



Annual Financial Statements

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K Mcejwa
Acting Municipal Manager

Date

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**MANGAUNG LOCAL MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

Country of incorporation and domicile	South Africa
Nature of operations and principal activities	Providing municipal services and maintain the best interests of the local community mainly in the Mangaung area
Legal form	An organ of state within the local sphere of government exercising legislative and executive authority
Jurisdiction of entity	Area FS172, as a local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS172
Executive Mayor	DG Mothupi
Councillors and their portfolios	<p><u>Speaker:</u> Councillor ME Ralebese</p> <p><u>Deputy Executive Mayor:</u> Councillor ME Moilwa</p> <p><u>Councillor Members of The Mayoral Committee:</u> Councillor SKM Choene Councillor EK Goliath Councillor KNL Makhanya Councillor NG Mokotjo Councillor TA Montsi Councillor MA Scheepers Councillor SM Sefuthi Councillor JP Van der Merwe Councillor TA Zweni</p> <p><u>Council Whip:</u> Councillor MA Siyonzana</p> <p><u>Councillors of the Council:</u> Councillor NL Adoons Councillor PI Chobane Councillor TW Coetzee Councillor PM Cwebi Councillor ME Dennis Councillor MD Dibeco Councillor KT Ditabe Councillor GC Dithebe Councillor JC Erasmus Councillor SE Finger Councillor GS Fouche Councillor JU Grobbelaar Councillor W Horn Councillor JS Human Councillor TA Jacobs Councillor TB Jacobs Councillor DE Janse Van Vuuren Councillor CE Jenkinson Councillor JJ Joubert Councillor LR July Councillor MS Khutlane</p>

**MANGAUNG LOCAL MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

Councillors and their portfolios

Councillor SP Kopane
Councillor JAA Lazenby
Councillor MJ Lephoi
Councillor MA Likotsi
Councillor GD Lubbe
Councillor AP Maduna
Councillor MM Makhele
Councillor MJ Matsoetlane
Councillor MA Mavuya
Councillor MB Mbange
Councillor H Minnie
Councillor MM Moahi
Councillor MM Modise
Councillor SO Mogorosi
Councillor MJ Mohlouoa
Councillor LG Mokgothu
Councillor KO Mokone
Councillor SG Moletsane
Councillor MR Mompoti
Councillor TA Monyabane
Councillor TA Mophethe
Councillor LG Moroe
Councillor LS Moroka
Councillor B Motaung
Councillor MA Mpheteng
Councillor KJ Mtshwane
Councillor NM Mzozana
Councillor SS Nakedi
Councillor TJ Nchaba
Councillor WT Nkikane
Councillor J Nothnagel
Councillor TS Nthako
Councillor FB Nzapheza
Councillor GJ Olivier
Councillor JE Petersen
Councillor NA Phupha
Councillor DJ Phuti
Councillor XD Pongolo
Councillor MA Ramokone
Councillor GK Saohatse
Councillor MA Seeco
Councillor E Snyman-Van Deventer
Councillor SN Soebehle
Councillor PM Somimi
Councillor SE Taaibosch
Councillor MF Tafana
Councillor SP Tanyane
Councillor AP Terblanche
Councillor AL Toba
Councillor MM Tsomela
Councillor PJJ Van Biljon
Councillor R Van Der Merwe
Councillor WC Van Wyk
Councillor AS Zerwick

Registered office

Bram Fischer Building
Cnr Nelson Mandela and Markgraaff Streets
Bloemfontein
9301

**MANGAUNG LOCAL MUNICIPALITY
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

Business address	Bram Fischer Building Cnr Nelson Mandela and Markgraaff Streets Bloemfontein 9301
Postal address	P O Box 288 Bloemfontein 9300
Bankers	ABSA Bank Limited
Auditors	The Auditor-General: Free State Registered Auditors
Municipal Manager	TM Manyoni
Attorneys	Bezuidenhouts Attorneys Bosiu Attorneys EG Coopers Attorneys Fourie Attorneys Hill, McHardy & Herbst Attorneys Kramer Weihmann & Joubert Attorneys Mabalane Seobe Attorneys NW Phalatsi & Partners Attorneys Rosendorff Reitz Barry Attorneys Van der Merwe & Sorour Attorneys Vermaak & Dennis Attorneys
Grading of local authority	Mangaung Local Municipality is a Grade 5 Local Authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998
Relevant Legislation	The Constitution of the Republic of South Africa. The Municipal Structures Act, No.117 of 1998 The Municipal Systems Act, No. 32 of 2000 The Municipal Finance Management Act, No. 56 of 2003 The Municipal Property Rates Act, No. 6 of 2004

REPORT OF THE AUDITOR-GENERAL

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

MANGAUNG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
ASSETS			
Current assets		583 613 138	534 247 822
Inventory	12	4 882 331	3 701 082
Consumer receivables	13	285 440 774	237 286 365
Other receivables	14	57 493 851	60 962 534
Current portion of long-term receivables	11	31 072 081	29 133 767
Investments	10	161 547	68 223 823
Cash and cash equivalents	29	204 562 554	134 940 251
Non-current assets		3 580 310 277	3 283 363 877
Property, plant and equipment	9	2 120 428 600	1 853 931 458
Investments	10	2 635	8 293
Long-term receivables	11	1 459 879 042	1 429 424 126
Total assets		<u>4 163 923 415</u>	<u>3 817 611 699</u>
NET ASSETS AND LIABILITIES			
Net assets		3 412 068 857	3 243 264 577
Housing development fund	1	33 071 514	42 567 563
Capitalisation reserve	2.1	386 143 913	422 563 207
Government grant reserve	2.2	594 833 700	324 590 572
Donations and public contribution reserve	2.3	5 967 997	6 580 227
Self insurance reserve	2.4	73 259 404	72 865 442
COVID reserve	2.5	12 856 623	12 991 730
Revaluation reserve	2.6	587 850 107	709 578 175
Accumulated surplus/(deficit)		1 718 085 599	1 651 527 661
LIABILITIES			
Current liabilities		730 975 616	551 683 739
Consumer deposits	5	22 519 063	16 729 422
Payables	6	506 532 428	414 721 566
Unspent conditional grants and receipts	7	164 918 654	96 058 914
Taxes payable	8	33 614 429	21 379 058
Current portion of borrowings	3	1 636 885	1 550 736
Finance lease liability	37	1 579 213	1 244 043
Bank overdraft	29	174 944	-
Non-current liabilities		20 878 942	22 663 383
Long-term borrowings	3	14 298 178	15 929 356
Finance lease liability	37	2 915 905	3 561 825
Non-current provisions	4	3 664 859	3 172 202
Total net assets and liabilities		<u>4 163 923 415</u>	<u>3 817 611 699</u>

MANGAUNG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	Actual 2008 R	Actual 2007 R
REVENUE			
Property rates	16	250 173 480	229 340 707
Service charges	17	340 210 887	318 286 594
Rental of facilities and equipment		20 637 267	19 231 127
Interest earned - external investments	10	22 459 987	28 583 362
Interest earned - receivables		32 268 025	25 520 246
Interest on shareholders loan		94 000 000	96 000 000
Fines		7 588 890	9 259 801
Licenses and permits		265 012	325 449
Income for agency services	30	81 966 316	81 884 935
Government grants and subsidies	18	576 626 581	336 563 792
Other income	19	68 989 138	36 498 810
Public contributions and donations		-	257
Total revenue		1 495 185 583	1 181 495 080
EXPENDITURE			
Employee related costs	20	517 796 285	501 123 666
Remuneration of councillors	21	18 905 682	16 951 213
Bad debts		42 598 989	39 037 268
Depreciation		98 487 204	99 441 851
Repairs and maintenance		81 666 060	74 770 932
Finance costs	22	2 919 916	2 992 998
Bulk purchases	23	169 206 138	157 737 246
Contracted services		25 922 024	19 276 481
Grants and subsidies paid	24	64 360 156	39 218 328
General expenses	25	187 622 332	144 941 894
Total expenditure		1 209 484 786	1 095 491 877
Loss due to foreign exchange transactions		232 105	39 397
SURPLUS/(DEFICIT) FOR THE YEAR	26	285 468 692	85 963 806

(a) Refer to Appendix E(1) for the comparison with the approved budget

MANGAUNG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Housing Development Fund	Capital Replacement Reserve (CRR)	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self Insurance Reserve	COID Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2007										
Restated Balance as at 30 June 2006	54 261 905	185 683 910	498 614 330	272 837 595	7 243 694	72 127 620	14 006 625	698 673 375	1 427 814 401	3 231 263 455
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	79 971 261	79 971 261
Transfer to CRR	-	9 701 406	-	-	-	-	-	-	(9 701 406)	-
Property, plant and equipment purchased	-	(195 385 316)	-	-	-	-	-	-	195 385 316	-
Capital grants used to purchase property plant and equipment	-	-	-	95 981 058	-	-	-	-	(95 981 058)	-
Donated/contributed property, plant and equipment	-	-	-	-	257	-	-	-	(257)	-
Contribution to insurance reserve	-	-	-	-	-	1 502 577	335 367	-	(1 837 944)	-
Insurance claims processed	-	-	-	-	-	(764 755)	(1 350 262)	-	2 115 017	-
Transfer from Housing Fund	(11 694 342)	-	-	-	-	-	-	-	11 101 433	(592 909)
Asset disposals	-	-	(25 083 543)	(20 390 304)	(47 750)	-	-	-	(38 028 435)	(83 550 032)
Asset revaluation (Refer to note 9)	-	-	-	-	-	-	-	10 904 800	-	10 904 800
Offsetting of depreciation	-	-	(50 967 580)	(23 837 777)	(615 974)	-	-	-	75 421 331	-
Balance at 30 June 2007	42 567 563	-	422 563 207	324 590 572	6 580 227	72 865 442	12 991 730	709 578 175	1 646 259 659	3 237 996 575
2008										
Correction of error (Note 26)	-	-	-	-	-	-	-	-	5 268 002	5 268 002
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	42 567 563	-	422 563 207	324 590 572	6 580 227	72 865 442	12 991 730	709 578 175	1 651 527 661	3 243 264 577
Surplus/(deficit) for the year	-	-	-	-	-	-	-	-	285 468 692	285 468 692
Capital grants used to purchase property, plant and equipment	-	-	-	299 481 069	-	-	-	-	(299 481 069)	-
Contribution to insurance reserve	-	-	-	-	-	1 612 037	2 049 749	-	(3 661 786)	-
Insurance claims processed	-	-	-	-	-	(1 218 075)	(2 184 856)	-	3 402 931	-
Transfer from Housing Fund	(9 496 049)	-	-	-	-	-	-	-	9 496 049	-
Asset disposals	-	-	-	-	-	-	-	-	(116 664 412)	(116 664 412)
Asset revaluation (Refer to note 9)	-	-	-	-	-	-	-	(121 728 068)	121 728 068	-
Offsetting of depreciation	-	-	(36 419 294)	(29 237 941)	(612 230)	-	-	-	66 269 465	-
Balance at 30 June 2008	33 071 514	-	386 143 913	594 833 700	5 967 997	73 259 404	12 856 623	587 850 107	1 718 085 599	3 412 068 857
	1		2.1	2.2	2.3	2.4	2.5	2.6		

