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GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Councillor	J I Mokoena	Executive Mayor - Chairperson
Councillor	F S Chaine	
Councillor	J C Erasmus	
Councillor	M M Fikizolo	
Councillor	M E Moilwa	
Councillor	N G Mokotjo	
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	

ACTING CITY MANAGER

T D J Matutle

EXECUTIVE DIRECTOR FINANCE

J F Britz: Registered Municipal Accountant (Associate)

APPROVAL OF THE FINANCIAL STATEMENTS

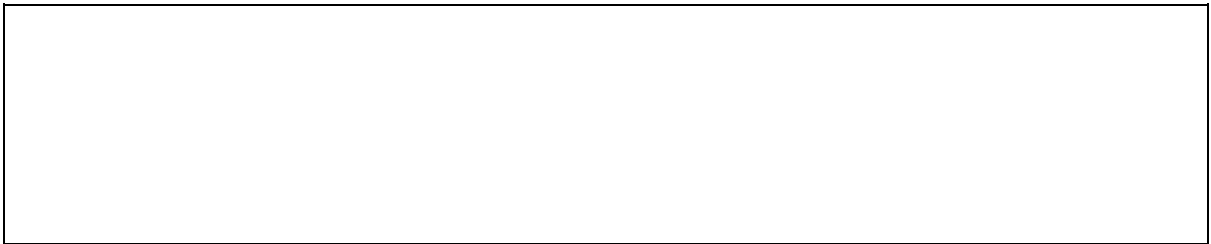
The annual financial statements as set out on pages 3 to 38 were approved by the City Manager on 29 August 2005 and will be presented to Council for approval.

T D J MATUTLE
ACTING CITY MANAGER

J F BRITZ
EXECUTIVE DIRECTOR FINANCE
(Registered Municipal Accountant)

29 August 2005

29 August 2005



REPORT OF THE EXECUTIVE DIRECTOR FINANCE

FOR THE FINANCIAL YEAR 1 JULY 2004 TO 30 JUNE 2005

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 2005 are as follows :

	ACTUAL 2004	ACTUAL 2005	VARIANCE 2004/2005	BUDGET 2005	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
INCOME					
Opening surplus	34 413 804	36 381 643	5.7	11 292 630	222.2
Operating income for the year	1 213 475 945	1 415 978 470	16.7	1 402 979 090	0.9
	1 247 889 749	1 452 360 113	16.4	1 414 271 720	2.7
EXPENDITURE					
Operating expenditure for the year	1 153 556 564	1 334 125 281	15.7	1 413 643 210	(5.6)
Sundry transfer	57 951 542	79 380 161	37.0		
Closing surplus	36 381 643	38 854 671	6.8	628 510	6 082.0
	1 247 889 749	1 452 360 113	16.4	1 414 271 720	2.7

1.1 Rate and General Services

	ACTUAL 2004	ACTUAL 2005	VARIANCE 2004/2005	BUDGET 2005	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	545 649 040	671 062 004	23.0	677 484 070	(0.9)
Expenditure	615 109 850	732 773 645	19.1	766 961 810	(4.5)
Surplus/(deficit)	(69 460 810)	(61 711 641)	11.2	(89 477 740)	31.0
Surplus/(deficit) as % of total income	(12.7)	(9.2)		(13.2)	

The actual deficit is R27.8 million less than the budgeted deficit of R89.5 million. This was mainly due to savings on salaries as a result of vacancies which existed during the financial year.

1.2 Housing Service

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	BUDGET 2005 R	VARIANCE ACTUAL/ BUDGET %
Income	6 405 842	6 772 319	5.7	7 909 240	(14.4)
Expenditure	6 846 430	11 249 636	64.3	13 127 230	(14.3)
Surplus/(deficit)	(440 588)	(4 477 317)	(916.2)	(5 217 990)	14.2
Surplus/(deficit) as % of total income	(6.9)	(66.1)		(66.0)	

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 7.10%, and the purchase price of electricity by 4.2% during the 2004/2005 financial year.

Electricity Service

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	BUDGET 2005 R	VARIANCE ACTUAL/ BUDGET %
Income	433 197 199	489 227 515	12.9	486 956 460	0.5
Expenditure	350 293 906	384 539 598	9.8	423 957 610	(9.3)
Surplus/(deficit)	82 903 293	104 687 917	26.3	62 998 850	66.2
Surplus/(deficit) as % of total income	19.1	21.4		12.9	

An amount of R73.4 million will be transferred to the Rate and General Services as a contribution in relief of rates. The utilization of the power station for the own generation of electricity and load control resulted in a saving of R24,3 million on the purchase of electricity from Eskom. Refer also to note 28.

Fresh Produce Market

	ACTUAL 2004	ACTUAL 2005	VARIANCE 2004/2005	BUDGET 2005	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	9 512 390	9 631 042	1.2	10 267 320	(6.2)
Expenditure	8 080 208	9 025 891	11.7	8 339 220	8.2
Surplus/(deficit)	1 432 182	605 151	(57.7)	1 928 100	(68.6)
Surplus/(deficit) as % of total income	15.1	6.3		18.8	

Increases in overtime, bank charges, electricity and water consumption resulted in an excess of 8.2% over the budgeted expenditure. This was mainly due to adjustments in work hours in the Conditions of Service and extensions to the coldroom facilities. The income from commission from market agents was R608 120 less than the budgeted amount. The surplus will be transferred to the Rate and General Services.

Water Service

	ACTUAL 2004	ACTUAL 2005	VARIANCE 2004/2005	BUDGET 2005	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	218 711 474	239 285 590	9.4	220 362 000	8.6
Expenditure	173 226 170	196 536 511	13.5	201 257 340	(2.3)
Surplus/(deficit)	45 485 304	42 749 079	(6.0)	19 104 660	123.8
Surplus/(deficit) as % of total income	20.8	17.9		8.7	

An amount of R27 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 R16.3 million more than the budgeted amount, whilst the purchase of water was R6.1 million less than the amount budgeted for.

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R253 022 644. The actual expenditure is 4.4% more than the amount budgeted for. Additional funds received from government for infrastructural development and the new financial system resulted in an over expenditure on the approved budget.

	2005 ACTUAL	2005 BUDGET	2004 ACTUAL
	R	R	R
RATE AND GENERAL SERVICES			
EXECUTIVE OFFICE	543 935	0	1 415 592
COMMUNITY AND SOCIAL DEVELOPMENT			
- Emergency Services	3 209 866	3 208 830	1 247 548
- Traffic and Security Services	6 868 211	686 800	2 041 605
- Parks and Cemeteries	4 813 241	5 460 205	6 318 808
- Social Development	1 936 573	2 374 230	3 696 825
- Health Services	840 353	1 042 500	4 767 288
CORPORATE SERVICES			
- Corporate Management Support	1 763 621	1 820 000	9 659 487
- Info Management and Technology	1 525 413	2 131 000	2 293 301
- Human Resource Management	142 870	0	
INFRASTRUCTURAL SERVICES			
- Administrative Support Services	45 307	0	933 484
- Roads and Stormwater	70 017 849	60 012 340	57 639 252
- Sanitation	58 614 499	48 711 320	51 670 130
- Mechanical Services	91 855	100 000	504 364
- Solid Waste	4 820 982	4 598 000	2 409 220
FINANCE	9 338 190	3 843 500	1 242 643
ECONOMIC DEVELOPMENT AND PLANNING			
- Planning	3 469 951	4 168 000	6 305 077
- Economic Development	964 105	2 210 000	546 412
SUBTOTAL	169 006 821	140 366 725	152 691 036
HOUSING SERVICE	4 396 410	12 299 680	4 908 627
TRADING SERVICES			
Electricity	40 786 377	55 912 530	58 032 976
Fresh Produce Market	733 694	100 000	1 822 864
Water	38 099 342	33 597 470	28 750 491
SUBTOTAL	79 619 413	89 610 000	88 606 331
GRAND TOTAL	253 022 644	242 276 405	246 205 994

