Stabilisation Fund	-	25 820 751
Electrification - Greater Bloemfontein	-	25 997 799
Replacement Fund - Distribution Urban Area	-	25 413 119
Vehicles and Plant - Maintenance	-	2 899 101
Maintenance Reserve	-	1 753 842
Botshabelo Reserve	-	20 319 303
<b>WATER SERVICE</b>		
Tariff Stabilisation Fund	3 935 646	19 109 321
Replacement Fund - General Mains, etcetera	14 311 404	13 057 864
(Refer to appendix A for more detail)	174 567 623	185 324 776

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004(Continued)

	2004 R	2003 R
<b>3. TRUST FUNDS</b>		
Cultural Fund	130 782	120 133
The Tomory Bequest	9 035	9 035
Alfred Leith Non-European Endowment Fund	2 224	2 043
R T B de Villiers Trust	303 003	278 331
A E Fichardt Trust	5 541 697	5 090 459
Coloured Old Age Home (OVV)	43 444	39 906
Relief fund : Home for Coloureds	127 807	117 400
Johan Ströhfeldt Trust	24 028	22 072
	6 182 020	5 679 379
(Refer to appendix A for more detail)	6 182 020	5 679 379
<b>4. LONG TERM LIABILITIES</b>		
Local Registered Stock :		
@ 11,30% Loan No 8 2003	-	900 000
Government Loans	330 181	420 441
Development Bank of Southern Africa	21 426 446	22 518 944
	21 756 627	23 839 385
(Refer to appendix B for more detail on long term liabilities)		
Less : Current portion transferred to Current Liabilities	1 316 141	2 087 290
Local Registered Stock	-	900 000
Government Loans	99 512	90 260
Development Bank of Southern Africa	1 216 629	1 097 030
	20 440 486	21 752 095
<p>The above loans were advanced for infrastructural projects. They bear interest at rates from 8.50 % to 17.25% per annum and are repayable over periods of between twenty and thirty years. The final dates of repayment vary from 30 June 2005 to 31 December 2015.</p>		
<p>None of the loans are secured by any assets of the Council.</p>		
<b>5. CONSUMER DEPOSITS - SERVICES</b>		
Electricity and water	36 342 080	32 720 372
	36 342 080	32 720 372
Guarantees held in lieu of electricity and water deposits	10 855 765	8 652 205
	10 855 765	8 652 205
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	2 414 798 192	2 259 289 000
Capital expenditure during the year	246 205 994	195 703 126
Assets written off, transferred or disposed of during the year	(194 622 669)	(40 193 934)
Total fixed assets	2 855 626 855	2 414 798 192
Less : Loans redeemed and other capital receipts	(2 127 058 780)	(1 778 608 309)
Net fixed assets	728 568 075	636 189 883
(Refer to appendix C and section 2 of the Report of the Executive Director Finance for more detail on fixed assets)		

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004(Continued)

	2004 R	2003 R
<b>7. INVESTMENTS</b>		
Unlisted		
Centlec (Pty) Ltd	100	
Senwes Ltd Shares	5 658	2 622
OVK Holdings Ltd	2 535	2 800
	8 293	5 422
Short term	317 024 927	315 280 783
	317 033 220	315 286 205
Management valuation of unlisted investments	317 033 220	315 286 205
Average rate of return on investments	8.86%	12.45%
The Ordinance of the Free State (No 8 of 1962) and the Local Government Transition Act (No 209 of 1993) requires local authorities to invest funds, whether held in trust or otherwise, in prescribed securities.		
Included in investments, is an amount of R374 927, being the balance of an investment at an institution currently under receivership.		
An investment of R4 000 000 is pledged as security to the Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of accidental injuries while on duty.		
No investments have been written off during the year.		
<b>8. LONG TERM DEBTORS</b>		
Loans to Local Authorities	6 368 244	5 766 422
Housing Loans to Individuals and Public Organisations	26 941 171	25 787 861
Mortgage Bonds to Employees	6 603 245	1 879 743
Car loans	24 188 117	20 648 644
Study loans	921 535	779 809
Erven Trust	13 043 462	12 713 259
	78 065 774	67 575 738
Less: Short-term portion of long-term debtors transferred to current assets	(22 240 678)	(18 810 071)
	55 825 096	48 765 667
<b>9. STOCK</b>	28 713 324	23 881 489
Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock.		
<b>10. DEBTORS</b>		
Current debtors (consumer and other)	568 902 269	519 698 980
Provision for bad debts	(169 841 980)	(117 692 866)
	399 060 289	402 006 114
Amounts totaling R5 521 053 (2003 : R149 419 906) were written off as bad debts. This represents 0.45% (2003: 13.70%) of the total operating income for the year. Days outstanding in debtors amount to 238 days (2003: 230 days)		
<b>11. PROVISIONS</b>		
12.		
13 . Leave Pay	14 967 457	14 476 961



## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004(Continued)

	2004 R	2003 R
<b>12. CREDITORS</b>		
Trade Creditors and other	223 050 465	223 471 258
Deposits	635 359	391 131
	223 685 824	223 862 389

### 13. ASSESSMENT RATES

	SITE VALUATIONS AS AT 1 JULY 2003	ACTUAL INCOME 2004	ACTUAL INCOME 2003
Free Services		30 505 400	9 500 000
Residential and Commercial	13 140 175 408	161 697 959	154 324 010
State	1 726 168 900	15 282 406	15 585 608
Municipal	1 433 614 600	2 306 790	2 213 001
		209 792 555	181 622 619

Valuations are performed at least every three years.