MANGAUNG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		2 739 722 558	1 435 019 300
Cash paid to suppliers and employees		(2 383 305 915)	(1 385 873 918)
Cash generated from operations	28	356 416 643	50 848 350
Interest received		148 728 012	150 103 608
Interest paid		(2 919 916)	(2 992 998)
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>502 224 739</u>	<u>197 958 960</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(480 932 807)	(292 726 117)
Proceeds from sale of property, plant and equipment		6 608 545	
Increase in non-current receivables		(30 454 916)	
Decrease/(increase) in non-current investments		5 658	(28 599 086)
Decrease in current investments		68 062 276	145 574 035
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(436 711 244)</u>	<u>(175 751 168)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 545 027)	(1 552 006)
Finance lease payments		(310 751)	(1 097 957)
Increase decrease in consumer deposits		5 789 641	1 184 864
NET CASH FLOW FROM FINANCING ACTIVITIES		<u>3 933 863</u>	<u>(1 465 099)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>69 447 358</u>	<u>20 742 693</u>
Cash and cash equivalents at the beginning of the year		134 940 251	114 197 558
Cash and cash equivalents at the end of the year	29	204 387 610	134 940 251

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
1. HOUSING DEVELOPMENT FUND		
Housing Development Fund	33 071 514	42 567 563
Unappropriated surplus	33 071 514	42 567 563
The Housing Development Fund is represented by the following assets and liabilities:		
Housing selling scheme loans (See note 11)	38 107 331	38 508 222
Housing rental receivables (See note 13)	12 385 936	4 857 567
Sub-total	50 493 267	43 365 789
Payables	(56 627)	(54 370)
Total Housing Development Fund assets and liabilities	50 436 640	43 311 419

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include net rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

2. RESERVES

2.1 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the Provincial Ordinance applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

2.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008 **2007**
R **R**

2. RESERVES (continue)

2.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

2.4 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims, which are not insured externally. The contribution to the fund is provided by the council's insurance broker and is transferred to the fund from the accumulated surplus/(deficit). Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus. The balance of the self-insurance fund is invested.

2.5 COID Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the Compensation Commissioner, the Municipality has established a COID reserve to offset claims from employees. Amounts are transferred to the COID Reserve from the accumulated surplus based on the amounts as approved in the annual budget as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus.

2.6 Revaluation Reserve

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in surplus or deficit.

3. LONG-TERM BORROWINGS

Annuity loans	15 935 063	17 480 092
Sub-total	15 935 063	17 480 092
Less: current portion transferred to current liabilities	(1 636 885)	(1 550 736)
Annuity loans	(1 636 885)	(1 550 736)
Total long-term borrowings	14 298 178	15 929 356

The annuity loans are mainly from The Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2015 and the loans carry interest between 10% and 14%

Refer to Appendix A for more detail on long-term borrowings.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
4. NON-CURRENT PROVISIONS		
Provision for the reclamation of quarry sites	3 664 859	3 172 202
Total non-current provisions	<u>3 664 859</u>	<u>3 172 202</u>

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002), it is required from the municipality to execute the environmental management program to restore the Petra Quarry site after its useful life. Provision has been made for this cost based on the future value of the rehabilitation cost on 31 May 2016.

The area to be rehabilitated for all the active quarries as at 30 June 2008 was determined. An independent quotation was obtained for the rehabilitation cost per hectare as at 30 June 2008. The provision for rehabilitation was calculated using the cost per hectare multiplied by the size of the quarry to be rehabilitated.

The movement in the non-current provision is reconciled as follows:-

	Petra Quarry
30 June 2008	
Balance at beginning of year	3 172 202
Increase in provision due to discounting	492 657
Balance at end of year	<u>3 664 859</u>
30 June 2007	
Balance at beginning of year	2 952 237
Increase in provision due to discounting	219 965
Balance at end of year	<u>3 172 202</u>

5. CONSUMER DEPOSITS

Water	21 694 492	16 198 159
Interest paid	824 571	531 263
Total consumer deposits	<u>22 519 063</u>	<u>16 729 422</u>

Included in deposits is an accrual of interest at an effective interest rate of 4% per annum, which is paid to consumers when deposits are refunded.

Guarantees in lieu of water deposits	<u>12 928 557</u>	<u>4 302 878</u>
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MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
6. PAYABLES		
Trade payables	97 547 451	66 321 782
Payments received in advance	84 676 632	66 243 334
Retentions	21 972 582	49 899 540
Staff bonuses	11 742 155	11 689 465
Staff leave	33 309 037	28 275 138
Deferred interest	5 694 474	5 217 678
Local Government and Housing Grant	30 067 358	-
Other payables	26 868 839	14 263 300
Sub total	<u>311 878 528</u>	<u>241 910 237</u>
Inter-company loan to Centlec (Pty) Ltd	194 653 900	172 811 329
Total payables	<u><u>506 532 428</u></u>	<u><u>414 721 566</u></u>

7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government

Restructuring Grant	7 886 980	19 136 954
Financial Management Grant	2 105 977	1 755 483
Water Services Operating and Transfer Subsidy (DWAF)	9 503 684	9 503 684
Municipal Infrastructure Grant	16 401 883	11 180 463
Municipal Systems Improvement Grant	954 651	1 291 463
Public Transport Infrastructure & System Fund Grant	58 030 517	48 523 206
2010 Stadia Development Grant	68 179 978	4 013 816
Housing Grant: Municipal Accreditation Funding	1 854 984	653 845
Total conditional grants and receipts	<u><u>164 918 654</u></u>	<u><u>96 058 914</u></u>

See note 18 for reconciliation of grants from other spheres of government. These amounts are invested until utilized. The amounts will be recognised as revenue when the qualifying expenditure is incurred. No grants were withheld due to unfulfilled conditions.

8. TAXES PAYABLE

VAT payable	<u><u>33 614 429</u></u>	<u><u>21 379 058</u></u>
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The Municipality is registered on the cash basis for VAT purposes. This means that VAT is only declared once cash is received or actual payments are made.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

9. PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	937 457 231	795 936 227	15 116 312	105 421 688	1 853 931 458
Cost	1 187 091 741	1 539 240 049	23 664 308	308 944 950	3 058 941 048
Revaluation	10 904 800	-	-	-	10 904 800
Accumulated depreciation	(260 539 310)	(743 303 822)	(8 547 996)	(203 523 262)	(1 215 914 390)
Acquisitions	171 295 508	266 888 918	2 919 612	39 828 769	480 932 807
Increases /decreases in revaluation	(110 055 868)	-	-	715 917	(109 339 951)
Depreciation	(11 928 686)	(63 666 372)	(777 835)	(22 114 276)	(98 487 169)
- based on cost	(11 928 686)	(63 666 372)	(777 835)	(18 650 257)	(95 023 150)
- based on revaluation	-	-	-	(3 464 019)	(3 464 019)
Carrying value of disposals	(6 181 186)	-	-	(427 359)	(6 608 545)
Cost / revaluation	(9 559 875)	-	-	(3 712 025)	(13 271 900)
Accumulated depreciation	3 378 689	-	-	3 284 666	6 663 355
Carrying values at 30 June 2008	980 586 999	999 158 773	17 258 089	123 424 739	2 120 428 600
Cost	1 359 732 174	1 806 128 967	26 583 920	345 777 611	3 538 222 672
Revaluation	(110 055 868)	-	-	-	(110 055 868)
Accumulated depreciation	(269 089 307)	(806 970 194)	(9 325 831)	(222 352 872)	(1 307 738 204)

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2006	870 058 593	731 144 687	13 920 997	113 841 280	1 728 965 557
Cost	1 079 813 057	1 262 446 499	21 173 688	297 896 121	2 661 329 365
Revaluation	936 900	-	-	-	936 900
Accumulated depreciation	(210 691 364)	(531 301 812)	(7 252 691)	(184 054 841)	(933 300 708)
Acquisitions	87 486 008	181 782 249	2 509 591	25 275 138	297 052 986
Increases /decreases in revaluation	10 904 800	-	-	-	10 904 800
Depreciation	(53 056 730)	(231 481 863)	(1 295 937)	(27 102 851)	(312 937 381)
- based on cost	(12 271 830)	(58 771 233)	(1 295 937)	(27 102 851)	(99 441 851)
- Other movements	(40 784 900)	(172 710 630)	-	-	(213 495 530)
Carrying value of disposals	(18 720 340)	(58 219 476)	(18 339)	(6 591 879)	(83 550 034)
Cost / revaluation	(21 929 124)	(77 699 329)	(18 971)	(14 226 309)	(113 873 733)
Accumulated depreciation	3 208 784	19 479 853	632	7 634 430	30 323 699
Other movements	40 784 900	172 710 630	-	-	213 495 530
Carrying values at 30 June 2007	937 457 231	795 936 227	15 116 312	105 421 688	1 853 931 458
Cost	1 187 091 741	1 539 240 049	23 664 308	308 944 950	3 058 941 048
Revaluation	10 904 800	-	-	-	10 904 800
Accumulated depreciation	(260 539 310)	(743 303 822)	(8 547 996)	(203 523 262)	(1 215 914 390)