Resources used to finance the fixed assets were as follows :

	2005 ACTUAL R	2005 BUDGET R	2004 ACTUAL R
Capital Development Fund	137 015 111	134 493 825	144 748 883
Contributions from operating income	932 197	1 222 920	2 841 548
Provisions and reserves	8 311 799	10 252 600	2 956 391
Erven Trust Fund	2 036 501	2 450 000	5 097 710
Grants and subsidies	95 056 849	77 893 220	81 945 297
Public contributions	9 670 187	15 963 840	8 616 165
TOTAL	253 022 644	242 276 405	246 205 994

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 2005 amounted to R20 438 828 as set out in appendix B.

Investments, cash and bank on 30 June 2005 amounted to R400 941 408.

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.

J F BRITZ

Mangaung Local Municipality

B Com., FIMFO
Registered Municipal Accountant (Associate)
Executive Director Finance
Date : 29 August 2005

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 6 of the Municipal Investment Regulations, as determined by Section 13 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003).

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, Councillors and pensioners contribute to the following medical aid funds.

Employees and pensioners:

Munimed
Bonitas Medical Fund
Global Health
Hosmed
Samwumed
LA Health

Councillors:

Bonitas
Discovery
Oxygen
Medicover
Fedhealth
Munimed
Hosmed

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

BALANCE SHEET AT 30 JUNE 2005

	<u>Note</u>	2005	2004
		R	R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory Funds	1	1 132 427 471	1 029 810 531
Reserves	2	136 303 858	174 567 623
RETAINED SURPLUS	17	37 901 703	36 381 643
		1 306 633 032	1 240 759 797
ACCUMULATED HOUSING FUND			
Operating account	26	63 965 885	71 389 731
TRUST FUNDS			
	3	6 618 876	6 182 020
LONG TERM LIABILITIES			
	4	19 031 651	20 440 486
CONSUMER DEPOSITS - SERVICES			
	5	39 388 461	36 342 080
		1 435 637 905	1 375 114 114
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	6	822 231 912	728 568 075
INVESTMENTS			
	7	8 293	8 293
LONG TERM DEBTORS			
	8	49 962 151	55 825 096
		872 202 356	784 401 464
NET CURRENT ASSETS		563 435 549	590 712 650
CURRENT ASSETS			
		839 141 000	830 682 072
Stock	9	17 349 884	28 713 324
Debtors	10	398 237 346	399 060 289
Short-term investments	7	277 758 992	317 024 927
Short-term portion of long-term debtors	8	22 620 655	22 240 678
Cash and Bank		123 174 123	63 642 854
CURRENT LIABILITIES			
		275 705 451	239 969 422
Provisions	11	21 514 138	14 967 457
Creditors	12	252 784 136	223 685 824
Short-term portion of long-term liabilities	4	1 407 177	1 316 141
		1 435 637 905	1 375 114 114

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
ACTUAL INCOME	ACTUAL EXPEN- DITURE	SURPLUS/ (DEFICIT)		ACTUAL INCOME	ACTUAL EXPEN- DITURE	SURPLUS/ (DEFICIT)	BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
545 649 040	615 109 850	(69 460 810)	RATE AND GENERAL SERVICES	671 062 004	732 773 645	(61 711 641)	(89 477 740)
407 977 174	401 139 066	6 838 108	Community Services	529 842 558	506 116 736	23 725 822	(174 680)
12 964 735	97 740 605	(84 775 870)	Subsidised Services	12 062 101	101 683 465	(89 621 364)	(89 963 230)
124 707 131	116 230 179	8 476 952	Economic Services	129 157 345	124 973 444	4 183 901	660 170
6 405 842	6 846 430	(440 588)	HOUSING SERVICES	6 772 319	11 249 636	(4 477 317)	(5 217 990)
661 421 063	531 600 284	129 820 779	TRADING SERVICES	738 144 147	590 102 000	148 042 147	84 031 610
1 213 475 945	1 153 556 564	59 919 381	TOTAL	1 415 978 470	1 334 125 281	81 853 189	(10 664 120)
68 691 098	58 308 967	10 382 131	Distribution, Suspense and Quarry Accounts	18 272 160	19 225 128	(952 968)	-
		(58 037 455)	Appropriations for the year (Refer to note 17)			(79 380 161)	
		12 264 057	Net surplus/(deficit) for the year			1 520 060	
		24 117 586	Accumulated surplus/ (deficit) beginning of the year			36 381 643	
		36 381 643	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			37 901 703	

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
		R	R
	Note		
CASH RETAINED FROM OPERATING ACTIVITIES		274 605 777	239 016 159
Cash generated by operations	18	47 989 847	185 941 863
Investment income	16	32 858 914	43 645 475
(Increase)/decrease in working capital	19	91 228 367	(61 080 017)
		172 077 128	168 507 321
<u>Less: External interest paid</u>	16	(2 198 387)	(2 354 107)
Cash available from operations		169 878 741	166 153 214
Cash contributions from the public and State		104 727 036	72 862 945
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	(253 022 644)	(246 205 994)
NET CASH FLOW		21 583 133	(7 189 835)
CASH EFFECTS OF FINANCING ACTIVITIES :			
Increase/(decrease) in long-term loans	20	(1 317 799)	(2 082 757)
(Increase)/decrease in cash investments	21	39 265 935	(1 747 015)
(Increase)/decrease in cash	22	(59 531 269)	11 019 607
NET CASH (GENERATED)/UTILIZED		(21 583 133)	7 189 835

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1. STATUTORY FUNDS		
Capital Development Fund	1 031 457 319	937 743 786
Insurance Fund	75 901 832	69 965 924
Erven Trust Fund	25 068 320	22 100 821
(Refer to note 25 and appendix A for more detail)	1 132 427 471	1 029 810 531
2. RESERVES		
PROTECTION SERVICES		
Disaster Management	3 467 134	3 339 836
Parking Fund	4 037 048	3 728 353
PARKS AND RECREATION		
Tennis Court Surface Renewal Fund	2 415 865	2 257 374
INFRASTRUCTURAL SERVICES		
Vehicles and Plant - Maintenance	405 350	378 757
GRAVEL QUARRIES		
General Reserve	936 954	875 486
SPECIAL AND SUNDRY RESERVES		
Market Deficit	2 030 539	1 897 327
Workmen's Compensation Act	15 613 642	15 078 401
Student Bursaries	767 490	738 991
Capital Reserve	2 738 515	2 558 856
Stores Contingencies Account	10 508 378	15 858 838
General Reserve - Petra Quarry	7 348 928	6 866 806
General Reserve - Business Entity	68 200 718	102 741 548
WATER SERVICE		
Tariff Stabilisation Fund	4 211 970	3 935 646
Replacement Fund - General Mains, etcetera	13 621 327	14 311 404
(Refer to appendix A for more detail)	136 303 858	174 567 623