The last general valuation in Mangaung came into effect on 1 July 2003.

The basic rates were as follows :

General assessment rates

- (a) 6,35c per rand on the value of rateable property without any improvements.
- (b) 0,578c per rand on the value of improvements.

The following rebates apply on rateable properties:

- (i) 40% rebate on properties which are used solely for dwelling purposes, including properties which are zoned for the purpose of town houses and flats and including small holdings and farms used solely for residential and agricultural purposes.
- (ii) 100% rebate on properties in the Bloemindustria industrial area.
- (iii) 20% rebate on properties which are used mainly for dwelling purposes but on which informal business is also performed.

( i v )

### 14. COUNCILLORS' REMUNERATION

Mayor's allowances	404 845	372 424
Speaker's allowances	333 135	306 297
Councillor's allowances	5 497 606	4 377 737
Mayoral Committee allowances	3 152 060	2 901 850
Councillors' pension contributions	944 112	870 750
	10 331 758	8 829 058

### 15. AUDITORS' REMUNERATION

Audit fees		
- Current year	1 722 190	1 594 620
- Under provision prior year	475 233	-
	2 197 423	1 594 620

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004(Continued)

	2004 R	2003 R
<b>16. FINANCE TRANSACTIONS</b>		
Total external interest earned or paid :		
Interest earned	43 645 475	54 548 853
Interest paid	2 354 107	426 017
	117 222 199	105 651 783
Capital charges debited to operating and distribution accounts :		
Interest : External	2 354 107	426 017
Internal	63 749 629	59 485 686
Redemption : External	1 182 757	1 071 893
Internal	50 435 706	44 668 187
	117 222 199	105 651 783
<b>17. APPROPRIATIONS</b>		
<u>Appropriation Account</u>		
Accumulated surplus/(deficit) at the beginning of the year :	24 117 586	24 246 343
- Operating account	34 413 804	26 637 285
- Distribution, Suspense and Quarry accounts	(10 296 218)	(2 390 942)
Operating surplus/(deficit) for the year	70 301 512	39 314 604
- Operating account	59 919 381	47 219 880
- Distribution, Suspense and Quarry accounts	10 382 131	(7 905 276)
Appropriations for the year :	(58 037 455)	(39 443 361)
- Contributions to : Workmen's Compensation Fund	-	(2 000 000)
Leave-pay Reserve	(3 000 000)	(2 000 000)
Provision for Bad Debts	(54 947 883)	(53 000 000)
- Prior year adjustments: Adjustments Thaba Nchu / Botshabelo	-	2 062 858
Purchase of electricity	-	16 039 250
Other	(3 659)	(545 469)
- Distribution, Suspense and Quarry accounts	(85 913)	-
Accumulated surplus/(deficit) at the end of the year	36 381 643	24 117 586
- Operating account	36 381 643	34 413 804
- Distribution, suspense and Quarry accounts	-	(10 296 218)
	36 381 643	24 117 586

The above results have been achieved after the following contributions have been made :

<u>Operating Account</u>	2 841 548	4 170 099
Capital expenditure		
Contribution to :	2 892 375	2 625 313
Replacement provision	2 443 577	2 253 059
- Electricity	24 216 581	21 686 289
- Water	1 003 620	942 210
Capital Development Fund	129 042	285 580
Leave - Pay Reserve	-	74 296
Parking Fund	2 722 285	2 004 390
Housing Fund		
Bad debts provision		

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36 249 028

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34 041 236

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
<b>18. CASH GENERATED BY OPERATIONS</b>		
19.		
20. Surplus/(deficit) for year	70 301 512	39 314 604
21.		
22. Adjustments in respect of :		
23. Previous years' operating transactions and contributions	(58 037 455)	(39 443 361)
24.		
25 . Appropriations charged against income :	111 895 427	91 041 236
- Capital development fund	24 216 581	21 686 289
- Provisions and reserves	67 138 781	65 184 848
- Fixed Assets	20 540 065	4 170 099
Capital Charges :	117 722 199	105 651 783
Interest paid :		
- to internal funds	63 749 629	59 485 686
- on external funds	2 354 107	426 017
Redemption :		
- of internal advances	50 435 706	44 668 187
- of external borrowings	1 182 757	1 071 893
Investment income (operating account)	(21 005 122)	(21 122 617)
Non-operating income :		
Net income from Provisions, Reserves and Trust Funds	16 169 095	43 408 360
Non-operating expenditure :		
Expenditure charged against Provisions, Reserves and Trust Funds	(51 103 793)	(157 801 359)
	<u>185 941 863</u>	<u>61 048 646</u>
<b>18. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
19.		
20. (Increase)/decrease in stock	(4 831 835)	(5 853 363)
21. (Increase)/decrease in debtors	(59 693 325)	83 241 826
22 . Increase/(decrease) in creditors	3 445 143	22 971 830
	<u>(61 080 017)</u>	<u>100 360 293</u>
<b>20. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	-	-
Loans repaid	(2 082 757)	(1 071 893)
	<u>(2 082 757)</u>	<u>(1 071 893)</u>
<b>21. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT</b>		
Investment realised	156 000 000	65 511 959
Investment made	(157 747 015)	(97 000 000)
	<u>(1 747 015)</u>	<u>(31 488 041)</u>
<b>22. (INCREASE)/DECREASE IN CASH ON HAND</b>		
Cash balance at the beginning of the year	74 662 461	41 180 460
Less: Cash balance at the end of the year	63 642 854	74 662 461
	<u>11 019 607</u>	<u>(33 482 001)</u>



## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
<b>23. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
Guarantees by Council in respect of housing loans at financial institutions for officials	6 124 181	6 339 672
Leave pay outstanding as at 30 June 2004 amounts to R34 387 221, whereas the provision amounts to R14 967 457. It is the policy of the Council to carry a provision of not less than 25% of the outstanding amount.	6 124 181	6 339 672
The following pending claims exist against the council:		
<ul style="list-style-type: none"> <li>● R950 000 for damage to cable</li> <li>● R290 000 for the expropriation of a smallholding by the former council of Bainsvlei</li> <li>● R150 000 for a claim in respect of the utilization of funds from the Local Economic Development Fund (LEDF).</li> <li>● R50 000 for claims regarding labour disputes.</li> <li>● R90 000 for animals which have died</li> </ul>		
<b>24. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure approved and contracted for	68 848 647	19 384 390
This expenditure will be financed from :		
- Internal Sources	38 122 403	17 639 780
- External Sources	30 726 244	1 744 610
Subsidies Government	68 848 647	19 384 390
<b>25. CAPITAL DEVELOPMENT FUND</b>		
Accumulated Fund	937 743 786	850 203 450
Less :	823 560 116	700 155 485
External investments	71 517 607	47 961 634
Debtors	45 231 061	39 843 353
Internal advances (See appendix B for more detail)	706 811 448	612 350 498
Applied as operating capital	114 183 670	150 047 965
<b>26. HOUSING OPERATING ACCOUNT</b>		
27. The operating account of the Housing Fund was established in terms of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998.		
29 . Refer to Annexure E (ii) for more detail.		
<b>30. RETIREMENT BENEFITS</b>		
31. The actuarial valuations of the funds, as mentioned in the accounting policies, could not be obtained.		
<b>27. POST BALANCE SHEET EVENT</b>		
28. A new company, Centlec (Pty) Ltd of which Mangaung Local Municipality is the sole shareholder, was formed to take over all activities in respect of the supply of electricity. The income derived from this activity will revert to the newly established business. All assets, including certain of the debtors of the electricity service will be taken over by the newly formed company. The income formerly derived from this activity will be replaced by interest to be received on a loan account.		

## APPENDIX A

### STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 30/6/2003	CONTRI-BU TIONS DURING THE YEAR	INTEREST ON INVEST- MENTS	OTHER INCOME	OPERA-TIN G EXPENDI-T URE DURING THE YEAR	CAPITAL EXPENDI-T URE DURING THE YEAR	BALANCE AT 30/6/2004
	R	R	R	R	R	R	R
<b>STATUTORY FUNDS</b>							
Capital Development Fund	850 203 450	24 216 581	83 013 335	1 034 400	20 723 980		937 743 786
Insurance Fund	64 060 439		5 678 571	1 389 506	1 162 592		69 965 924
Erven Trust Fund	17 712 823		571 733	9 261 440	347 465	5 097 710	22 100 821
Redemption Fund	900 000				900 000		
	932 876 712	24 216 581	89 263 639	11 685 346	23 134 037	5 097 710	1 029 810 531
<b>RESERVES</b>							
<u>PROTECTION SERVICES</u>							
Disaster Management	3 557 247		315 329		532 740		3 339 836
Parking Fund	3 853 351		341 576	142 280		608 854	3 728 353
<u>PARKS AND RECREATION</u>							
Tennis Court Surface Renewal Fund	2 182 584		193 473		118 683		2 257 374
<u>INFRASTRUCTURAL SERVICES</u>							
Vehicles and Plant - Maintenance	347 916		30 841				378 757
<u>QUARRIES GRAVEL</u>							
General Reserve	816 529		72 380		13 423		875 486
<u>SPECIAL AND SUNDRY RESERVES</u>							
Market Deficit	1 742 835		154 492				1 897 327
Workmen's Compensation Fund	14 926 302	289 660	1 323 126		1 460 687		15 078 401
Student Bursaries	789 035		69 943		119 987		738 991
Capital Reserve	2 350 499		208 357				2 558 856
General Reserve - Petra Quarry	6 307 669		559 137				6 866 806
Stores Contingencies Account	14 079 709		1 248 081	674 720	143 672		15 858 838
General Reserve - Business Entity				115 015 468	12 273 920		102 741 548
<u>ELECTRICITY SERVICE</u>							
Tariff Stabilisation Fund	25 820 751		2 288 853		28 109 604		
Electrification - Greater Bloemfontein	25 997 799		2 304 548		28 302 347		
Replacement Fund - Distribution Urban Area	25 413 119	2 892 375	2 252 719		30 558 213		
Vehicles and Plant - Maintenance	2 899 101		256 988	859 420	4 015 509		
Maintenance Reserve	1 753 842		155 467		1 909 309		
Botshabelo Reserve	20 319 303		1 801 183		22 120 486		
<u>WATER SERVICE</u>							
Tariff Stabilisation Fund	19 109 321		1 693 925		16 867 600		3 935 646
Replacement Fund - General Mains etc.	13 057 864	2 443 577	1 157 500			2 347 537	14 311 404
	185 324 776	5 625 612	16 427 918	116 691 888	146 546 180	2 956 391	174 567 623
<b>TRUST FUNDS</b>							
Cultural Fund	120 133		10 649				130 782
The Tomory Bequest	9 035						9 035
Alfred Leith Non-European Endowment Fund	2 043		181				2 224
R T B De Villiers Trust	278 331		24 672				303 003
A E Fichardt Trust	5 090 459		451 238				5 541 697
Coloured Old Age Home (OVV)	39 906		3 538				43 444
Relief Fund : Home for Coloureds	117 400		10 407				127 807
Johan Ströhfheldt Trust	22 072		1 956				24 028
	5 679 379		502 641				6 182 020
	1 123 880 867	29 842 193	106 194 198	128 377 234	169 680 217	8 054 101	1 210 560 174