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
9. PROPERTY, PLANT AND EQUIPMENT (continue)		
Refer to Appendix B for more detail on property, plant and equipment.		
The municipality did not review the useful life or the depreciation method used or residual values on the assets recognised in the annual financial statements in accordance with the exemption granted in terms of General notice 522 of 2007 in Government Gazette 30013 of 29 June 2007. Furthermore, the municipality did not consider impairment as per the same exemption.		
Included in land and buildings above are items that may meet the definition of investment property but have been included as property, plant and equipment as permitted in accordance with the exemption granted in terms of General notice 522 of 2007 in Government Gazette 30013 of 29 June 2007.		
Erven were revalued on a current value basis on 1 July 2003 by an independent valuer with the qualifications of an associated valuer. Interim valuations are performed when erven are for example subdivided or consolidated.		
Immovable capital assets inventory is included under property, plant and equipment in accordance with the exemptions in terms of General notice 522 of 2007 in Government Gazette no. 30013 of 29 June 2007.		
The municipality did not apply the requirements of IFRS 5 in accordance with the exemption granted in terms of General notice 522 in Government Gazette 30013 of 29 June 2007.		
Included in other assets is leased equipment to the amount of R 3,731,615 (2007: R 4,574,540)		
10. INVESTMENTS		
Unlisted		
Investment in municipal entity - Centlec (Pty) Ltd	100	100
Non-controlling interest in Senwes Ltd shares	-	5 658
Non-controlling interest in OVK Holdings Ltd	2 535	2 535
Total unlisted	<u>2 635</u>	<u>8 293</u>
Financial instruments		
Held-to-maturity investments maturing during 4 to 12 months	161 547	68 223 823
Total cash investments	<u>161 547</u>	<u>68 223 823</u>
Total investments	<u>164 182</u>	<u>68 232 116</u>
Included in fixed deposits, is an amount of R125,647, being the balance of an investment at New Republic Bank currently under curatorship. Surplus funds are invested until used for specific purposes.		
Interest on investments held to maturity	<u>22 459 987</u>	<u>28 583 362</u>
Council's valuation of unlisted investments		
Investment in municipal entity - Centlec (Pty) Ltd	36 506 895	100
Senwes Ltd shares	-	5 658
OVK Holdings Ltd	8 800	2 535
	<u>36 515 695</u>	<u>8 293</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
11. LONG-TERM RECEIVABLES		
Shareholders loan - Centlec (Pty) Ltd	1 339 348 947	1 339 348 947
Other loans to Centlec (Pty) Ltd	94 838 339	60 194 258
Motor vehicle loans	2 655 045	5 264 939
Study loans	73 560	108 027
Erven loans	15 927 901	15 133 500
Housing selling scheme loans	38 107 331	38 508 222
	<u>1 490 951 122</u>	<u>1 458 557 893</u>
Less: Current portion transferred to current assets	31 072 081	29 133 767
Other loans to Centlec (Pty) Ltd	5 582 794	3 042 745
Motor vehicle loans	2 250 778	3 477 362
Study loans	73 560	101 342
Erven loans	8 004 582	7 117 103
Housing selling scheme loans	15 160 367	15 395 215
Total long-term receivables	<u><u>1 459 879 042</u></u>	<u><u>1 429 424 126</u></u>

Shareholders loan - Centlec (Pty) Ltd

A shareholders loan account was established in accordance with the sale of business agreement for the purchase of the electricity service by Centlec. The capital amount outstanding bears interest from the effective date of 1 July 2005 by applying an interest rate on the loan account to achieve an agreed upon revenue for the municipality, based upon the past contribution to the Rate and General Services.

Other loans to Centlec (Pty) Ltd

Loans are granted to Centlec for capital expenditure at an interest rate of 10% per annum and repayable over the estimated life of the financed asset.

Motor vehicle loans

Permanent staff obtained loans at 8.50% interest per annum repayable over a period of 3 to 6 years. Other staff's loans bear interest of prime plus 1% and are also repayable over a period of 3 to 6 years. The loans are repaid on a monthly basis by way of salary deductions. These loans are being phased out and are completely repayable in the year 2010.

Study loans

Staff members qualified for interest free study loans under the approved study scheme of the municipality. These loans are repaid on a monthly basis by way of salary deductions. These loans are being phased out and no further loans are granted.

Erven loans

Loans were granted to the public for the sale of erven, repayable over a maximum period of five years at an interest rate of 1% above the bank rate of the municipality. These loans are repaid on a monthly basis by way of salary deductions. No further loans are granted.

Housing selling scheme loans

Housing loans are granted to qualifying individuals and public organizations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable over 20 years. These loans are repaid on a monthly basis by way of salary deductions.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
12. INVENTORY		
Consumable stores - at cost	1 835 572	1 751 871
Water maintenance material - at cost	1 065 138	624 884
Water in reservoirs - at cost	563 466	560 932
Fuel - at cost	1 418 155	763 395
Total inventory	<u>4 882 331</u>	<u>3 701 082</u>

The municipality is in the process of phasing in the calculations of water stock in accordance with the exemption granted in terms of General notice 522 in Government Gazette 30013 of 29 June 2007.

13. CONSUMER RECEIVABLES

	Gross Balance	Provision for Bad Debt	Net Balance
As at 30 June 2008			
Service receivables	604 696 381	(331 641 543)	273 054 838
Rates	233 853 135	(193 635 372)	40 217 763
Electricity	3 551 992	(290 715)	3 261 277
Water	238 092 447	(127 141 103)	110 951 344
Sewerage	129 198 807	(10 574 353)	118 624 454
Housing rentals	13 490 036	(1 104 100)	12 385 936
Total	<u>618 186 417</u>	<u>(332 745 643)</u>	<u>285 440 774</u>

As at 30 June 2007			
Service receivables	544 158 851	(311 730 053)	232 428 798
Rates	211 031 306	(120 892 454)	90 138 852
Electricity	4 813 158	(2 768 529)	2 044 629
Water	201 379 097	(115 355 394)	86 023 703
Sewerage	126 935 290	(72 713 676)	54 221 614
Housing rentals	11 349 291	(6 491 724)	4 857 567
Total	<u>555 508 142</u>	<u>(318 221 777)</u>	<u>237 286 365</u>

	2008 R	2007 R
Rates: ageing		
Current (0 – 30 days)	23 578 112	23 631 097
31 - 60 Days	14 225 156	8 295 224
61 - 90 Days	11 552 527	5 909 215
90+ Days	184 497 340	204 084 676
Total	<u>233 853 135</u>	<u>241 920 212</u>

Electricity: ageing		
90+ Days	3 551 992	4 813 158
Total	<u>3 551 992</u>	<u>4 813 158</u>

Water and sewerage: ageing		
Current (0 – 30 days)	35 976 242	34 582 250
31 - 60 Days	21 142 737	14 833 826
61 - 90 Days	16 139 309	13 339 591
90+ Days	294 032 966	234 669 814
Total	<u>367 291 254</u>	<u>297 425 481</u>

Housing rentals: ageing		
Current (0 – 30 days)	587 338	599 284
31 - 60 Days	418 364	564 229
61 - 90 Days	376 331	326 166
90+ Days	12 108 003	9 859 612
Total	<u>13 490 036</u>	<u>11 349 291</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007	
	R	R	
13. CONSUMER RECEIVABLES (continue)			
		<u>National and</u>	
		<u>Provincial</u>	
13. Summary of receivables by customer classification	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>Government</u>
	R	R	R
30 June 2008			
Current (0 – 30 days)	39 996 112	17 639 947	845 622
31 - 60 Days	17 908 535	8 366 828	658 579
61 - 90 Days	16 356 500	4 792 960	581 783
90+ Days	402 323 854	57 299 552	51 416 143
Sub-total	<u>476 585 001</u>	<u>88 099 287</u>	<u>53 502 127</u>
Less: Provision for bad debt	<u>(256 816 925)</u>	<u>(47 240 107)</u>	<u>(28 688 611)</u>
Total receivables by customer classification	<u>219 768 076</u>	<u>40 859 180</u>	<u>24 813 516</u>
30 June 2007			
Current (0 – 30 days)	39 217 220	16 110 618	3 484 793
31 - 60 Days	15 856 209	6 824 123	1 012 947
61 - 90 Days	14 398 171	4 192 251	984 550
90+ Days	339 610 706	54 532 932	59 283 622
Sub-total	<u>409 082 306</u>	<u>81 659 924</u>	<u>64 765 912</u>
Less: Provision for bad debt	<u>(234 342 017)</u>	<u>(46 778 731)</u>	<u>(37 101 029)</u>
Total receivables by customer classification	<u>174 740 289</u>	<u>34 881 193</u>	<u>27 664 883</u>
		2008	2007
		R	R
Reconciliation of bad debt provision			
Balance at beginning of year		318 221 776	289 082 039
Contributions to provision		42 598 989	39 037 268
Bad debts written off against provision		<u>(28 075 122)</u>	<u>(9 897 530)</u>
Balance at the end of the year		<u>332 745 643</u>	<u>318 221 777</u>
14. OTHER RECEIVABLES			
Sundry receivables		41 959 830	39 912 687
Deferred lease income		11 847 365	5 939 572
Leave receivables		751 926	650 392
Outstanding health claims		1 537 952	6 790 446
Interest on investments		1 052 683	7 313 710
Insurance claims		344 095	355 727
Total other receivables		<u>57 493 851</u>	<u>60 962 534</u>
15. BANK BALANCES AND CASH			
The municipality has the following bank accounts:			
Current account (primary bank account)			
ABSA Bank			
Account number 470000465			
Cashbook balance at the beginning of the year		<u>15 215 159</u>	<u>62 970 698</u>
Cashbook balance at the end of the year		<u>(174 944)</u>	<u>15 215 159</u>
Bank statement balance at the beginning of the year		<u>42 215 585</u>	<u>109 720 698</u>
Bank statement balance at the end of the year		<u>20 288 117</u>	<u>42 215 585</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
15. BANK BALANCES AND CASH (continue)		
<u>Current account (fresh produce market)</u>		
ABSA Bank Account Number 470001348		
Cashbook balance at the beginning of the year	2 738 547	1 267 868
Cashbook balance at the end of the year	<u>2 565 036</u>	<u>2 738 547</u>
Bank statement balance at the beginning of the year	2 738 547	1 267 868
Bank statement balance at the end of the year	<u>2 565 036</u>	<u>2 738 547</u>
<u>Current account (2010 FIFA world cup)</u>		
ABSA Bank Account Number 4067877886		
Cashbook balance at the beginning of the year	4 013 816	-
Cashbook balance at the end of the year	<u>60 651 781</u>	<u>4 013 816</u>
Bank statement balance at the beginning of the year	4 013 816	-
Bank statement balance at the end of the year	<u>60 651 781</u>	<u>4 013 816</u>
<u>Total cashbook balance at the beginning of the year</u>	<u>21 967 522</u>	<u>64 238 566</u>
<u>Total cashbook balance at the end of the year</u>	<u>63 041 872</u>	<u>21 967 522</u>
The municipality has the following cash on hand:	<u>46 319</u>	<u>45 919</u>
16. PROPERTY RATES		
Residential and commercial	227 070 438	206 655 899
State	21 645 327	21 301 241
Municipal	1 457 715	1 383 567
Total assessment rates	<u>250 173 480</u>	<u>229 340 707</u>
<u>Valuations</u>		
Residential	10 710 581 023	10 650 797 369
Commercial	3 858 447 767	3 994 846 850
State	1 800 526 100	1 695 600 500
Municipal	1 607 846 191	1 503 759 000
Total property valuations	<u>17 977 401 081</u>	<u>17 845 003 719</u>
<p>Valuations on land and buildings are performed at least every five years. The last valuation came into effect on 1 July 2003. The basic rates of R0.0912 (2007: R0.0829) on the value of land and R0.00753 (2007: R0.00828) on the value of improvements are applied to determine assessment rates. A rebate of 40% is granted to owners whose properties are used solely for residential purposes, including properties which are zoned for the purpose of town houses and flats, as well as smallholdings and farms used solely for residential and agricultural purposes. A rebate of 20% is applied on residential properties from which an informal business is operated. A rebate of 100% is granted in the Bloemindustria industrial area.</p>		
17. SERVICE CHARGES		
Sale of water	244 439 088	232 293 374
Refuse removal	3 622 819	3 309 569
Sewerage and sanitation charges	92 148 980	82 683 651
Total service charges	<u>340 210 887</u>	<u>318 286 594</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
		R	R
18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED			
Equitable share	18.1	236 570 775	196 823 266
Restructuring Grant	18.2	11 249 974	19 211 187
Financial Management Grant	18.3	149 506	460 477
Provincial health subsidies	18.4	3 800 285	14 598 323
Municipal Systems Improvement Grant	18.5	336 812	190 000
Water Services Operating and Transfer Subsidy (DWAF)	18.6	-	1 856 314
National Electrification Program Grant	18.7	23 213 000	3 999 600
Municipal Infrastructure Grant	18.8	165 012 651	91 525 196
Public Transport Infrastructure & System Fund Grant	18.9	15 492 689	4 306 794
Housing Grant: Municipal Accreditation Funding	18.10	1 198 861	3 592 635
2010 Stadia Development Grant	18.11	119 602 028	-
Total government grants & subsidies received		<u>576 626 581</u>	<u>336 563 792</u>