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005(Continued)

	2005 R	2004 R
3. TRUST FUNDS		
Cultural Fund	139 964	130 782
The Tomory Bequest	12 665	9 035
Alfred Leith Non-European Endowment Fund	2 199	2 224
R T B de Villiers Trust	324 277	303 003
A E Fichardt Trust	5 930 782	5 541 697
Coloured Old Age Home (OVV)	46 494	43 444
Relief fund : Home for Coloureds	136 780	127 807
Johan Ströhfeldt Trust	25 715	24 028
 (Refer to appendix A for more detail)	 6 618 876	 6 182 020
4. LONG TERM LIABILITIES		
Government Loans	230 669	330 181
Development Bank of Southern Africa	20 208 159	21 426 446
	 20 438 828	 21 756 627
 (Refer to appendix B for more detail on long term liabilities)		
Less : Current portion transferred to Current Liabilities	1 407 177	1 316 141
Government Loans	109 712	99 512
Development Bank of Southern Africa	1 297 465	1 216 629
	 19 031 651	 20 440 486
 The above loans were advanced for infrastructural projects. They bear interest at rates from 8.50 % to 14.00% per annum and were originally repayable over periods of between twenty and thirty years. The final dates of repayment vary from 31 December 2005 to 31 December 2015.		
None of the loans are secured by any assets of the Council.		
5. CONSUMER DEPOSITS - SERVICES		
Electricity and water	39 388 461	36 342 080
Guarantees held in lieu of electricity and water deposits	10 352 633	10 855 765
6. FIXED ASSETS		
Fixed assets at the beginning of the year	2 855 626 855	2 414 798 192
Capital expenditure during the year	253 022 644	246 205 994
Assets written off, transferred or disposed of during the year	5 835 838	194 622 669
Total fixed assets	3 114 485 337	2 855 626 855
Less : Loans redeemed and other capital receipts	(2 292 253 425)	(2 127 058 780)
Net fixed assets	 822 231 912	 728 568 075
 (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 2005(Continued)

	2005 R	2004 R
7. INVESTMENTS		
Unlisted		
Centlec (Pty) Ltd	100	100
Senwes Ltd Shares	5 658	5 658
OVK Holdings Ltd	2 535	2 535
	8 293	8 293
Short term	277 758 992	317 024 927
	277 767 285	317 033 220
Management valuation of unlisted investments	277 767 285	317 033 220
Average rate of return on investments	7.02%	8.86%
The Local Government: Municipal Finance Management Act, 2003 requires local authorities to invest funds not immediately required in investments types as prescribed in the Municipal Investment Regulations.		
Included in investments, is an amount of R358 992, being the balance of an investment at an institution currently under receivership.		
An investment of R6 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.		
8. LONG TERM DEBTORS		
Loans to Local Authorities	8 337 502	6 368 244
Housing Loans to Individuals and Public Organisations	28 331 120	26 941 171
Mortgage Bonds to Employees	4 905 579	6 603 245
Car loans	16 412 239	24 188 117
Study loans	358 757	921 535
Erven Trust	14 237 609	13 043 462
	72 582 806	78 065 774
Less: Short-term portion of long-term debtors transferred to current assets	(22 620 655)	(22 240 678)
	49 962 151	55 825 096
9. STOCK	17 349 884	28 713 324
Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock.		
10. DEBTORS		
Current debtors (consumer and other)	526 665 003	568 902 269
Provision for bad debts	(128 427 657)	(169 841 980)
	398 237 346	399 060 289
Amounts totaling R106 548 143 (2004 : R5 521 053) were written off as bad debts. This represents 7.52% (2004: 0.45%) of the total operating income for the year. Days outstanding in debtors amount to 202 days (2004: 238 days)		
11. PROVISIONS		
12.		
13 . Leave Pay	21 514 138	14 967 457

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005(Continued)

	2005 R	2004 R	
12. CREDITORS			
Trade Creditors and other	252 303 255	223 050 465	
Deposits	480 881	635 359	
	252 784 136	223 685 824	
13. ASSESSMENT RATES			
	SITE VALUATIONS AS AT 1 JULY 2004	ACTUAL INCOME 2005	ACTUAL INCOME 2004
Free Services		33 876 970	30 505 400
Residential and Commercial	12 968 444 294	179 652 714	161 697 959
State	2 069 156 200	16 720 325	15 282 406
Municipal	1 548 500 300	1 244 579	2 306 790
		231 494 588	209 792 555
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)	6,92c per rand on the value of rateable property without any improvements.		
(b)	0,629c 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		428 405	404 845
Speaker's allowances		352 391	333 135
Councillors' allowances		5 410 159	5 497 606
Mayoral Committee allowances		3 333 870	3 152 060
Councillors' pension contributions		929 852	944 112
Councillors' medical aid contribution		155 851	107 750
		10 610 528	10 439 508
15. AUDITORS' REMUNERATION			
Audit fees			
- Current year		2 070 770	1 722 190
- Under provision prior year		336 303	475 233
		2 407 073	2 197 423

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005(Continued)

	2005 R	2004 R
16. FINANCE TRANSACTIONS		
Total external interest earned or paid :		
Interest earned	32 858 914	43 645 475
Interest paid	2 198 387	2 354 107
	2 198 387	2 354 107
Capital charges debited to operating and distribution accounts :		
Interest : External	2 198 387	2 354 107
Internal	73 209 930	63 749 629
Redemption : External	1 317 800	1 182 757
Internal	44 504 259	50 435 706
	121 230 376	117 722 199
17. APPROPRIATIONS		
<u>Appropriation Account</u>		
Accumulated surplus/(deficit) at the beginning 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)
Operating surplus/(deficit) for the year	80 900 221	70 301 512
- Operating account	81 853 189	59 919 381
- Distribution, Suspense and Quarry accounts	(952 968)	10 382 131
Appropriations for the year :	(79 380 161)	(58 037 455)
- Contributions to : Workmen's Compensation Fund	(1 000 000)	-
Leave-pay Reserve	(13 000 000)	(3 000 000)
Provision for Bad Debts	(58 000 000)	(54 947 883)
- Prior year adjustments: Accrued VAT	(8 605 596)	-
Creditors	2 250 552	-
Other	(1 025 117)	(3 659)
- Distribution, Suspense and Quarry accounts	-	(85 913)
Accumulated surplus/(deficit) at the end of the year	37 901 703	36 381 643
- Operating account	38 854 671	36 381 643
- Distribution, suspense and Quarry accounts	(952 968)	-
	45 000 000	-
The above results have been achieved after the following transfer and contributions have been made :		
<u>Operating Account</u>		
Transfer from General Reserve - Business Entity	45 000 000	-

Capital expenditure		22
Contribution to :	932 197	2 841 548
Replacement provision		
- Electricity	3 179 740	2 892 375
- Water	2 729 699	2 443 577
Capital Development Fund	27 977 866	24 216 581
Leave - Pay Reserve	1 086 350	1 003 620
Parking Fund	6 005	129 042
Bad debts provision	7 133 820	2 722 285