**APPENDIX B**  
**EXTERNAL LOANS AND INTERNAL ADVANCES**

	BALANCE AT 30/6/2003	RECEIVED DURING THE YEAR	REDEEMED OR WRITTEN OFF DURING THE YEAR	BALANCE AT 30/6/2004
	R	R	R	R
<b>EXTERNAL LOANS</b>				
Local Registered Stock				
Issued				
Redeemable				
1988 @ 11,30%	900 000		900 000	0
2003				
Loan number				
8				
Government Loans	420 441		90 260	330 181
Bophuthatswana	22 518 943		1 092 497	21 426 446
Development Bank of Southern Africa				
	23 839 384		2 082 757	21 756 627
<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>				
Capital Development Fund	612 350 498	144 748 883	50 287 933	706 811 448
(Refer to note 25)				

## APPENDIX C

### ANALYSIS OF FIXED ASSETS

EXPEN- DITURE 2002/2003	SERVICE	BUDGET 2003/2004	BALANCE AT 30/6/2003	EXPEN- DITURE 2003/2004	WRITTEN OFF, TRANS- FERRED, REDEEMED OR DISPOSED OF DURING THE YEAR	BALANCE AT 30/6/2004
R		R	R	R	R	R
117 354 468	<b>RATE AND GENERAL SERVICES</b>	128 653 200	1 537 649 637	152 691 036	(195 453 300)	1 885 793 973
59 032 892	<b>Community Services</b>	69 767 250	471 958 130	77 274 643	10 163 036	539 069 737
47 120	Protection Services :		106 741		(158 356)	265 097
462 363	Administration		2 490 517	54 129	69 894	2 474 752
1 429 495	Civil Defence	77 070	8 381 993	192 466	364 084	8 210 375
565 076	Security	406 430	12 649 322	1 849 139	845 967	13 652 494
	Traffic Control	1 180 800	796 532	77 907	38 280	836 159
	Parks Administration	78 000				
	Secretariate :		3 033 528		29 704	3 003 824
529 969	Administration		2 435 131	1 415 592	34 772	3 815 951
255 103	Council's General Expenses		10 353 717	4 767 288	3 775 017	11 345 988
4 454 094	Health Services	2 717 500	8 784 562	2 293 301	124 234	10 953 629
4 676 705	Personnel	3 849 660				
	Infrastructural Services :		4 365 929	933 484	142 416	5 156 997
1 230 661	Administration		372 861 652	57 388 383	2 701 853	427 548 182
41 379 534	Roads and Stormwater	43 478 820	1 311 218	250 870	153	1 561 935
228 731	Railway Sidings	250 000	10 852 286	1 242 643	140 066	11 954 863
124 396	Finance	11 257 000	11 163 374	504 364	(88 212)	11 755 950
62 477	Mechanical Services	350 000	22 371 628	6 305 077	2 143 164	26 533 541
3 587 168	Urban Planning	6 121 970				
12 343 849	<b>Subsidised Services</b>	16 617 250	775 841 049	21 336 840	(206 273 727)	1 003 451 616
1 204 729	Ambulance and Fire Brigade	1 038 000	15 551 237	1 193 419	113 108	16 631 548
2 109 358	Parks and Recreation :		8 511 700	2 104 430	163 289	10 452 841
660 000	Cemeteries	2 125 000	7 677 121	1 442 777	122 421	8 997 477
	Zoo and Nature Conservation	1 790 500	2 362 550		5 518	2 357 032
	Airport		26 614 333	2 702 525	250 382	29 066 476
2 437 277	Parks and Public Grounds	3 346 850	40 335 695	1 873 811	51 696	42 157 810
1 411 318	Recreational Facilities	2 070 000	49 075 060		0	49 075 060
	Stadium		11 695 054	338 021	41 008	11 992 067
656 202	Swimming Baths	405 000				
	Secretariate :		493 933 597	6 360 368	(207 055 248)	707 349 213
154 838	Miscellaneous Properties	1 156 900	5 906 349	1 476 159	11 178	7 371 330
327 409	Library Services	4 685 000	102 831 105	3 845 330	19 141	106 657 294
2 749 813	Civil Buildings		1 058 300		3 780	1 054 520
	Civic Theatre		10 288 948		0	10 288 948
632 905	Rural Areas					
45 977 727	<b>Economic Services</b>	42 268 700	289 850 458	54 079 553	657 391	343 272 620
53 554	Procurement: Stores		3 053 456	203	45 919	3 007 740
9 203 304	Sanitary and Night Soil	4 920 000	59 507 025	2 409 220	493 409	61 422 836
36 720 869	Sewerage	37 348 700	224 113 999	51 670 130	72 235	275 711 894
	Petra Quarry		3 175 978		45 828	3 130 150