18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (continue)

18.1 Equitable share

Balance unspent at beginning of year	-	-
Current year receipts	236 570 775	196 823 266
Conditions met - transferred to revenue	(236 570 775)	(196 823 266)
Conditions still to be met - transferred to liabilities (see note 7)	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

18.2 Restructuring Grant

Balance unspent at beginning of year	19 136 954	28 348 141
Current year receipts	-	10 000 000
Conditions met - transferred to revenue	(11 249 974)	(19 211 187)
Operating expenditure	(11 249 974)	(18 837 045)
Capital expenditure	-	(374 142)
Conditions still to be met - transferred to liabilities (see note 7)	<u>7 886 980</u>	<u>19 136 954</u>

The purpose of the grant is to support municipal restructuring initiatives of large municipalities. Funds are made available on the basis of an approved restructuring plan that addresses challenges in a sustainable manner.

18.3 Financial Management Grant

Balance unspent at beginning of year	1 755 483	1 715 960
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	(149 506)	(460 477)
Conditions still to be met - transferred to liabilities (see note 7)	<u>2 105 977</u>	<u>1 755 483</u>

The purpose of the grant is to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act (MFMA).

18.4 Provincial health subsidies

Balance unspent at beginning of year	-	-
Current year receipts	3 800 285	14 598 323
Conditions met - transferred to revenue	(3 800 285)	(14 598 323)
Conditions still to be met - transferred to liabilities (see note 7)	-	-

The municipality renders health services on behalf of the Provincial Government and is refunded approximately 60% of total expenditure incurred. The grant is used mainly to fund primary health care services.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (continue)		
18.5 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	1 291 463	1 481 463
Current year receipts	-	-
Conditions met - transferred to revenue	(336 812)	(190 000)
Conditions still to be met - transferred to liabilities (see note 7)	<u>954 651</u>	<u>1 291 463</u>
<p>The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000.</p>		
18.6 Water Services Operating and Transfer Subsidy (DWAF)		
Balance unspent at beginning of year	9 503 684	1 859 998
Current year receipts	-	9 500 000
Conditions met - transferred to revenue	-	(1 856 314)
Conditions still to be met - transferred to liabilities (see note 7)	<u>9 503 684</u>	<u>9 503 684</u>
<p>The purpose of the grant is to fund bulk, connector and internal infrastructure for water services at a basic level of service.</p>		
18.7 National Electrification Program Grant		
Balance unspent at beginning of year	-	-
Current year receipts	23 213 000	3 999 600
Conditions met - transferred to Centlec	(23 213 000)	(3 999 600)
Conditions still to be met - transferred to liabilities (see note 7)	<u>-</u>	<u>-</u>
<p>The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure. The grant is transferred to Centlec.</p>		
18.8 Municipal Infrastructure Grant		
Balance unspent at beginning of year	11 180 463	6 883 991
Current year receipts	170 234 072	95 821 668
Conditions met - transferred to revenue	(165 012 651)	(91 525 196)
Conditions still to be met - transferred to liabilities (see note 7)	<u>16 401 884</u>	<u>11 180 463</u>
<p>The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.</p>		
18.9 Public Transport Infrastructure & System Fund Grant		
Balance unspent at beginning of year	48 523 206	23 600 000
Current year receipts	25 000 000	29 230 000
Conditions met - transferred to revenue	(15 492 689)	(4 306 794)
Conditions still to be met - transferred to liabilities (see note 7)	<u>58 030 517</u>	<u>48 523 206</u>
<p>The grant is allocated to the municipality to improve public transport infrastructure and systems, in accordance with agreed project plans.</p>		
18.10 Housing Grant: Municipal Accreditation Funding		
Balance unspent at beginning of year	653 845	-
Current year receipts	2 400 000	4 246 480
Conditions met - transferred to revenue	(1 198 861)	(3 592 635)
Conditions still to be met - transferred to liabilities (see note 7)	<u>1 854 984</u>	<u>653 845</u>
<p>The grant is allocated to the municipality to finance and support the municipal accreditation project as well as capacity development.</p>		

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (continue)		
18.11 2010 Stadia Development Grant		
Balance unspent at beginning of year	4 013 816	-
Current year receipts	183 768 190	4 013 816
Conditions met - transferred to revenue	(119 602 028)	-
Conditions still to be met - transferred to liabilities (see note 7)	<u>68 179 978</u>	<u>4 013 816</u>

The grant is allocated to the municipality for the development and improvement of the sport stadium for the 2010 Soccer World Cup.

18.12 Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act no. 2 of 2006), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

19. OTHER INCOME

Commission Fresh Produce Market	11 986 751	9 690 100
Building plan fees	3 511 675	2 996 250
Grave plots	2 722 745	2 353 060
Sale of land	14 472 415	3 943 248
SASCOC subsidy	7 167 637	-
National Lottery funds	3 634 510	91 135
Sale of redundant materials	4 031 752	19 586
Special removals	1 528 966	1 694 988
Unclaimed deposits	2 112 095	2 631 722
Reconnection of water	2 194 754	1 060 795
Entrance fees	1 072 180	1 129 743
Training costs recoverable	560 680	525 039
Administration costs recoverable	811 430	729 083
Parking fees	835 411	824 656
Other income	12 346 136	8 809 405
Total other income	<u>68 989 138</u>	<u>36 498 810</u>

20. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	368 388 556	353 040 221
Employee related costs - Contributions for UIF, pensions and medical aids	81 872 594	79 604 233
Travel, motor car, accommodation, subsistence and other allowances	30 963 401	26 250 451
Housing benefits and allowances	4 544 706	4 006 838
Overtime payments	28 978 394	32 816 544
Performance bonuses	2 976 477	4 458 230
Long-service awards	19 467	18 659
Provision for bonuses	52 690	928 490
Total employee related costs	<u>517 796 285</u>	<u>501 123 666</u>

Included above are employees in service of the municipality, which are seconded to the municipal entity Centlec (Pty) Ltd. The total cost charged to Centlec in this regard is R74,559,732 (2007: R69,883,229) and is reflected in the Statement of Financial Performance as income for agency services.

There were no advances to employees. Loans to employees are set out in note 11.

Remuneration of the Municipal Manager

Annual remuneration	1 069 714	897 132
Performance bonus	-	55 271
Car allowance	180 000	180 000
Contribution to UIF, medical and pension funds	15 679	14 339
Total	<u>1 265 393</u>	<u>1 146 742</u>

Remuneration of the Chief Financial Officer

Annual remuneration	681 423	507 144
Performance bonus	-	125 512
Car allowance	156 000	123 564
Contribution to UIF, medical and pension funds	164 232	88 743
Total	<u>1 001 655</u>	<u>844 963</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008
R

2007
R

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
20. EMPLOYEE RELATED COSTS (continued)		
<p>The contract of the previous CFO terminated on 30 November 2006. He acted as CFO up to 12 March 2007. A new CFO was appointed on 13 March 2007.</p>		
Remuneration of the Chief Operating Officer		
Annual remuneration	863 956	312 485
Performance bonus	-	-
Car allowance	130 440	43 480
Contribution to UIF, medical and pension funds	7 259	2 281
Total	<u>1 001 655</u>	<u>358 246</u>

The remuneration as reflected in 2008 is for a period of 12 months and for 2007, for a period of 4 months due to a new appointment during 2007.

Remuneration of individual Executive Directors:

Executive Director: Community and Social Development

Annual remuneration	367 740	688 281
Performance bonus	-	157 841
Car allowance	25 000	60 000
Contribution to UIF, medical and pension funds	65 322	149 817
Total	<u>458 062</u>	<u>1 055 939</u>

The remuneration as reflected in 2008 is for a period of 5 months due to the resignation during 2008.

Executive Director: Corporate Services

Annual remuneration	837 066	779 160
Performance bonus	-	151 665
Car allowance	84 000	84 000
Contribution to UIF, medical and pension funds	1 511	1 435
Total	<u>922 577</u>	<u>1 016 260</u>

Executive Director: Economic Development and Planning

Annual remuneration	880 144	275 518
Performance bonus	-	-
Car allowance	120 000	40 000
Contribution to UIF, medical and pension funds	1 511	478
Total	<u>1 001 655</u>	<u>315 996</u>

The remuneration as reflected in 2008 is for a period of 12 months and for 2007 is for a period of 4 months due to a new appointment during 2007.