	<u>43 045 677</u>	<u>36 249 028</u>
	<u><u>43 045 677</u></u>	<u><u>36 249 028</u></u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
18. CASH GENERATED BY OPERATIONS		
19.		
20. Surplus/(deficit) for year	80 900 221	70 301 512
21.		
22. Adjustments in respect of :		
23. Previous years' operating transactions and contributions	(79 380 161)	(58 037 455)
24.		
25 . Appropriations charged against income :	115 045 677	111 895 427
- Capital development fund	27 977 866	24 216 581
- Provisions and reserves	86 135 614	67 138 781
- Fixed Assets	932 197	20 540 065
Capital Charges :	121 230 376	117 722 199
Interest paid :		
- to internal funds	73 209 930	63 749 629
- on external funds	2 198 387	2 354 107
Redemption :		
- of internal advances	44 504 259	50 435 706
- of external borrowings	1 317 800	1 182 757
Investment income (operating account)	(22 010 602)	(21 005 122)
Non-operating income :		
Net income from Provisions, Reserves and Trust Funds	8 399 056	16 169 095
Non-operating expenditure :		
Expenditure charged against Provisions, Reserves and Trust Funds	(176 194 720)	(51 103 793)
	<u>47 989 847</u>	<u>185 941 863</u>
18. (INCREASE)/DECREASE IN WORKING CAPITAL		
19.		
20. (Increase)/decrease in stock	11 363 440	(4 831 835)
21. (Increase)/decrease in debtors	47 720 234	(59 693 325)
22 . Increase/(decrease) in creditors	32 144 693	3 445 143
	<u>91 228 367</u>	<u>(61 080 017)</u>
20. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	-	-
Loans repaid	(1 317 799)	(2 082 757)
	<u>(1 317 799)</u>	<u>(2 082 757)</u>
21. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investment realised	152 265 935	156 000 000
Investment made	(113 000 000)	(157 747 015)
	<u>39 265 935</u>	<u>(1 747 015)</u>
22. (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	63 642 854	74 662 461
Less: Cash balance at the end of the year	123 174 123	63 642 854
	<u>(59 531 269)</u>	<u>11 019 607</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
23. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by Council in respect of housing loans at financial institutions for officials	5 518 665	6 124 181
Leave pay outstanding as at 30 June 2005 amounts to R25 808 745, whereas the provision amounts to R21 514 138. It is the policy of the Council to carry a provision of not less than 25% of the outstanding amount.	5 518 665	6 124 181
The following pending claims exist against the council:		
<ul style="list-style-type: none"> ● R150 000 for a claim in respect of the utilization of funds from the Local Economic Development Fund (LEDF). ● R1.1 million for claims regarding labour disputes. ● R90 000 for animals which have died 		
24. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure approved and contracted for	95 833 830	68 848 647
This expenditure will be financed from :		
- Internal Sources	58 048 860	38 122 403
- External Sources	37 784 970	30 726 244
Subsidies Government	95 833 830	68 848 647
25. CAPITAL DEVELOPMENT FUND		
Accumulated Fund	1 031 457 319	937 743 786
Less :	954 643 922	823 560 116
External investments	117 660 061	71 517 607
Debtors	35 190 777	45 231 061
Internal advances (See appendix B for more detail)	801 793 084	706 811 448
Applied as operating capital	76 813 397	114 183 670
26. HOUSING OPERATING ACCOUNT		
27.		
28. 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.		
30. RETIREMENT BENEFITS		
31.		
32 . The actuarial valuations of the funds, as mentioned in the accounting policies, could not be obtained.		
27. POST BALANCE SHEET EVENT		
28.		
29.28.1 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. The company will commence with business from 1 July 2005.		
30.		
31 . 28.2 The annual financial statements of Centlec (Pty) Ltd are as a result of details in 28.1 therefore not yet consolidated.		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

29. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003)

29.1 COUNCILLOR'S ARREAR CONSUMER ACCOUNTS - SECTION 124(1)(b)

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2005:

Councillor	Total	Outstanding less than 90 Days	Outstanding More than 90 Days
Goliath E K	4 348-38	1 545-01	2 803-37
Liphoko M A	2 408-86	1 325-68	1 083-18
Makhanya K N L	9 482-10	639-39	8 842-71
Mbange M B	2 513-87	1 453-53	1 060-34
Melamu M G	2 186-21	907-05	1 279-16
Minnie H	3 691-94	714-82	2 977-12
Mokoena J I	11 698-55	5 623-24	6 075-31
Moletsane M J	854-46	187-47	666-99
Siyonzana M A	8 247-21	563-19	7 684-02
Wittes V A	5 266-91	190-84	5 076-07
	50 698-49	13 150-22	37 548-27

During the year the following additional Councillors had arrear accounts outstanding for more than 90 days

30 June 2005 Councillor	Highest Amount Outstanding	Ageing
Dlamini M L	141-17	> 150 days
Jacobs L P	754-61	> 150 days
Kosana M S	766-91	> 150 days
Kotsoane M S	3 175-92	> 150 days
Lala T S	1 711-98	> 150 days
Mathae B L	2 835-96	> 150 days
Mokotjo N G	292-50	> 150 days
Motlalane J J	214-19	> 150 days
Motsi K J	353-77	> 150 days
Mzuzwana Z Z	8 028-91	> 150 days
Nakedi S S	304-51	> 150 days
Nompondo P M	614-68	> 150 days
Nthejane T B	1 036-69	> 150 days
Saohatse G K	358-44	> 150 days
Scheepers M A	5 595-08	> 150 days
Soebhele S N	617-83	> 150 days
Tlhobelo T E	1 037-08	> 150 days
Zumane Z A	4 073-79	> 150 days

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

29.2 EMPLOYEE RELATED COSTS - SECTION 124(1)(c)

Remuneration of the Municipal Manager

Annual remuneration	692 885
Performance bonuses	147 312
Car allowance	199 704
Contributions to UIF, medical and pension funds	19 680
Total	1 059 581

Remuneration of the Chief Financial Officer

Annual remuneration	527 722
Performance bonuses	119 572
Car allowance	98 152
Contributions to UIF, medical and pension funds	125 451
Total	870 897

Remuneration of the Individual Executive Directors	Chief Operating Officer	Community and Social Development	Corporate Services	Economic Development and Planning	Infra-structure
Annual remuneration	677 756	481 608	594 951	517 737	680 751
Performance bonuses	130 680	125 400	106 800	125 928	125 928
Car allowance	158 500	96 000	84 000	96 000	96 000
Contributions to UIF, medical and pension funds	1 060	121 298	1 060	111 003	6 380
Total	967 996	824 306	786 811	850 668	909 059

29.3 MUNICIPALITY ENTITIES - SECTION 125(1)(a)

Municipal entities under the sole control of the municipality during and at the end of the financial year:
Centlec (Pty) Ltd.

29.4 CONTRIBUTIONS TO ORGANIZED LOCAL GOVERNMENT - SECTION 125 (1)(b)

	Paid 2005	Outstanding 30 June 2005
Council subscriptions to SALGA	2 124 796	0

29.5 FEES, TAXES, LEVIES AND CONTRIBUTIONS PAID - SECTION 125(1)(c)

The amount paid in audit fees are included in note 15.