**APPENDIX C (Continued)**  
**ANALYSIS OF FIXED ASSETS**

EXPEN-DITURE 2002/2003	SERVICE	BUDGET 2003/2004	BALANCE AT 30/6/2003	EXPEN-DITURE 2003/2004	WRITTEN OFF, TRANS- FERRED, REDEEMED OR DISPOSED OF DURING THE YEAR	BALANCE AT 30/6/2004
R		R	R	R	R	R
799 578	<b>HOUSING SERVICES</b>	8 250 000	33 614 911	4 908 627	82 893	38 440 645
799 578	Housings Schemes	8 250 000	33 614 911	4 908 627	82 893	38 440 645
77 549 080	<b>TRADING SERVICES</b>	86 323 370	843 533 644	88 606 331	747 738	931 392 237
56 361 256	Electricity	59 167 870	578 475 014	58 032 976	559 896	635 948 094
1 660 924	Produce Market	2 027 000	20 700 932	1 822 864	49 591	22 474 205
19 526 900	Water	25 128 500	244 357 698	28 750 491	138 251	272 969 938
195 703 126	<b>TOTAL FIXED ASSETS</b>	223 226 570	2 414 798 192	246 205 994	(194 622 669)	2 855 626 855
61 475 603	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		1 778 608 309	101 457 111	(246 993 360)	2 127 058 780
4 170 099	Loans redeemed and advances repaid		825 030 784	2 841 548	(47 753 284)	872 784 068
11 092 218	Contributions from operating income		67 031 434	8 054 101	2 226 497	67 646 485
36 076 065	Contributions from reserves		701 417 308	81 945 297	(205 043 713)	914 545 122
10 137 221	Grants and subsidies		109 113 419	8 616 165	3 566 646	187 492 070
	Public contributions		76 015 364		10 494	84 621 035
134 227 523	<b>NET FIXED ASSETS</b>		636 189 883	144 748 883	52 370 691	728 568 075

## APPENDIX D

### ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

ACTUAL 2003		ACTUAL 2004	BUDGET 2004
R		R	R
	<b>INCOME</b>		
	Grants and Subsidies		
181 114 239	- Central Government	189 014 322	234 564 320
9 463 797	- Regional Government	12 688 806	11 317 420
	Operating Income		
181 622 619	- Assessment rates	209 792 555	208 098 360
365 071 217	- Sale of electricity	407 523 843	411 331 110
171 258 868	- Sale of water	189 528 462	171 290 160
182 032 219	- Other	204 927 957	219 111 860
<u>1 090 562 959</u>		<u>1 213 475 945</u>	<u>1 255 713 230</u>
	<b>EXPENDITURE</b>		
312 982 707	Salaries, wages and allowances	350 404 799	384 474 150
	General expenses		
212 566 526	- Purchase of electricity	220 866 426	248 197 520
108 134 332	- Purchase of water	114 869 967	123 811 590
236 168 246	- Other expenses	291 902 130	346 172 270
86 140 421	Repairs and maintenance	78 866 336	92 431 500
103 531 798	Capital charges	116 539 522	117 761 750
2 751 031	Contribution to fixed assets	2 816 115	3 132 900
29 871 137	Contributions	33 407 480	32 646 720
<u>1 092 146 198</u>	<b>Gross expenditure</b>	<u>1 209 672 775</u>	<u>1 348 628 400</u>
48 803 119	<u>Less</u> : Amounts charged out	56 116 211	71 378 560
<u>1 043 343 079</u>	<b>Net expenditure</b>	<u>1 153 556 564</u>	<u>1 277 249 840</u>

**APPENDIX E**

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

2003 ACTUAL INCOME	2003 ACTUAL EXPEN- DITURE	2003 SURPL US/ (DEFICI T)		2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITURE	2004 SURPL US/ (DEFICI T)	2004 BUDGE T SURPL US/ (DEFICI T)
R	R	R		R	R	R	R
501 617 264	522 186 292	(20 569 028)	<b>RATE AND GENERAL SERVICES</b>	545 649 040	615 109 850	(69 460 810)	(88 604 210)
372 132 212	329 774 603	42 357 609	<b>Community Services</b>	407 977 174	401 139 066	6 838 108	(9 579 340)