Executive Director: Infrastructure

Annual remuneration	430 741	842 248
Performance bonus	-	175 944
Car allowance	138 000	156 000
Contribution to UIF, medical and pension funds	6 277	1 435
Total	<u>575 018</u>	<u>1 175 627</u>

The remuneration as reflected in 2008 is for a period of 7 months due to a new appointment during 2008.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
21. REMUNERATION OF COUNCILLORS		
Executive Mayor	568 334	528 683
Deputy Executive Mayor	454 667	422 946
Speaker	454 667	422 946
Chief Whip	426 250	396 512
Mayoral Committee Members	3 836 250	3 568 608
Councillors	13 165 514	11 611 518
Total Councillors' Remuneration	<u>18 905 682</u>	<u>16 951 213</u>

The Minister for Provincial and Local Government changed the remuneration of councillors to total remuneration packages by means of Government Notice number 8808 in Government Gazette number 30600 dated 18 December 2007. This means that the council's contribution to pension and medical aid funds for 2007 is included in the abovementioned figures.

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time employees of the municipality. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor and Deputy-Executive Mayor have use of council owned vehicles for official duties.

The Executive Mayor and Deputy Executive Mayor have five bodyguards and an official driver at the cost of Council.

22. FINANCE COSTS

Borrowings - The Development Bank of South Africa	1 745 118	1 902 643
Consumer deposits	824 571	531 263
Finance leases	350 227	559 092
Total interest on external borrowings	<u>2 919 916</u>	<u>2 992 998</u>

23. BULK PURCHASES

Water	169 206 138	157 737 246
Total bulk purchases	<u>169 206 138</u>	<u>157 737 246</u>

24. GRANTS AND SUBSIDIES PAID

Miscellaneous grants	69 073	56 327
S P C A	284 100	270 580
Central Agricultural Society	5 915	-
Bursaries - employees	527 372	537 906
Cost of living allowance - pensioners	112 841	107 742
Ex-employees - medical aid contribution	4 460 470	4 170 053
Centlec (Pty) Ltd - Free services recoverable	35 687 385	30 076 120
National Electrification Program Grant	23 213 000	3 999 600
Total grants and subsidies	<u>64 360 156</u>	<u>39 218 328</u>

Miscellaneous grants are allocated mainly for ad hoc grants and the free use of council facilities, as approved during the year.

The subsidy to SPCA is paid annually to assist this organisation in performing its tasks

The payment to the Central Agricultural Society is for the maintenance of council's property at the show grounds, which are used in accordance with an agreement with the society.

Bursaries are paid to employees in accordance with the approved study scheme

The cost of living allowance is applicable to Black pensioners of the former Bloemfontein municipality who did not belong to a pension fund, which are subsidised according to an approved formula

The medical aid contribution of pensioners is subsidised by the municipality to a maximum of 60% of the cost of the prescribed basic medical plan.

The free electricity provided by Centlec (Pty) Ltd is recoverable from the equitable share grant

The National Electrification Program Grant received by the municipality was transferred to Centlec. See note 18.7.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
25. GENERAL EXPENSES		
Included in general expenses is the following:		
Leave accrual	10 434 589	2 472 266
Restructuring Grant - projects	11 249 974	18 837 045
Fuel	19 814 776	17 093 139
Legal expenses	1 037 555	1 843 757
Telephone and cellular costs	10 957 887	9 881 454
Financial Management Grant - projects	149 506	460 477
Vehicle tracking system	3 877 166	4 854 403
Electricity and water	16 049 243	13 826 315
Hire equipment	3 592 963	5 796 520
Special projects - cleansing	5 057 516	4 833 326
Community development projects	3 985 801	4 617 521
Printing and stationery	4 876 206	4 305 513
Postage	4 709 085	3 885 164
Chemicals	3 304 928	3 872 955
Stores and material	3 422 287	3 498 291
Skills development levy	3 596 837	3 424 718
Bank charges	3 722 528	3 353 024
Insurance	3 297 739	3 041 353
Indigent burials	2 465 444	2 978 341
Conferences and delegations	3 908 329	2 809 744
IDP CBP and ward committee planning	3 529 652	2 804 297
Training costs	2 351 993	2 754 686
Uniforms and protective clothing	3 468 987	2 738 255
Subscriptions	2 552 930	2 626 223
Water research	1 874 610	2 423 017
Reconnection test and removal - meters	1 364 017	2 364 438
Accommodation expenses	6 699 157	-
Advertising	2 773 907	1 259 212
Marketing	2 272 245	642 254
Refreshments	3 475 227	485 960
Skills development	2 141 927	795 339
Tools, plant and equipment	2 586 878	606 043
Vacuum services	3 884 035	1 403 694
Workmen's compensation contributions	2 107 997	1 277 935
Water leakage awareness and repairs	9 500 000	-
Provision for rehabilitation of quarries	214 231	-
Other general expenses	17 314 180	7 075 215
Total	<u>187 622 332</u>	<u>144 941 894</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
26. SURPLUS / (DEFICIT)		
Included in the surplus for the year is the following:		
Operating lease charges:		
Buildings	7 641 195	7 372 559
Depreciation of property, plant and equipment	(95 023 150)	(99 441 851)
- Land and buildings	(11 928 686)	(12 271 830)
- Infrastructure	(63 666 372)	(58 771 233)
- Community	(777 835)	(1 295 937)
- Other	(18 650 257)	(27 102 851)

27. PRIOR PERIOD ERRORS

**2007
R**

The following errors were corrected in terms of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors

27.1. Provision for rehabilitation of quarries

A provision for the estimated cost of the rehabilitation of quarry sites was done during the current year. The provision was not accounted for in previous years when the municipality became liable to rehabilitate the quarry sites. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Decrease in accumulated surplus	1 194 110
Increase in expenses	194 909
Increase in non-current provisions	1 389 019

27.2. UIF Liability

An UIF liability has been accounted for, for UIF that was payable on councillors' remuneration. This liability has not been recognised previously. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Decrease in accumulated surplus	77 278
Increase in councillors remuneration	303 244
Increase in payables	380 522

27.3. Finance lease assets and liabilities

Finance lease assets and liabilities have not been recognised in prior years. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Decrease in accumulated surplus	2 121 013.88
Increase in finance cost	559 091.64
Increase in finance lease assets	7 443 743.92
Increase in accumulated depreciation	2 869 203.66
Increase in finance lease liability	4 805 868
Increase in depreciation	1 413 805
Increase in lease expense	1 657 049

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2007
R

27. PRIOR PERIOD ERRORS (continue)

27.4. Interest received

Interest received on short term investments at ABSA, FNB and NEDBANK was only included as interest received in the current year, however the interest was received during the 2006/07 year. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Increase in accumulated surplus	497 858
Increase in interest received	866 973
Increase in investments	1 364 831

27.5. Petty cash

The petty cash was disclosed as part of sundry debtors instead of cash and cash equivalents. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Increase in cash and cash equivalents	45 919
Decrease in other receivables	45 919

27.6. Receivable for leave

Leave credits were included as part of the leave accrual. This is incorrect and should be recognised as a receivable. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Increase in payables	650 392
Increase in sundry receivables	650 392

27.7 Foreign exchange transactions

The foreign exchange loss for the previous year have not been recognised. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Increase in loss due to foreign exchange transactions	39 397
Decrease in licenses expense	39 397

27.8 Straight-lining of leases

Straight-lining of leases were not done during the previous year. The comparative statements for 2006/07 have been restated. The effect of the restatement is summarised below:

Increase in rental income	5 939 572
Increase in deferred lease income	5 939 572

The municipality did not record all prior period errors, in accordance with the exemptions granted in terms of General notice 522 of 2007 in Government Gazette 30013 of 29 June 2007.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
28. CASH GENERATED BY OPERATIONS		
Net surplus for the year	285 468 692	85 963 805
Adjustment for:		
Depreciation	98 487 169	99 441 851
Revaluation of assets	(7 324 461)	-
Contributions to provisions - non-current	492 657	25 056
Contributions to bad debt provision	42 598 989	39 037 268
Contributions reserves	-	(592 907)
Investment income	(148 728 012)	(150 103 608)
Interest paid	2 919 916	2 992 998
Operating surplus before working capital changes:	<u>273 914 949</u>	<u>76 764 463</u>
(Increase)/decrease in inventories	(1 181 249)	466 394
Increase in consumer receivables	(90 753 398)	(79 014 611)
Decrease/(increase) in other receivables	1 530 369	(7 099 084)
Increase in conditional grants & receipts	68 859 740	32 169 361
Increase/(decrease) in provisions	-	(9 702 621)
Increase in payables	91 810 861	43 834 601
Increase/(decrease) in tax payable	12 235 371	(6 570 153)
Cash generated by/(utilised in) operations	<u><u>356 416 643</u></u>	<u><u>50 848 350</u></u>

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Investments in financial instruments maturing in lesser than the first 3 months	141 299 420	112 926 810
Positive bank balances	63 216 817	21 967 522
Cash on hand	46 317	45 919
Cash and cash equivalents	<u>204 562 554</u>	<u>134 940 251</u>
Bank overdraft	(174 944)	-
Total cash and cash equivalents	<u><u>204 387 610</u></u>	<u><u>134 940 251</u></u>

Refer to Note 15 for a breakdown of cash book balances and balances as per bank statements

Pledged investments

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 injuries while on duty.