	Paid 2005	Outstanding 30 June 2005
Value Added Tax	18 152 602	0
PAYE	47 610 238	0
UIF	5 522 941	0
Pension Contributions	65 196 904	0
Medical Aid Contributions	24 673 031	0
District Council Levies	2 449 244	209 004

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

29.6 BANK ACCOUNTS - SECTION 125(2)(a)

The municipality has the following primary bank accounts:

Bank	Type	Purpose	Year Opening Bank Statement Balance	Year-end Bank Statement Balance
ABSA Bank	Current	Primary Account	117 676 204(Cr)	166 782 374(Cr)
ABSA Bank	Current	Fresh Produce Market	4 242 856 (Cr)	1 656 009(Cr)
ABSA Bank	Current	Salaries	0	0
ABSA Bank	Current	Direct Deposits	0	0
ABSA Bank	Current	Vendors	0	0
ABSA Bank	Current	Kopanong Electricity	0	0
ABSA Bank	Current	Naledi Electricity	0	0

ABSA Bank	Current	Mohokare Electricity	0	0
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29.7 INVESTMENTS - SECTION 125(2)(b)

Refer to note 7.

29.8 CONTINGENT LIABILITIES - SECTION 125(2)(c)

Refer to note 23.

29.9 STATEMENT BY ACCOUNTING OFFICER - SECTION 124(1)(a)

I certify that the salaries, allowances and benefits of councillors, as disclosed in note 14, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

29 Augustus 2005

ACTING CITY MANAGER

DATE

APPENDIX A

STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 30/6/2004	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 30/6/2005
	R	R	R	R	R	R	R
STATUTORY FUNDS							
Capital Development Fund	937 743 786	27 977 866	86 631 780	761 832	21 657 945		1 031 457 319
Insurance Fund	69 965 924		4 912 344	2 525 097	1 501 533		75 901 832
Erven Trust Fund	22 100 821		705 315	4 705 567	406 881	2 036 502	25 068 320
	1 029 810 531	27 977 866	92 249 439	7 992 496	23 566 359	2 036 502	1 132 427 471
RESERVES							
<u>PROTECTION SERVICES</u>							
Disaster Management	3 339 836		234 492		107 194		3 467 134
Parking Fund	3 728 353		261 770	46 925			4 037 048
<u>PARKS AND RECREATION</u>							
Tennis Court Surface Renewal Fund	2 257 374		158 491				2 415 865
<u>INFRASTRUCTURAL SERVICES</u>							
Vehicles and Plant - Maintenance	378 757		26 593				405 350
<u>QUARRIES GRAVEL</u>							
General Reserve	875 486		61 468				936 954
<u>SPECIAL AND SUNDRY RESERVES</u>							
Market Deficit	1 897 327		133 212				2 030 539
Workmen's Compensation Fund	15 078 401	1 327 780	1 058 662		1 851 201		15 613 642
Student Bursaries	738 991		51 885		23 386		767 490
Capital Reserve	2 558 856		179 659				2 738 515
General Reserve - Petra Quarry	6 866 806		482 122				7 348 928
Stores Contingencies Account	15 858 838		1 113 457	3 625	194 989	6 272 553	10 508 378
General Reserve - Business Entity	102 741 548	3 179 741	7 213 538	65 891	45 000 000		68 200 718
<u>WATER SERVICE</u>							
Tariff Stabilisation Fund	3 935 646		276 324				4 211 970
Replacement Fund - General Mains etc.	14 311 404	2 729 699	1 004 811		2 385 342	2 039 245	13 621 327
	174 567 623	7 237 220	12 256 484	116 441	49 562 112	8 311 798	136 303 858
TRUST FUNDS							
Cultural Fund	130 782		9 182				139 964
The Tomory Bequest	9 035		634	2 996			12 665
Alfred Leith Non-European Endowment Fund	2 224		156		181		2 199
R T B De Villiers Trust	303 003		21 274				324 277
A E Fichardt Trust	5 541 697		389 085				5 930 782
Coloured Old Age Home (OVV)	43 444		3 050				46 494
Relief Fund : Home for Coloureds	127 807		8 973				136 780
Johan Ströhfheldt Trust	24 028		1 687				25 715
	6 182 020		434 041	2 996	181		6 618 876
	1 210 560 174	35 215 086	104 939 964	8 111 933	73 128 652	10 348 300	1 275 350 205

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	BALANCE AT 30/6/2004	RECEIVED DURING THE YEAR	REDEEMED OR WRITTEN OFF DURING THE YEAR	BALANCE AT 30/6/2005
	R	R	R	R
EXTERNAL LOANS				
Government Loans				
Bophuthatswana	330 181		99 512	230 669
Development Bank	21 426 446		1 218 287	20 208 159
	21 756 627		1 317 799	20 438 828
(Refer to Note 4)				
INTERNAL ADVANCES TO BORROWING SERVICES				
Capital Development Fund	706 811 448	137 015 111	42 033 475	801 793 084
(Refer to note 25)				

APPENDIX C

ANALYSIS OF FIXED ASSETS

EXPEN- DITURE 2003/2004	SERVICE	BUDGET 2004/2005	BALANCE AT 30/6/2004	EXPEN- DITURE 2004/2005	WRITTEN OFF, TRANS- FERRED, REDEEMED OR DISPOSED OF DURING THE YEAR	BALANCE AT 30/6/2005
R		R	R	R	R	R
152 691 036	RATE AND GENERAL SERVICES	140 366 725	1 885 793 973	169 006 821	(7 874 807)	2 062 675 601
77 274 643	Community Services	72 125 470	539 069 737	93 029 097	19 876 622	612 222 212
54 129	Protection Services :		265 097		(60 473)	325 570
192 466	Administration		2 474 752	145 163	6 609	2 613 306
1 849 139	Civil Defence	141 330	8 210 375	154 690	52 854	8 312 211
77 907	Security	190 000	13 652 494	6 713 521	1 380 552	18 985 463
	Traffic Control	496 800	836 159		43 157	793 002
	Parks Administration					
	Secretariate :		3 003 824		220 056	2 783 768
1 415 592	Administration		3 815 951	543 935	67 547	4 292 339
4 767 288	Council's General Expenses	1 042 500	11 345 988	840 353	417 336	11 769 005
2 293 301	Health Services	2 131 000	10 953 629	1 668 282	(427 642)	13 049 553
	Personnel					
	Infrastructural Services :		5 156 997	45 308	(531 088)	5 733 393
933 484	Administration		427 548 182	69 937 077	16 746 016	480 739 243
57 388 383	Roads and Stormwater	59 744 840	1 561 935	80 772		1 642 707
250 870	Railway Sidings	267 500	11 954 863	9 338 190	153 213	21 139 840
1 242 643	Finance	3 843 500	11 755 950	91 855	498 651	11 349 154
504 364	Mechanical Services	100 000	26 533 541	3 469 951	1 309 834	28 693 658
6 305 077	Urban Planning	4 168 000				
21 336 840	Subsidised Services	14 931 935	1 003 451 616	12 542 242	(26 965 082)	1 042 958 940
1 193 419	Ambulance and Fire Brigade	3 067 500	16 631 548	3 064 703	63 914	19 632 337
2 104 430	Parks and Recreation :		10 452 841	1 850 841	(221 011)	12 524 693
1 442 777	Cemeteries	2 268 000	8 997 477	705 017		9 702 494
	Zoo and Nature Conservation	742 925	2 357 032			2 357 032
	Airport		29 066 476	2 257 383	796 712	30 527 147
2 702 525	Parks and Public Grounds	2 449 280	42 157 810	1 440 065	26 831 949	16 765 926
1 873 811	Recreational Facilities	2 035 000	49 075 060		(41 822 101)	90 897 161
	Stadiums		11 992 067		(270 220)	12 262 287
338 021	Swimming Baths					
	Secretariate :		707 349 213		(9 675 270)	717 024 483
6 360 368	Miscellaneous Properties		7 371 330	496 507	531 980	7 335 857
1 476 159	Library Services	339 230	106 657 294	2 727 726	(3 201 035)	112 586 055
3 845 330	Civil Buildings	4 030 000	1 054 520			1 054 520
	Civic Theatre		10 288 948			10 288 948
	Rural Areas					
54 079 553	Economic Services	53 309 320	343 272 620	63 435 482	(786 347)	407 494 449
203	Procurement: Stores		3 007 740		1 995	3 005 745
2 409 220	Sanitary and Night Soil	4 778 000	61 422 836	4 942 479	1 106 336	65 258 979
51 670 130	Sewerage	48 531 320	275 711 894	58 493 003	(1 894 678)	336 099 575
	Petra Quarry		3 130 150			3 130 150