181 622 619		181 622 619	Assessment Rates	209 792		209 792		208 098
				555		555		360
872	921 698		Protection Services					
1 137 554	3 508	(920 826)	- Administration		417 906			(673 860)
1 572 759	769	(2 371)	- Civil Defence	50	3 742	(417 856)		(2 976)
4 591 307	17 444	(215)	- Security	1 105 287	426	(2 637)		(040)
	692	(15 871)	- Traffic Control	1 579 225	19 260	(139)		(18)
	14 179	(9 588)	Parks and Recreation	3 997 827	796	(17 681)		(386 220)
	701	(394)	- Administration		15 094	(11 096)		(10 451)
6 472				2 905	300	(473)		(070)
			Executive Office					
	1 921		- City Manager		2 054			
	503	(1 915)	- Office of the Mayor		822	(2 051)		(2 453)
		(031)	- Office of the Speaker			(917)		(740)
			Executive Directors - Administration					
	1 757	(1 757)	- Strategy and		2 190	(2 190)		(2 158)
14	755	(755)	Transformation		104	(104)		(250)
	3 326	(3 326)	- Corporate Services		4 189	(4 189)		(3 329)
	762	(762)	- Infrastructural Services		592	(592)		(640)
44	2 416	(2 416)	- Community and Social		2 624	(2 624)		(2 656)
	035	(035)	Development		678	(678)		(900)
			- Economic Development and					
	4 538	(4 538)	Planning		6 745			
1 731 478	629	(615)	Secretariate	1 737 032	832	(6 745)		(5 725)
	503 561	(503 561)	- Administration	10 750	997 586	(997 586)		(160)
	484 383	(484 339)	- Council's General		1 105	(1 105)		(1 051)
321 566	901 075	(901 075)	Expenses		78 795	(1 116)		(590)
			Personnel Services			(383)		(1 116)
	15 531	(13 799)	Medical Officer of Health	159 002	988	(1 715)		(940)
	206	(728)	- Administration	11 934 477	1 059	(988)		(1 477)
	14 401	(14 401)	- Health Services		278	(1 059)		(090)
	388	(388)	- Community Development			(278)		(1 059)
	14 711	(14 389)	Infrastructural Services					(660)
	045	(479)	- Administration		438	(14 766)		(12 860)
			- Design	30 208	364	(332)		(140)
	1 561	(1 400)	- Roads and Stormwater	5 108 180	18 960	(18 949)		(15 818)
	445	(078)	- Railway Sidings	396 957	105	(355)		(470)
	21 708	(13 303)	- Mechanical Service	2 087	16 982	(16 903)		(540)
	209	(023)	- Rural Area Development		393	(598)		
			Finance		1 460			
	1 678	(1 677)	- Administration	17 653 770	431	(1 301)		(1 401)
	977	(227)	- Miscellaneous Services	366 938	25 940	(429)		(140)
	557 074	(513 301)	- Governmental Transfers	153 375	186	(14 005)		(18 342)
	47 044	(41 967)	- Grants-in-Aid	772	423 852	(709)		(210)
	788	(302)	- Internal Audit			(423 852)		(793 100)
	453 008		Economic Development and Planning					
	2 216	(2 209)	- Administration	116 030	1 338	(1 338)		(1 423)
	684	(943)	- Town Planning	149 825	949	(511)		(510)
	1 634	(1 634)	- Metropolitan Planning	55 929	606 933	(576 725)		(600 600)
	317	(212)	- Drafting Service	023	55 929	(50 820)		(49 127)
			- Property Administration	337 860	396 957	(843)		(890)
	14 910	5 717	- Environmental management	19 739	3 606	(3 603)		(67 930)
	558	(093)	- Building Maintenance		001	(914)		(2 293)
	8 700	(8 629)	- Industrial Marketing &		1 396	(1 396)		(250)
	083	(069)	Public Relations		387	(387)		(1 782)
	111 367	34 318		16 128	17 726	(72 636)		(250)
	914	(791)			406	(7 642)		2 166
	5 435	(5 435)			8 009	(319)		(420)
	669	(669)			257	7 428		(11 743)
	836 157	(836 157)			145 946	797		(140)
					4 955	(4 955)		0
					340	(340)		(5 888)
	1 572	(1 572)			1 078	(1 078)		(940)
	825	(370)			570	(570)		(2 607)
	3 824	(3 710)						(840)
	668	(899)						
	1 701	(1 562)			1 372	(1 372)		(2 093)
	488	(940)			555	(555)		(600)
	744 152	(742 331)			4 111	(3 995)		(4 928)
	980 474	(968 483)			648	(618)		(600)
					1 973	(1 823)		(600)
	3 430	(3 092)			445	(620)		(1 894)
	021	(965)			871 049	(865 712)		(400)
	2 867	(2 858)			1 912	(1 892)		(858 310)
	890	(789)			688	(949)		(2 201)
					358 079	(358 079)		(890)
					5 131	(4 793)		(1 841)
					235	(375)		(030)
								(3 795)
					2 948	(2 932)		(100)
					725	(597)		(5 886)
								(080)
13 505 611	86 706	(73 200	<b>Subsidised Services</b>	12 964 735	97 740	(84 775		(82 417
	547	936)			605	870)		450)
			Fire Protection	2 129 614	22 552	(20 422)		(21 803)
	19 375	(17 522)	Cemeteries	4 011 474	424	(810)		(940)
	471	(274)	Zoo and Nature Conservation	932 404	6 658	(2 647)		(2 963)
	5 983	(1 971)	Airport	189 099	786	(312)		(170)
	391	(154)	Parks	108 146	3 843	(2 911)		(2 655)
	3 291	(2 447)	Sport and Recreation	2 405 126	911	(507)		(020)
	701	(544)	Swimming Baths	333 046	251 701	(62 602)		(94 070)
	2976 267	(78 483)	Sundry Properties	1 706 634	22 820	(22 712)		(22 252)
	345 487	(20 156)	City Library Services	577 422	633	(487)		(330)
	2 040 572	(917)	Civic Buildings	571 770	11 582	(9 177)		(8 691)
	615 728	(9 015)	Civic Theatre		285	(159)		(350)
	590 595	(363)			3 997	(3 664)		(3 305)
		(3 265)			224	(178)		(630)
	3 610	(469 120)			2 746	(1 039)		(86 210)
	605	(118)			525	(891)		(9 454)
	2 509	(8 463)			10 165	(9 587)		(810)
	692	(614)			410	(988)		(10 939)
	9 079	(9 683)			12 840	(12 268)		(640)
	342	(619)			300	(530)		(171 280)
	10 274	(127 730)			281 406	(281 406)		
	214							
	127 730							