30. INCOME FOR AGENCY SERVICES

Provincial Administration - Emergency call centre	803 864	4 232 675
Services to Centlec (Pty) Ltd:		
Employee related costs	74 559 732	69 883 229
Other services	6 602 720	7 769 031
	<u>81 966 316</u>	<u>81 884 935</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
31. UTILISATION OF BORROWINGS RECONCILIATION		
Borrowings (See note 3)	(15 935 063)	17 480 092
Used to finance property, plant and equipment - at cost	15 935 063	(17 480 092)
	<u>-</u>	<u>-</u>
32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>32.1 Contributions to organised local government</u>		
Opening balance	-	-
Council subscriptions	1 998 435	1 563 850
Amount paid - current year	(1 998 435)	(1 563 850)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
<u>32.2 Audit fees</u>		
Opening balance	-	-
Prior year audit fee	3 417 346	2 947 941
Amount paid - current year	(3 417 346)	(2 947 941)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
<u>32.3 VAT</u>		
VAT paid/(claimed)	<u>(26 919 241)</u>	<u>(4 879 533)</u>
All Vat returns have been submitted by the due date during the year.		
<u>32.4 PAYE AND UIF</u>		
Opening balance	-	-
Current year payroll deductions	63 739 357	61 316 721
Amount paid - current year	(63 739 357)	(61 316 721)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
<u>32.5 Pension and medical aid deductions</u>		
Opening balance	-	-
Current year payroll deductions and council contributions	112 366 539	104 284 780
Amount paid - current year	(112 366 539)	(104 284 780)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
<u>32.6 Skills Development Levy</u>		
Opening balance	-	-
Payable during the current year	2 141 927	795 339
Amount paid - current year	(2 141 927)	(795 339)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT
(continue)

32.7 Councillor's arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2008	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor:			
Lubbe G D	1 776	595	1 181
Masita M J	93	47	46
Mbange M B	10 977	346	10 631
Minnie H	4 660	2 681	1 979
Mokotjo N G	16 153	5 530	10 623
Mtshiwane K J	17 919	9 065	8 853
Nothnagel J	3 075	169	2 905
Petersen J E	1 529	1 106	423
Total councillor arrear consumer accounts	56 182	19 539	36 641
30 June 2007	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor:			
Dithebe G C	2 070	-	2 070
Makhanya K N L	6 514	1 504	5 010
Masita M J	254	44	210
Mavuya M A	603	170	433
Minnie H	1 236	747	489
Modise M M	9 979	1 901	8 078
Mokotjo N G	8 934	4 600	4 334
Moletsane S G	4 413	2 862	1 551
Monyabane T A	3 861	207	3 654
Moroe L G	4 273	1 626	2 647
Mphetheng M A	363	66	297
Mtshiwane K J	10 171	554	9 617
Nakedi S S	1 549	297	1 252
Phupha N A	4 282	539	3 743
Pongolo X D	4 021	-	4 021
Scheepers M A	1 914	683	1 231
Sefuthi S M	273	-	273
Siyonzana M A	1 112	628	484
Somimi P M	236	59	177
Tsomela M M	1 963	494	1 469
Zweni T A	18 343	752	17 591
Total councillor arrear consumer accounts	86 364	17 733	68 631

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT
(continue)

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30 June 2008		
Councillor:		
Choene K	403	>90 Days
Ditthebe G L	1 665	>90 Days
Erasmus J C	907	>90 Days
Goliath E K	1 304	>90 Days
Janse van Vuuren E	468	>90 Days
Joubert J J	3 058	>90 Days
July L R	701	>90 Days
Makhanya K N L	8 208	>90 Days
Modise M M	11 251	>90 Days
Nakedi S S	1 636	>90 Days
Nothnagel J	57 826	>90 Days
Scheepers M A	2 167	>90 Days
Siyonzana M A	1 055	>90 Days
Zweni T A	12 390	>90 Days
	<u>103 039</u>	

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30 June 2007		
Councillor:		
Human J S	4 344	>90 Days
Janse van Vuuren D E	7 545	>90 Days
July L R	683	>90 Days
Kopane S P	5 913	>90 Days
Lubbe G D	1 042	>90 Days
Mbange M B	2 954	>90 Days
Nothnagel J	3 396	>90 Days
	<u>25 877</u>	

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
33. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
Infrastructure	45 089 410	147 345 650
Community	14 253 000	39 737 760
Total	59 342 410	187 083 410

34. RETIREMENT BENEFIT INFORMATION

The municipality provides retirement benefits for its employees and councilors. Benefits are provided via contribution plans and benefit plans.

34.1. Defined contribution plan

The following are defined contribution plans: Municipal Councillors Pension Fund, Free State Municipal Pension Fund, Free State Municipal Provident Fund, SAMWU Provident Fund, Old Mutual Orion Pension Fund and National Provident Fund for Municipal Workers. Employees can contribute to the Free State Municipal Pension Fund, Free State Municipal Provident Fund and SAMWU Provident Fund. These Funds are classified as defined contribution plans. These contributions have been expensed.

34.2. Defined benefit plan

The defined benefit plans are the Sala Pension Fund and the Government Employment Pension Fund. This is not treated as a benefit plan as defined by IAS19, but as a contribution plan. These are multi-employer plans and according to the actuaries it is not possible to report separately for each municipality on the fund, thus the reason for treating it as a contribution plan in terms of IAS 19 (AC116).30.

Some employees belongs to the Sala Pension Fund. The latest actuarial valuation of Sala Pension Fund was on 1 July 2007. These valuations indicate that the funds are in a sound financial position. The estimated liability of the fund is R5,580 million which is adequately financed by assets of R6,138 million.

Some employees belongs to the Government Employment Pension Fund. The latest actuarial valuation of GEPF was on 31 March 2006. These valuations indicate that the funds are in a sound financial position. The estimated liability of the fund is R447,474 million which is adequately financed by assets of R545,563 million.

An amount of R55.8 million (2007: R51.8 million) was contributed by Council in respect of councillor and employees retirement funding. These contributions have been expensed.

35. CONTINGENT LIABILITIES

35.1 Guarantees by Council in respect of housing loans at financial institutions for officials	3 465 848	5 037 387
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35.2 Pending claims

The municipality is being sued in the following pending claims against the Council. All the claims are being contested based on legal advice.

- A claim for payment of animals which have died after the date of delivery.	160 000	200 000
- A claim for an alleged breach of contract in respect of the allocation of a tender.	-	300 000
- Outstanding claims regarding labour disputes.	11 300 000	500 000
- Claim against municipality from person wishing to evict persons from erf in Botshabelo.	-	1 260 000
- A claim for vicarious liability for two traffic guards being accused of culpable homicide.	-	500 000
- A claim for an alleged breach of contract regarding the constructing of the Free State stadium for 2010.	300 000	-
- A claim for damages due to wrongful sale of property.	200 000	-
- A claim for alleged breach of contract regarding computer maintenance services.	5 000	-
- Claims by individuals due to injuries in various incidents.	2 745 436	-
- Claims by individuals due to damage of vehicles in various incidents.	208 500	-
- A claim for damage to electrical appliances at Ascot Court.	78 547	-
- A claim for loss of property stored in carport at Mirage flats.	230 000	-
- A claim for damages to property due to spread of fire at Kiepersol 2 Hillside.	30 000	-
	15 257 483	2 760 000

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

36. RELATED PARTIES

Controlled Entities:

Relationships

Parent	Manguang Local Municipality
Subsidiary	Centlec (Pty) Ltd

A 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 for their own account. All electricity assets, including certain of the receivables of the electricity service were taken over by Centlec (Pty) Ltd. The income formerly derived from the electricity service, will be replaced by interest to be received on a loan account. The company has commenced with business on 1 July 2005.

Investment in municipal entity

Centlec (Pty) Ltd

30 June 2008

Issued share capital	100
Percentage owned by council (%)	100%
Balances at reporting date:	
Indebtness of municipal entities	1 434 187 286
Inter-company loan to Centlec (Pty) Ltd	194 653 900
Transactions:	
Interest received: Shareholder's loan	94 000 000
Interest received: Loan advances	6 428 060
Employee related costs received	74 559 732
Management fees received	1 417 950
Administration fees received	5 184 770
Water charges received	19 756
Electricity charges paid	(12 135 029)

30 June 2007

Issued share capital	100
Percentage owned by council (%)	100%
Balances at reporting date:	
Indebtness of municipal entities	1 399 543 205
Inter-company loan to Centlec (Pty) Ltd	172 811 329
Transactions:	
Interest received: Shareholders loan	96 000 000
Interest received: Loan advances	1 903 019
Employee related costs received	69 883 229
Management fees received	1 708 141
Administration fees received	6 060 890
Water charges received	461 375
Electricity charges paid	(9 951 116)

See note 10 for investments.

Key management personnel

Remuneration

See note 20 and 21 for remuneration of key management personnel and Council.

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

36. RELATED PARTIES (continue)

Loans to key management personnel

Motor vehicle loans

Senior staff obtained loans at 8.50% interest per annum repayable over a maximum period of 6 years. Repayments are made on a monthly basis by way of salary deductions. These loans are being phased out and are repayable in the year 2010.

Name	Original Transaction amount	Outstanding balance as at 30 June 2008
Henama B L	245 000	4 128
Mochochoko T M M	125 000	14 561
Moleme R M M	283 000	34 002
Mpheli T J	168 000	40 646
Tsotetsi T S	435 699	28 767
	<u>1 256 699</u>	<u>122 104</u>

See note 11 for long term receivables: Loans

MANGAUNG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

37. LEASES

Finance Leases

2008

	Minimum Lease Payment	Future Finance charges	Present Value of minimum lease payments
Amounts payable under finance lease:			
Within one year	1 978 463	399 250	1 579 213
In the second to fifth year inclusive	3 208 967	293 062	2 915 905
After five years			
	<u>5 187 430</u>	<u>692 312</u>	<u>4 495 118</u>
Less: Amount due for settlement within 12 months			<u>(1 579 213)</u>
			<u>2 915 905</u>

Obligations under finance leases are secured by the lessor's title to the leased asset.

2007

	Minimum Lease Payment	Future Finance charges	Present Value of minimum lease payments
Amounts payable under finance lease:			
Within one year	1 720 083	476 040	1 244 043
In the second to fifth year inclusive	4 047 232	485 407	3 561 825
After five years			
	<u>5 767 315</u>	<u>961 447</u>	<u>4 805 868</u>
Less: Amount due for settlement within 12 months			<u>(1 244 043)</u>
			<u>3 561 825</u>

Obligations under finance leases are secured by the lessor's title to the leased asset.

Operating Leases

Lessor

The council leases various fixed properties under non-cancellable operating leases to various institutions. The lease agreements have escalations between 6% - 12% per year with the agreements varying between 2 to 50 years. Rental income for these agreements, to the value of R 7,641,195 has been recognised in the Statement of Financial Performance during the year.

No sublease contracts existed for the reporting period.

No contingent rental agreements existed for the reporting period.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2008	2007
Receivable within 1 year	7 616 309	7 641 195
Receivable within 1 - 5 years	36 254 340	36 860 387
Receivable later than 5 years	169 461 248	176 471 510
	<u>213 331 897</u>	<u>220 973 092</u>

38. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that required adjustment to or reporting in the financial statements.

39. IRREGULAR EXPENDITURE

No irregular expenditure has been identified during the year.

40. FRUITLESS AND WASTEFUL EXPENDITURE

An amount of R41,490 was identified as fruitless and wasteful expenditure that was paid as penalties and interest to SARS on late payment of UIF for Councillors. The municipality seized payment of UIF for councillors according to a directive received from SALGA during 2003. During 2006/07 it was determined that UIF was payable to SARS, which resulted in penalties and interest on late payment of UIF. This amount is not recoverable as no official of the municipality is liable for the non-payment of the UIF contributions.

41. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty are as follows:

(i) Trade receivables of R285m (2007: R237m) due from customers for services rendered at 30 June 2008. Estimates were used when meter readings were not done during the month and with the provision for bad debts

(ii) Property, plant and equipment of R2,120m (2007: R1,849m) at 30 June 2008 were stated at cost less accumulated depreciation and impairment losses. Estimates are used in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

(iii) Provisions of R3,665m (2007: R3,172m) at 30 June 2008 were made for the uncertain outcome of costs relating to the rehabilitation of quarry sites. Estimation is made in the determination of the amounts of provisions

Based on existing knowledge, it is reasonably possible that outcomes within the next financial year that are different from assumptions made could require a material adjustment to the carrying amount of these assets or liabilities.

41. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATION

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. The entity complied with the supply chain management policy.

42. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E

MANGAUNG LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2008

External loans	Loan Number	Redeemable	Balance at 30/6/2007	Received during the year	Redeemed or written off during the year	Balance at 30/6/2008	Carrying Value of Property, Plant & Equipment R	Other Costs in accordance with MFMA R
			R	R	R	R		
Annuity loans								
DBSA @ 11.25	12279	2007/12/31	33 160		33 160	-	-	-
DBSA @ 11.25	12280	2008/12/31	62 875		40 754	22 121	-	-
DBSA @ 12.00	1529	2009/03/31	40 927		19 262	21 665	-	-
DBSA @ 14.00	1864	2011/09/30	856 846		147 747	709 099	1 084 441	-
DBSA @ 10.00	8001	2015/12/31	16 486 284		1 304 106	15 182 178	16 370 069	-
Total Annuity loans			17 480 092	-	1 545 029	15 935 063	17 454 510	-
Government loans								
BOP @ 10%		2007/06/30	-				65 892	-
Total Government loans			-	-	-	-	65 892	-
Total external loans			17 480 092	-	1 545 029	15 935 063	17 520 402	-

MANGAUNG LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
Land and Buildings													
Land	703 311 621	4 514 004	12 439 600	(110 055 868)	-	-	610 209 357	-	39 055	-	-	39 055	610 170 302
Buildings	494 684 920	166 781 504	(12 439 600)	-	-	9 559 875	639 466 949	260 539 311	11 889 631	-	3 378 689	269 050 253	370 416 696
	1 197 996 541	171 295 508	-	(110 055 868)	-	9 559 875	1 249 676 306	260 539 311	11 928 686	-	3 378 689	269 089 308	980 586 998
Infrastructure													
Roads & Stormwater	576 702 904	70 821 534	-	-	-	-	647 524 438	237 373 022	37 265 782	-	-	274 638 804	372 885 634
Street Lights	15 601 829	404 129	-	-	-	-	16 005 958	965 801	623 031	-	-	1 588 832	14 417 126
Traffic Light	10 731 334	1 969 129	-	-	-	-	12 700 463	2 879 534	555 032	-	-	3 434 566	9 265 897
Railway Sidings	1 857 990	105 000	-	-	-	-	1 962 990	1 007 571	52 082	-	-	1 059 653	903 337
Sewerage Purification	70 999 843	-	-	-	-	-	70 999 843	26 955 016	2 277 396	-	-	29 232 412	41 767 431
Sewerage Mains	363 071 021	174 194 805	-	-	-	-	537 265 826	116 245 928	14 618 625	-	-	130 864 553	406 401 273
Water Purification	3 895 884	-	-	-	-	-	3 895 884	2 327 880	101 963	-	-	2 429 843	1 466 041
Water Mains	495 972 337	19 357 571	-	-	-	-	515 329 908	355 497 498	8 162 085	-	-	363 659 583	151 670 325
Electricity Mains	406 906	36 750	-	-	-	-	443 656	51 571	10 376	-	-	61 947	381 709
	1 539 240 048	266 888 918	-	-	-	-	1 806 128 966	743 303 821	63 666 372	-	-	806 970 193	999 158 773
Community Assets													
Parks & Gardens	23 664 308	2 919 612	-	-	-	-	26 583 920	8 547 996	777 835	-	-	9 325 831	17 258 089
	23 664 308	2 919 612	-	-	-	-	26 583 920	8 547 996	777 835	-	-	9 325 831	17 258 089
Other Assets													
Site Development	42 667 037	16 520 911	-	-	-	-	59 187 948	25 356 836	937 807	-	-	26 294 643	32 893 305
Furniture & Office Equipment	89 938 271	14 341 135	715 917	-	-	1 712 540	103 282 783	52 157 454	6 752 410	3 464 019	1 299 121	61 074 762	42 208 021
Tools, Plant & Equipment	35 531 812	2 412 213	-	-	-	31 396	37 912 629	25 403 310	2 278 423	-	17 456	27 664 277	10 248 352
Motor Vehicles	140 807 831	6 554 510	-	-	-	1 968 089	145 394 252	100 605 662	8 681 617	-	1 968 089	107 319 190	38 075 062
	308 944 951	39 828 769	715 917	-	-	3 712 025	345 777 612	203 523 262	18 650 257	3 464 019	3 284 666	222 352 872	123 424 740
Total	3 069 845 848	480 932 807	715 917	(110 055 868)	-	13 271 900	3 428 166 804	1 215 914 390	95 023 150	3 464 019	6 663 355	1 307 738 204	2 120 428 600

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
Land and Buildings													
Land	711 054 066	3 533 945	-	(767 400)	-	10 508 990	703 311 621	-	-	-	-	-	703 311 621
Buildings	369 695 891	83 952 063	40 784 900	11 672 200	-	11 420 134	494 684 920	210 691 365	12 271 830	40 784 900	3 208 784	260 539 311	234 145 609
	1 080 749 957	87 486 008	40 784 900	10 904 800	-	21 929 124	1 197 996 541	210 691 365	12 271 830	40 784 900	3 208 784	260 539 311	937 457 230
Infrastructure													
Roads & Stormwater	534 965 851	77 270 720	-	-	-	35 533 667	576 702 904	218 353 137	35 005 323	-	15 985 438	237 373 022	339 329 882
Street Lights	14 398 975	1 202 854	-	-	-	-	15 601 829	696 618	269 183	-	-	965 801	14 636 028
Traffic Light	9 749 570	981 764	-	-	-	-	10 731 334	2 372 397	507 137	-	-	2 879 534	7 851 800
Railway Sidings	1 757 990	100 000	-	-	-	-	1 857 990	958 912	48 659	-	-	1 007 571	850 419
Sewerage Purification	57 022 760	13 977 083	-	-	-	-	70 999 843	25 512 838	1 442 178	-	-	26 955 016	44 044 827
Sewerage Mains	325 912 304	68 222 204	-	-	-	31 063 487	363 071 021	105 659 908	12 322 642	-	1 736 622	116 245 928	246 825 093
Water Purification	3 895 884	-	-	-	-	-	3 895 884	2 219 008	108 872	-	-	2 327 880	1 568 004
Water Mains	314 336 258	20 027 624	172 710 630	-	-	11 102 175	495 972 337	175 486 804	9 057 857	172 710 630	1 757 793	355 497 498	140 474 839
Electricity Mains	406 906	-	-	-	-	-	406 906	42 189	9 382	-	-	51 571	355 335
	1 262 446 498	181 782 249	172 710 630	-	-	77 699 329	1 539 240 048	531 301 811	58 771 233	172 710 630	19 479 853	743 303 821	795 936 227
Community Assets													
Parks & Gardens	21 173 688	2 509 591	-	-	-	18 971	23 664 308	7 252 691	1 295 937	-	632	8 547 996	15 116 312
	21 173 688	2 509 591	-	-	-	18 971	23 664 308	7 252 691	1 295 937	-	632	8 547 996	15 116 312
Other Assets													
Site Development	44 377 160	1 760 619	-	-	-	3 470 742	42 667 037	24 357 836	2 225 223	-	1 226 223	25 356 836	17 310 201
Furniture & Office Equipment	82 273 554	11 904 559	-	-	-	4 239 842	89 938 271	43 722 941	11 635 566	-	3 201 053	52 157 454	37 780 817
Tools, Plant & Equipment	34 739 127	1 835 732	-	-	-	1 043 047	35 531 812	23 130 503	2 829 629	-	556 822	25 403 310	10 128 502
Motor Vehicles	136 506 281	9 774 228	-	-	-	5 472 678	140 807 831	92 843 561	10 412 433	-	2 650 332	100 605 662	40 202 169
	297 896 122	25 275 138	-	-	-	14 226 309	308 944 951	184 054 841	27 102 851	-	7 634 430	203 523 262	105 421 689
Total	2 662 266 265	297 052 986	213 495 530	10 904 800	-	113 873 733	3 069 845 848	933 300 708	99 441 851	213 495 530	30 323 699	1 215 914 390	1 853 931 458

MANGAUNG LOCAL MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
Office of the City Manager	6 880 994	6 233 574	94 787	-	-	-	13 209 355	4 979 054	760 231	28 590	-	5 767 875	7 441 480
Corporate Services	171 242 512	2 332 176	(767 400)	-	-	-	172 807 288	74 234 815	7 838 054	-	-	82 072 869	90 734 419
Finance	28 719 893	7 407 709	-	-	-	201 634	35 925 968	15 673 433	2 757 404	-	94 515	18 336 322	17 589 646
Community and Social Development	260 280 026	32 824 714	6 129 000	-	-	13 070 266	286 163 474	158 966 891	9 223 079	5 556 999	6 568 840	167 178 129	118 985 345
Economic Development and Planning	759 077 701	11 977 642	2 001 400	(110 055 868)	-	-	663 000 875	27 557 369	2 155 534	417 999	-	30 130 902	632 869 973
Infrastructural Services	1 185 498 774	388 890 356	(94 787)	-	-	-	1 574 294 343	477 862 451	61 187 924	(28 590)	-	539 021 785	1 035 272 558
Miscellaneous Services	7 443 744	-	715 917	-	-	-	8 159 661	2 869 203	(1 905 177)	3 464 019	-	4 428 045	3 731 616
Housing	104 878 719	8 142 855	(7 363 000)	-	-	-	105 658 574	70 020 745	1 391 306	(5 974 998)	-	65 437 053	40 221 521
Fresh Produce Market	25 508 753	2 325 861	-	-	-	-	27 834 614	14 907 982	1 248 129	-	-	16 156 111	11 678 503
Water	520 314 732	20 797 920	-	-	-	-	541 112 652	368 842 447	10 366 666	-	-	379 209 113	161 903 539
Total	3 069 845 848	480 932 807	715 917	(110 055 868)	-	13 271 900	3 428 166 804	1 215 914 390	95 023 150	3 464 019	6 663 355	1 307 738 204	2 120 428 600