APPENDIX C (Continued)
ANALYSIS OF FIXED ASSETS

EXPEN-DI TURE 2003/2004	SERVICE	BUDGET 2004/2005	BALANCE AT 30/6/2004	EXPEN- DITURE 2004/2005	WRITTEN OFF, TRANS- FERRED, REDEEMED OR DISPOSED OF DURING THE YEAR	BALANCE AT 30/6/2005
R		R	R	R	R	R
4 908 627	HOUSING SERVICES	12 299 680	38 440 645	4 396 410	(3 091 238)	45 928 293
4 908 627	Housings Schemes	12 299 680	38 440 645	4 396 410	(3091 238)	45 928 293
88 606 331	TRADING SERVICES	89 610 000	931 392 237	79 619 413	5 130 207	1 005 881 443
58 032 976 1 822 864 28 750 491	Electricity Produce Market Water	55 912 530 100 000 33 597 470	635 948 094 22 474 205 272 969 938	40 786 377 733 694 38 099 342	335 432 4 794 775	676 399 039 23 207 899 306 274 505
246 205 994	TOTAL FIXED ASSETS	242 276 405	2 855 626 855	253 022 644	(5 835 838)	3 114 485 337
101 457 111	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		2 127 058 780	116 007 533	(49 187 112)	2 292 253 425
2 841 548 8 054 101 81 945 297 8 616 165	Loans redeemed and advances repaid Contributions from operating income Contributions from reserves Grants and subsidies Public contributions		872 784 068 67 646 485 914 515 122 187 492 070 84 621 035	932 197 10 348 300 95 056 849 9 670 187	(57 398 296) 2 269 028 5 872 164 69 992	930 182 364 66 309 654 918 991 258 282 478 927 94 291 222
144 748 883	NET FIXED ASSETS		728 568 075	137 015 111	43 351 274	822 231 912

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

ACTUAL 2004		ACTUAL 2005	BUDGET 2005
R		R	R
	INCOME		
	Grants and Subsidies		
189 014 322	- Central Government	213 527 493	217 849 690
12 688 806	- Regional Government	13 523 082	11 371 790
	Operating Income		
209 792 555	- Assessment rates	231 494 588	230 542 540
407 523 843	- Sale of electricity	451 563 138	436 722 060
189 528 462	- Sale of water	203 437 885	187 134 830
204 927 957	- Other	257 432 284	274 358 180
	- Transfer from reserve	45 000 000	45 000 000
1 213 475 945		1 415 978 470	1 402 979 090
	EXPENDITURE		
350 404 799	Salaries, wages and allowances	423 116 790	477 817 040
	General expenses		
220 866 426	- Purchase of electricity	243 141 169	267 487 390
114 869 967	- Purchase of water	128 391 388	134 454 160
291 902 130	- Other expenses	354 180 847	363 645 372
78 866 336	Repairs and maintenance	93 663 914	112 504 170
116 539 522	Capital charges	124 083 873	130 038 540
2 816 115	Contribution to fixed assets: Income	932 197	1 242 020
	Contribution to fixed assets: Grants	12 913 128	12 913 128
33 407 480	Contributions	42 113 480	27 941 690
1 209 672 775	Gross expenditure	1 422 536 786	1 528 043 510
56 116 211	<u>Less</u> : Amounts charged out	88 411 505	114 400 300
1 153 556 564	Net expenditure	1 334 125 281	1 413 643 210

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITUR E	2004 SURPL US/ (DEFICI T)		2005 ACTUAL INCOM E	2005 ACTUAL EXPEN- DITURE	2005 SURPL US/ (DEFICI T)	2005 BUDGE T SURPL US/ (DEFICI T)
R	R	R		R	R	R	R
545 649 040	615 109 850	(69 460 810)	RATE AND GENERAL SERVICES	671 062 004	732 773 645	(61 711 641)	(89 477 740)
407 977 174	401 139 066	6 838 108	Community Services	529 842 558	506 116 736	23 725 822	(174 680)

209 792 555
50
1 105 287
1 579 225
3 997 827
2 905
1 737 032
10 750
78 795
159 002
11 934 477
438
30 208
5 108 180
396 957
2 087
17 653 770
366 938
153 375 772
116 030
149 825
5 337
19 739
337 860
16 128
12 964 735
2 129 614
4 011 474
932 404
189 099
108 146
2 405 126
333 046
1 706 634
577 422
571 770

417 906
3 742
426
19 260
796
15 094
300
2 054
822
2 190
104
4 189
592
2 624
678
6 745
832
997 586
1 105
383
1 715
988
1 059
278
16 503
364
18 960
105
16 982
393
1 460
431
25 940
186
423 852
1 338
949
606 933
55 929
023
396 957
3 606
001
1 396
387
17 726
406
8 009
257
145 946
797
4 955
340
1 078
570
1 372
555
4 111
648
1 973
445
871 049
1 912
688
358 079
5 131
235
2 948
725
97 740
605
22 552
424
6 658
786
3 843
911
251 701
22 820
633
11 582
285
3 997
224
2 746
525
10 165
410
12 840
300
281 406

209 792 555
(417 856)
(2 637 139)
(17 681 571)
(11 096 473)
(2 051 917)
(2 190 104)
(4 189 592)
(2 624 678)
(6 745 832)
(997 586 832)
(1 105 383)
(1 715 988)
(1 059 278)
(14 766 332)
(18 949 355)
(16 903 598)
(1 301 429)
(14 005 709)
(423 852 709)
(1 338 511)
(576 725 50 820)
(843 3 603)
(914 1 396)
(387 1 396)
(72 636 7 642)
(319 7 428)
(4 955 975)
(340 1 078)
(570 570)
(1 372 555)
(3 995 618)
(1 823 620)
(865 712 620)
(1 892 949)
(358 079 4 793)
(375 375)
(2 932 597)
(84 775 870)
(20 422 810)
(2 647 312)
(2 911 507)
(62 602 507)
(22 712 487)
(9 177 159)
(3 664 178)
(1 039 891)
(9 587 988)
(12 268 530)
(281 406 281 406)