## APPENDIX E (Continued)

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME	2003 ACTUAL EXPEN- DITURE	2003 SURPL US/ (DEFICI T)		2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITURE	2004 SURPL US/ (DEFICI T)	2004 BUDGE T SURPL US/ (DEFICI T)
R	R	R		R	R	R	R
115 979 441	105 705 142	10 274 299	<b>Economic Services</b>	124 707 131	116 230 179	8 476 952	3 392 580
691 904	922 935	(231 031)	Parking Garage	657 896	770 527	(112 631)	(494 210)
54 304	82 575	(28 271)	Taxi Terminus	108 025	120 648	(12 623)	(88 450)
2 061 590	5 884	(3 822)	Building Management and Control	2 465 784	5 768	(3 302)	(5 525)
17 916 084	032	442	Cleansing Service	18 249 607	323	539	240
2 992 529	60 759	(42 843)	Sanitary and Nightsoil	2 046 016	56 474	(38 224)	(46 748)
1 743 769	813	729	Sewerage	1 620 045	416	809	240
90 519 261	8 340	(5 347)	Sanitary Fees	99 559 758	19 305	(17 259)	(8 639)
	276	747			375	359	470
	29 715	(27 971)			33 790	(32 170)	(33 852)
	511	742			890	845	450
		90 519				99 559	98 740
		261				758	640
6 248 511	9 197 418	(2 948 907)	<b>HOUSING SERVICES</b>	6 405 842	6 846 430	(440 588)	(1 922 130)
1 554 584	4 503	(2 948 907)	Administration	1 670 506	2 111	(440 588)	(1 922 130)
3 624 739	491		Economic Schemes	3 660 206	094		
224 163	3 624		Sub-economic Schemes	219 887	3 660		
34 569	739		Compound	33 957	206		
58 830	224 163		Mangaung	58 780	219 887		
189 504	34 569		Mangaung Hostel	198 192	33 957		
	58 830		Heidedal		58 780		
178 272	189 504		- Economic Schemes	178 873	198 192		
383 850	178 272		- Sub-economic Schemes	385 441	178 873		
	383 850				385 441		
582 697 184	511 959 369	70 737 815	<b>TRADING SERVICES</b>	661 421 063	531 600 284	129 820 779	68 989 730
380 137 672	342 102	38 035	Electricity	433 197	350 293	82 903	50 400
9 632 468	644	028	Produce Market	199	906	293	840
192 927 044	7 072	2 560	Water	9 512 390	8 080	1 432	2 457
	088	380		218 711	208	182	460
	162 784	30 142		474	173 226	45 485	16 131
	637	407			170	304	430
1 090 562 959	1 043 343 079	47 219 880	<b>TOTAL</b>	1 213 475 945	1 153 556 564	59 919 381	(21 536 610)
		(7 905 276)	Distribution, Suspense and Quarry Accounts (Refer to Appendix E(i))			10 382 131	
		(39 443 361)	Appropriations for the year			(58 037 455)	
		(39 443 361)	- Operating Account			(57 951 542)	
		0	- Distribution, Suspense and Quarry Accounts (Refer to note 17)			(85 913)	
		(128 757)	<b>Net surplus/ (deficit) for the year</b>			12 264 057	
		24 246 343	<b>Accumulated surplus/ (deficit) beginning of the year</b>			24 117 586	
		26 637 285	- Operating Account			34 413 804	
		(2 390 942)	- Distribution, Suspense and Quarry Accounts			(10 296 218)	
		24 117 586	<b>ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR</b>			36 381 643	
		34 413 804	Operating Account			36 381 643	
		(10 296 218)	Distribution, Suspense and Quarry Accounts (Refer to Appendix E(i))			0	



## APPENDIX E (i)

### DISTRIBUTION, SUSPENSE AND QUARRY ACCOUNTS DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME	2003 ACTUAL EXPEN- DITURE	2003 SURPLUS/ (DEFICIT)	DISTRIBUTION, SUSPENSE AND QUARRY ACCOUNTS	2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITURE	2004 SURPLUS/ (DEFICIT)	2004 BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
			<b>DISTRIBUTION ACCOUNTS</b>				
7 413 878	9 441 766	(2 027 888)	City Engineer	5 511 328	1 674 102	3 837 226	
6 841 197	10 928 886	(4 087 689)	Mechanical Services	8 936 220	5 915 607	3 020 613	
25 573 618	27 652 896	(2 079 278)	Electricity Service - Network Services	28 283 186	29 350 475	(1 067 289)	
1 195 745	1 120 249	75 496	Electricity Service - Training	1 331 966	1 155 305	176 661	
			<b>TARIFF VEHICLES</b>				
5 029 138	5 029 138		Electricity Service	5 499 841	5 499 841		
215 254	1 368 516	(1 153 262)	Mechanical Services	58 969	(1 094 293)	1 153 262	
13 629 719	12 262 374	1 367 345	City Engineer	13 754 839	10 493 181	3 261 658	
4 779 225	4 779 225		<b>STORES</b>	4 836 015	4 836 015		
			<b>QUARRY ACCOUNTS</b>				
268	268		Petra Dolerite Quarry				
537 812	537 812		Gravel Quarry	478 734	478 734		
65 215 854	73 121 130	(7 905 276)		68 691 098	58 308 967	10 382 131	
			Appropriations for the year			(85 913)	
		(2 390 942)	Accumulated surplus (deficit) beginning of the year			(10 296 218)	
		(10 296 218)	Accumulated surplus (deficit) end of year - Transferred to appendix E			0	



## APPENDIX F STATISTICAL INFORMATION

	2004	2003
<b>A) GENERAL STATISTICS</b>		
Population	888 160	776 500
Valuations as at :	1 July 2003	1 July 2002
Valuation of taxable property		
Land	3 162 692 363	2 592 754 532
Improvements	12 404 670 645	10 263 751 714
Valuation of residential property		
Land	2 043 597 463	1 615 739 583
Improvements	7 854 204 745	6 191 061 214
Valuation of commercial property		
Land	751 099 300	678 114 749
Improvements	2 491 273 900	2 364 814 700
Valuation of other properties		
Land	367 995 600	298 900 200
Improvements	2 059 192 000	1 707 875 800
Valuation of non-taxable property		
Land	688 670 700	524 253 140
Improvements	744 943 900	925 014 951
Number of properties		
Residential	120 410	118 607
Commercial	3 959	3 697
Other	36 792	20 610
Number of employees	4 422	4 497
<b>B) ELECTRICITY STATISTICS</b>		
Number of users		
Residential	131 531	131 255
Commercial	4 540	4 538
Units bought / generated	KWh 1 481 827 836	1 443 457 141
Units sold	KWh 1 364 951 385	1 313 842 237
Units lost in distribution	KWh 116 876 451	129 614 904
Percentage lost in distribution%	7,89	8,98
Cost per unit sold	c/KWh 25,66	26,04
<b>C) WATER STATISTICS</b>		
Number of users	153 572	149 315
Units bought / purified	59 650 943	57 246 440
Units sold	37 256 917	36 037 614
Units lost in distribution/Unmetered consumption KI	22 394 026	21 208 826
Percentage lost in distribution	37,54	37,05
%		
Cost per unit sold	464,95	451,71
c/KI		

NOTE: Some of the comparative figures for electricity and water for the 2003 financial year were amended

## **BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND**

### **ACCOUNTING POLICIES**

The financial statements incorporate the following principal accounting policies which are consistent with those applied in the previous year.

1. The financial statements are prepared on the historical cost basis.
2. Grants received are recognised as income in the same year that the income is expended.
3. Equipment acquired are written off against contributions.

**BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND**

**BALANCE SHEET AT 30 JUNE 2004**

2002/2003	EMPLOYMENT OF CAPITAL	2003/2004
R		R
	NETT CURRENT ASSETS	
2 263 465	Current Assets	2 279 164
<div style="border: 1px solid black; padding: 5px; width: fit-content;">                 2 248 346                   15 119   <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">                     15 119                 </div> </div>	Due by TLC Mangaung  Debtors Interstate Bus Service ♦ ♦ ♦	<div style="border: 1px solid black; padding: 5px; width: fit-content;">                 2 264 045                   15 119   <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">                     15 119                 </div> </div>
	Planning	
(2 263 465)	Current Liabilities	(2 279 164)
<div style="border: 1px solid black; padding: 5px; width: fit-content;">                 (2 263 465)                  (161 648)                  (1 832 921)                  (268 896)             </div>	Contributions Prepaid  Planning ♦ Transport ♦ Provincial Administration ♦ ♦	<div style="border: 1px solid black; padding: 5px; width: fit-content;">                 (2 279 164)                  (161 648)                  (1 832 921)                  (284 595)             </div>
	Department of Free State TLC Mangaung	
<hr style="border: none; border-top: 1px solid black;"/> 0		<hr style="border: none; border-top: 1px solid black;"/> 0
<hr style="border: none; border-top: 3px double black;"/>		

# BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND

## INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

2002/2003		2003/2004
R		R
	<b>EXPENDITURE</b>	
	<b>CLAIMS SUBMITTED</b>	
	Planning	
	Salaries	
137 922	- Urban Planning	1 49 825
6 182	- Traffic Division	12 013
292	Insurance	292
3 200	Conferences	400
29 143	Travelling and Subsistence	4 651
83 138	Bloemet Electronic Counting Programme	-
493	Equipment and Tools	-
<hr/>		<hr/>
260 370		167 181
<hr/> <hr/>		<hr/> <hr/>
	<b>INCOME</b>	
	<b>CONTRIBUTIONS RECEIVED</b>	
	Planning	
249 955	Mangaung Local Municipality	167 181
10 415	Interstate Bus Services	-
<hr/>		<hr/>
260 370		167 181
<hr/> <hr/>		<hr/> <hr/>



**BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

	NOTE	2004 R	2003 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		-	309 779
Decrease/(Increase) in working capital	2	-	309 779
Cash contribution			
<b>NET CASH FLOW</b>		-	309 779
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
(Decrease)/Increase in amount due to Mangaung Local Municipal		-	(309 779)
<b>NET CASH UTILISED/(GENERATED)</b>		-	(309 779)
<b>NOTES TO THE FINANCIAL STATEMENTS</b>			
27. Equipment :			
28.			
29. Equipment at cost at beginning of year		288 167	287 674
30.			
31. Written off against subsidies and contributions in previous years		(288 167)	(287 674)
Balance 30 June		-	-
Acquired during year at cost		-	493
Written off against subsidies and contributions		-	(493)
Balance 30 June		-	-
<b>2. Cash utilised to increase working capital :</b>			
Decrease/(Increase) in debtors		-	(15 119)
(Decrease)/Increase in creditors		-	324 898
		-	309 779