Assessment Rates
Protection Services
- Administration
- Civil Defence
- Security
- Traffic Control
Parks and Recreation
- Administration
Executive Office
- City Manager
- Office of the Mayor
- Office of the Speaker
Executive Directors - Administration
- Chief Operations Officer
- Corporate Services
- Infrastructural Services
- Community and Social
Development
- Economic Development and Planning
Secretariate
- Administration
- Council's General
Expenses
Corporate Services
Medical Officer of Health
- Administration
- Health Services
- Community Development
Infrastructural Services
- Administration
- Design
- Roads and Stormwater
- Railway Sidings
- Mechanical Service
- Rural Area Development
Finance
- Administration
- Miscellaneous Services
- Governmental Transfers
- Grants-in-Aid
- Internal Audit
Economic Development and Planning
- Administration
- Town Planning
- Metropolitan Planning
- Drafting Service
- Property Administration
- Environmental management
- Building Maintenance
- Industrial Marketing & Public Relations
Subsidised Services
Fire Protection
Cemeteries
Zoo and Nature Conservation
Airport
Parks
Sport and Recreation
Swimming Baths
Sundry Properties
City Library Services
Civic Buildings
Civic Theatre

231 494 588
1 816
1 214 855
1 578 285
5 258 060
5 994
360
6 605 000
17 750
329
746
2 600
201 864
1 500
917 679
6 886
13 139
445
821 036
22 267
4 794 204
310 934
1 305 231
30 867
598
49 633
908
163 614
772
100
937
29 073
476
13 321
18 483
230 957
12 062 101
1 484 007
3 190 352
1 004 038
201 809
97 679
1 475 228
453 388
2 155 240
303 102
1 697 258

2 288 297
3 180 462
19 724
791
15 618
392
3 229 530
2 422 290
23 742
980
3 159 654
20 254
746
1 548 019
1 672 878
1 135 992
16 228
715
34 434
670
1 427 002
27 874
965
975 166
821 036
22 267
4 794 204
310 934
1 305 231
31 082
838
10 615
016
158 649
508
5 413 797
2 004 169
949 352
4 489 032
1 921 537
961 824
2 864 913
1 279 204
4 817 833
101 683 465
21 572 395
6 114 517
3 841 634
253 467
26 310
766
10 962
074
4 856 257
2 426 664
10 254
675
14 994
328
96 688

231 494 588
(2 286 481)
(1 965 607)
(18 146 506)
(10 360 332)
(3 223 536)
(2 421 930)
(17 137 980)
(3 159 654)
(2 504 417)
(1 548 850)
(7 441 369)
(1 670 278)
(1 135 992)
(7 239 505)
(16 227 215)
(33 516 991)
(2 782 687 131 257)
(83 045 922)
(1 420 116)
(14 735 520)
(975 166)
(1 961 651)
(108 990)
(78 251 718)
(5 413 797)
(5 838 511)
(1 293 253)
(215 240 39 018)
(892 900)
(4 965 264)
(5 413 797)
(2 004 069)
(948 415)
(4 459 959)
(1 921 061)
(948 503)
(2 846 430)
(1 279 204)
(4 586 876)
(89 621 364)
(20 088 388)
(2 924 165)
(2 837 596)
(51 658)
(26 213 087)
(9 486 846)
(4 402 869)
(271 424)
(9 951 573)
(13 297 070)
(96 688)

230 542 540
(2 342 480)
(2 442 050)
(19 224 020)
(10 701 790)
(2 863 140)
(2 216 800)
(15 265 050)
(2 713 320)
(2 301 020)
(1 088 850)
(1 657 830)
(1 166 460)
(8 190 150)
(17 967 990)
(32 932 540)
(1 323 970)
(18 039 520)
(977 270)
(1 997 800)
175 790
(77 896 620)
(97 510 620)
(2 320 420)
(1 441 190)
457 690
20 367
900
0
(5 450 930)
(2 417 080)
(1 034 930)
(5 265 450)
(1 969 190)
(942 670 2 631)
(540 540)
(1 652 070)
(3 186 950)
(89 963 230)
(19 812 030)
(3 011 580)
(3 328 420)
(89 190)
(25 593 800)
(9 291 700)
(3 750 240)
(362 020)
(10 485 180)
(13 976 300)
(262 770)

APPENDIX E (Continued)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITURE	2004 SURPL US/ (DEFICI T)		2005 ACTUAL INCOM E	2005 ACTUAL EXPEN- DITURE	2005 SURPL US/ (DEFICI T)	2005 BUDGE T SURPL US/ (DEFICI T)
R	R	R		R	R	R	R
124 707 131	116 230 179	8 476 952	Economic Services	129 157 345	124 973 444	4 183 901	660 170
657 896 108 025 2 465 784 18 249 607 2 046 016 1 620 045 99 559 758	770 527 120 648 5 768 323 56 474 416 19 305 375 33 790 890	(112 631) (12 623) (3 302) 539 (38 224) 809 (17 259) 359 (32 170) 845 99 559 758	Parking Garage Taxi Terminus Building Management and Control Cleansing Service Sanitary and Nightsoil Sewerage Sanitary Fees	596 996 112 596 3 169 244 7 474 641 6 903 014 896 545 110 004 309	854 277 302 111 5 959 676 58 892 966 19 061 272 39 903 142	(257 281) (189 515) (2 790) 432 (51 418) 325 (12 158) 258 (39 006) 597 110 004 309	(397 980) (88 060) (5 254) 280 (51 766) 920 (15 344) 630 (35 932) 370 109 444 410
6 405 842	6 846 430	(440 588)	HOUSING SERVICES	6 772 319	11 249 636	(4 477 317)	(5 217 990)
1 670 506 3 660 206 219 887 33 957 58 780 198 192 178 873 385 441	2 111 094 3 660 206 219 887 33 957 58 780 198 192 178 873 385 441	(440 588)	Administration Rental Housing Economic Schemes Sub-economic Schemes Compound Mangaung Mangaung Hostel Heidedal - Economic Schemes - Sub-economic Schemes	949 844 950 181 3 778 007 219 299 31 959 58 780 213 408 181 198 389 643	956 900 5 420 442 3 778 007 219 299 31 959 58 780 213 408 181 198 389 643	(7 056) (4 470) 261	(645 520) (4 572) 470
661 421 063	531 600 284	129 820 779	TRADING SERVICES	738 144 147	590 102 000	148 042 147	84 031 610
433 197 199 9 512 390 218 711 474	350 293 906 8 080 208 173 226 170	82 903 293 1 432 182 45 485 304	Electricity Produce Market Water	489 227 515 9 631 042 239 285 590	384 539 598 9 025 891 196 536 511	104 687 917 605 151 42 749 079	62 998 850 1 928 100 19 104 660
1 213 475 945	1 153 556 564	59 919 381	TOTAL	1 415 978 470	1 334 125 281	81 853 189	(10 664 120)
		10 382 131	Distribution, Suspense and Quarry Accounts (Refer to Appendix E(i))			(952 968)	
		(58 037 455)	Appropriations for the year			(79 380 161)	
		(57 951 542)	- Operating Account - Distribution, Suspense and Quarry Accounts (Refer to note 17)			(79 380 161)	
		(85 913)				-	
		12 264 057	Net surplus/ (deficit) for the year			1 520 060	
		24 117 586	Accumulated surplus/ (deficit) beginning of the year			36 381 643	
		34 413 804 (10 296 218)	- Operating Account - Distribution, Suspense and Quarry Accounts			36 381 643	
		36 381 643	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			37 901 703	
		36 381 643 0	Operating Account Distribution, Suspense and Quarry Accounts (Refer to Appendix E(i))			38 854 671 (952 968)	

Note: As a result of the restructuring of the budget format, the allocation of accounts were changed. A comparison of actual income and expenditure for 2004 and 2005 is therefore only possible for some of the sections.

APPENDIX E (i)

DISTRIBUTION, SUSPENSE AND QUARRY ACCOUNTS DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 ACTUAL INCOME	2004 ACTUAL EXPEN- DITURE	2004 SURPLUS/ (DEFICIT)	DISTRIBUTION, SUSPENSE AND QUARRY ACCOUNTS	2005 ACTUAL INCOME	2005 ACTUAL EXPEN- DITURE	2005 SURPLUS/ (DEFICIT)	2005 BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
			DISTRIBUTION ACCOUNTS				
5 511 328	1 674 102	3 837 226	City Engineer				
8 936 220	5 915 607	3 020 613	Mechanical Services				
28 283 186	29 350 475	(1 067 289)	Electricity Service - Network Services				
1 331 966	1 155 305	176 661	Electricity Service - Training				
			TARIFF VEHICLES				
5 499 841	5 499 841		Electricity Service	4 384 855	5 337 823	(952 968)	
58 969	(1 094 293)	1 153 262	Mechanical Services	385 739	385 739		
13 754 839	10 493 181	3 261 658	City Engineer	13 501 566	13 501 566		
4 836 015	4 836 015		STORES				
			QUARRY ACCOUNTS				
			Petra Dolerite Quarry				
478 734	478 734		Gravel Quarry				
68 691 098	58 308 967	10 382 131		18 272 160	19 225 128	(952 968)	
		(85 913)	Appropriations for the year			-	
		(10 296 218)	Accumulated surplus (deficit) beginning of the year			-	
		-	Accumulated surplus (deficit) end of year - Transferred to appendix E			(952 968)	

APPENDIX E (ii)

HOUSING FUND (HOUSING ACT NO. 107 OF 1997) DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 ACTUAL INCOME	2004 ACTUAL EXPEN-DITU RE	2004 SURPLUS/ (DEFICIT)		2005 ACTUAL INCOME	2005 ACTUAL EXPEN-DITU RE	2005 SURPLUS/ (DEFICIT)	2005 BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
1 261 346	6 575 945	(5 314 599) 76 704 330	Operating Account	1 195 784	8 619 630	(7 423 846)	-
		71 389 731	Accumulated Fund beginning of the year			71 389 731	-
			Accumulated Fund end of the year			63 965 885	-

STATISTICAL INFORMATION

APPENDIX F

	2005	2004	2003
A) GENERAL STATISTICS			
Population	803 238	759 197	720 237
Valuations as at :	1 July 2004	1 July 2003	1 July 2002
Valuation of taxable property			
Land	3 177 855 716	3 162 692	2 592 754 532
Improvements	12 410 954 628	363 12 404 670 645	10 263 751 714
Valuation of residential property			
Land	2 029 699 266	2 043 597	1 615 739 583
Improvements	7 736 422 928	463 7 854 204 745	6 191 061 214
Valuation of commercial property			
Land	760 150 400	751 099 300	678 114 749
Improvements	2 442 171 700	2 491 273 900	2 364 814 700
Valuation of other properties			
Land	388 006 050	367 995 600	298 900 200
Improvements	2 232 360 000	2 059 192 000	1 707 875 800
Valuation of non-taxable property			
Land	687 926 500	688 670 700	524 253 140
Improvements	764 254 700	744 943 900	925 014 951
Number of properties			
Residential	128 390	120 410	118 607
Commercial	4 167	3 959	3 697
Other	1 626	36 792	20 610
Assessment rates			
On value of land c/Rand	6,92	6,35	6,80
On value of improvements c/Rand	0,629	0,578	0,616
Number of employees	4 116	4 422	4 497
B) ELECTRICITY STATISTICS			
Number of users			
Residential	131 693	131 531	131 255
Commercial	4 457	4 540	4 538
Units bought / generated KWh	1 545 487 330	1 481 827 836	1 443 457 141
Units sold KWh	1 400 766 850	1 364 951 385	1 313 842 237
Units lost in distribution KWh	144 720 480	116 876 451	129 614 904
Percentage lost in distribution%	9,36	7,89	8,98
Cost per unit sold c/KWh	27,45	25,66	26,04
C) WATER STATISTICS			
Number of users	156 643	153 572	149 315
Units bought / purified Kl	61 763 972	59 650 943	57 246 440
Units sold Kl	39 159 053	37 256 917	36 037 614
Units lost in distribution/Unmetered consumption Kl	22 604 919	22 394 026	21 208 826
Percentage lost in distribution %	36,60	37,54	37,05
Cost per unit sold c/Kl	501,89	464,95	451,71

NOTE: The populations as disclosed in Section A for 2004 and 2003 were restated.

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 2005

2003/2004	EMPLOYMENT OF CAPITAL	2004/2005
R		R
	NETT CURRENT ASSETS	
2 279 164	Current Assets	2 272 813
2 264 045	Due by Mangaung Local Municipality	2 272 813
15 119	Debtors	
15 119	Interstate Bus Service	-
	◆ Planning	-
	◆	
	◆	
(2 279 164)	Current Liabilities	(2 272 813)
	Contributions Prepaid	
(2 279 164)	Planning	(2 272 813)
(161 648)	◆ Department of	(161 648)
(1 832 921)	◆ Transport	(1 832 921)
(284 595)	◆ Provincial Administration	(278 244)
	◆ Municipality	
	◆	
	◆	
0		0

BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND

INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

2003/2004		2004/2005
R		R
	EXPENDITURE	
	CLAIMS SUBMITTED	
	Planning	
	Salaries	
	- Urban Planning	-
1 49 825	- Traffic Division	6 232
12 013	Insurance	-
292	Conferences	-
400	Travelling and Subsistence	-
4 651		
<hr/>		<hr/>
167 181		6 232
<hr/> <hr/>		<hr/> <hr/>
	INCOME	
	CONTRIBUTIONS RECEIVED	
	Planning	
	Mangaung Local Municipality	6 232
167 181		
<hr/>		<hr/>
167 181		6 232
<hr/> <hr/>		<hr/> <hr/>

BLOEMET CONSOLIDATED METROPOLITAN TRANSPORT FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	2005	2004
		R	R
CASH RETAINED FROM OPERATING ACTIVITIES		15 119	-
Decrease/(Increase) in working capital	2	15 119	-
Cash contribution			
NET CASH FLOW		15 119	-
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/Increase in amount due to Mangaung Local Municipal		(15 119)	-
NET CASH UTILISED/(GENERATED)		(15 119)	-
NOTES TO THE FINANCIAL STATEMENTS			
27. Equipment :			
28.			
29. Equipment at cost at beginning of year		-	288 167
30.			
31. Written off against subsidies and contributions in previous years		-	(288 167)
Balance 30 June		-	-
Acquired during year at cost		-	-
Written off against subsidies and contributions		-	-
Balance 30 June		-	-
2. Cash utilised to increase working capital :			
Decrease/(Increase) in debtors		15 119	-
(Decrease)/Increase in creditors		-	-
		15 119	-