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
Office of the City Manager	6 898 234	108 641	-	-	-	125 881	6 880 994	4 280 182	824 753	-	125 881	4 979 054	1 901 940
Corporate Services	131 744 389	44 485 540	-	-	-	4 987 417	171 242 512	69 516 490	7 522 186	-	2 803 861	74 234 815	97 007 697
Finance	24 706 040	4 013 853	-	-	-	-	28 719 893	12 833 207	2 840 226	-	-	15 673 433	13 046 460
Community and Social Development	256 175 367	8 928 841	-	-	-	4 824 182	260 280 026	147 519 487	13 134 947	-	1 687 543	158 966 891	101 313 135
Economic Development and Planning	772 558 704	6 759 226	-	(767 400)	-	19 472 829	759 077 701	27 409 983	2 459 089	-	2 311 703	27 557 369	731 520 332
Infrastructural Services	1 058 574 117	196 259 173	-	-	-	69 334 516	1 185 498 774	442 008 688	55 675 484	-	19 821 721	477 862 451	707 636 323
Miscellaneous Services	3 116 875	4 326 869	-	-	-	-	7 443 744	1 455 398	1 413 805	-	-	2 869 203	4 574 541
Housing	47 654 822	7 142 286	40 784 900	11 672 200	-	2 375 489	104 878 719	28 910 114	1 230 725	40 784 900	904 994	70 020 745	34 857 974
Fresh Produce Market	23 593 514	2 199 929	-	-	-	284 690	25 508 753	12 428 141	2 631 666	-	151 825	14 907 982	10 600 771
Water	337 244 203	22 828 628	172 710 630	-	-	12 468 729	520 314 732	186 939 018	11 708 970	172 710 630	2 516 171	368 842 447	151 472 285
Total	2 662 266 265	297 052 986	213 495 530	10 904 800	-	113 873 733	3 069 845 848	933 300 708	99 441 851	213 495 530	30 323 699	1 215 914 390	1 853 931 458

MANGAUNG LOCAL MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
229 340 707	-	229 340 707	Property Rates	250 173 480		250 173 480
17 395 475	80 448 529	(63 053 054)	Office of the City Manager	18 270 679	104 861 150	(86 590 471)
1 553 024	56 967 919	(55 414 895)	Corporate Services	2 946 393	54 553 043	(51 606 650)
36 408 903	44 133 707	(7 724 804)	Finance	41 861 875	48 487 603	(6 625 728)
37 480 613	184 082 471	(146 601 858)	Community and Social Development	32 402 197	192 224 115	(159 821 918)
8 630 968	34 360 314	(25 729 346)	Economic Development and Planning	19 107 660	36 421 054	(17 313 394)
185 650 723	251 479 883	(65 829 160)	Infrastructural Services	164 340 373	271 665 836	(107 325 463)
406 264 359	165 343 542	240 920 817	Miscellaneous Services	636 835 976	196 194 034	440 641 942
-	-	-	Gain on PPE sold to Centlec (Pty) Ltd	-	-	-
12 022 213	22 477 988	(10 455 775)	Housing	11 636 087	26 598 933	(14 962 846)
11 717 276	11 057 826	659 450	Fresh Produce Market	14 109 561	10 857 057	3 252 504
235 030 819	245 179 095	(10 148 276)	Water	303 501 302	267 854 066	35 647 236
1 181 495 080	1 095 531 274	85 963 806	Total	1 495 185 583	1 209 716 891	285 468 692

MANGAUNG LOCAL MUNICIPALITY

APPENDIX E

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Revenue	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 10% versus budget
Property rates	250 173 480	247 342 960	2 830 520	1	
Service charges	340 210 887	326 200 900	14 009 987	4	
Rental of facilities and equipment	20 637 267	14 700 667	5 936 600	40	In order to account for the new accounting standards for leases, an amount of R5.5 million was transferred to revenue as a deferred rental lease income. The amount was not included in the 2008 budget.
Interest earned - external investments	22 459 987	25 300 000	(2 840 013)	(11)	
Interest earned - outstanding debtors	32 268 025	24 657 920	7 610 105	31	The income source was under budgeted. The increase in outstanding consumer debt was more than anticipated.
Interest on shareholders loan	94 000 000	94 000 000	-	-	
Fines	7 588 890	9 406 830	(1 817 940)	(19)	The income from traffic fines was R1.8 million less than the amount budgeted for.
Licenses and permits	265 012	697 570	(432 558)	(62)	The income from dog licenses and levies on placards were less than the amount budgeted for.
Income for agency services	81 966 316	9 261 640	72 704 676	785	The income from Centlec in the amount of R74.5 million for salaries of employees seconded to the entity was not included in the 2008 budget. The amount is also included in the expenditure of Miscellaneous Services.
Government grants and subsidies	576 626 581	583 457 064	(6 830 483)	(1)	
Other income	68 989 138	65 057 567	3 931 571	6	
Public contributions and donations	-	-	-	-	
Gains on disposal of property, plant and equipment	-	-	-	-	
Total Revenue	1 495 185 583	1 400 083 118	95 102 465	7	
Expenditure					
Office of the City Manager	104 861 150	110 637 903	(5 776 753)	(5)	
Corporate Services	54 553 043	53 627 834	925 209	2	
Finance	48 487 603	53 062 646	(4 575 043)	(9)	
Community and Social Development	192 224 115	208 155 599	(15 931 484)	(8)	
Economic Development and Planning	36 421 054	41 944 118	(5 523 064)	(13)	Savings on salaries and allowances due to vacancies and savings in general resulted in an under spending on the total budgeted amount.
Infrastructural Services	271 665 836	275 025 264	(3 359 428)	(1)	
Miscellaneous Services	196 194 034	97 772 363	98 421 671	101	As indicated under revenue for agency services above, an amount of R74.5 million for salaries of employees seconded to Centlec is included as an expenditure under miscellaneous services and recoverable in full from the entity. The amount was not included in the 2008 budget. An additional amount of R22.2 million was provided for bad debt, which was not provided for in the budget
Housing	26 598 933	32 568 301	(5 969 368)	(18)	Savings on salaries and allowances due to vacancies and an under spending of R3 million on the housing accreditation subsidy resulted in a saving on the total budgeted amount. The unspent subsidy is transferred to next financial year.
Fresh Produce Market	10 857 057	10 677 173	179 884	2	
Water	267 854 066	260 145 479	7 708 587	3	
Total Expenditure	1 209 716 891	1 143 616 680	66 100 211	6	
Net surplus/(deficit) for the year	285 468 692	256 466 438	29 002 254	(11)	

MANGAUNG LOCAL MUNICIPALITY

APPENDIX E

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of significant variances greater than 10% versus budget
Revenue					
Property rates	229 340 707	229 744 608	(403 901)	(0)	
Service charges	318 286 594	301 226 907	17 059 687	6	
Rental of facilities and equipment	19 231 127	13 683 210	5 547 917	41	
Interest earned - external investments	28 583 362	24 000 000	4 583 362	19	The investment income was more than originally anticipated. Interest rates increased.
Interest earned - outstanding debtors	25 520 246	35 047 461	(9 527 215)	(27)	The income source was over budgeted.
Interest on shareholders loan	96 000 000	96 000 000	-	-	
Fines	9 259 801	13 959 450	(4 699 649)	(34)	The income from traffic fines was R4.6 million less than the amount budgeted for.
Licenses and permits	325 449	528 290	(202 841)	(38)	The income from dog licenses was less than the amount budgeted for.
Income for agency services	81 884 935	9 217 920	72 667 015	788	The income from Centlec in the amount of R69.8 million for salaries of employees seconded to the entity was not included in the 2007 budget. The amount is also included in the expenditure of Miscellaneous Services.
Government grants and subsidies	336 563 792	377 470 723	(40 906 931)	(11)	The amount utilized from the Restructuring Grant was less than the budgeted amount.
Other income	36 498 810	183 492 191	(146 993 381)	(80)	Included in the budget is a contra amount of R146 137 800 in respect of free services recoverable from the equitable share grant. The equitable share is already recognized under Government Grants and Subsidies. The contra transaction to expenditure was budgeted under miscellaneous services. The actual income and expenditure was as a result of the duplication not recorded.
Public contributions and donations	257	-	257	-	
Gains on disposal of property, plant and equipment	-	-	-	-	
Total Revenue	1 181 495 080	1 284 370 760	(102 875 680)	(8)	
Expenditure					
Office of the City Manager	80 448 529	92 139 500	(11 690 971)	(13)	Saving on expenses for IDP and ward committee planning and other savings in general resulted in an under-spending on the vote
Corporate Services	56 967 919	61 978 030	(5 010 111)	(8)	
Finance	44 133 707	44 717 400	(583 693)	(1)	
Community and Social Development	184 082 471	201 203 160	(17 120 689)	(9)	
Economic Development and Planning	34 360 314	38 107 910	(3 747 596)	(10)	
Infrastructural Services	251 479 883	230 109 840	21 370 043	9	
Miscellaneous Services	165 343 542	264 682 550	(99 339 008)	(38)	Refer to other income above. Only an amount of R30 million (actual) was allocated to Centlec as a contribution for free services.
Housing	22 477 988	16 574 462	5 903 526	36	The transfer from the Housing Fund to finance the shortage on the housing schemes is deducted from the budget and the actual deficit was recorded as a transfer from the accumulated surplus.
Fresh Produce Market	11 057 826	10 301 820	756 006	7	
Water	245 179 095	238 882 620	6 296 475	3	
Total Expenditure	1 095 531 274	1 198 697 292	(103 166 018)	(9)	
Net surplus/(deficit) for the year	85 963 806	85 673 468	290 338	(0)	

The amounts recorded in the budget column are unaudited

MANGAUNG LOCAL MUNICIPALITY

APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 2003 FOR THE YEAR ENDED 30 JUNE 2008

Grants and subsidies received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Reason for delay/ withholding of funds	Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept 2007	Dec 2007	March 2008	June 2008	Sept 2007	Dec 2007	March 2008	June 2008	Sept 2007	Dec 2007	March 2008	June 2008			
Equitable Share	National Government	78 856 925	59 142 694	98 571 156	-	14 521 384	16 307 081	15 823 565	189 918 746	-	-	-	-	-	Yes	
Public Transport Infra & System Grant	National Government	-	4 167 000	20 833 000	-	-	-	-	15 492 689	-	-	-	-	-	Yes	
DWAF Grant	National Government	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	
Mig Grant -Infrastructure	National Government	31 040 000	19 880 163	33 881 908	85 432 000	-	-	-	165 012 651	-	-	-	-	-	Yes	
Restructuring Grant	National Government	-	-	-	-	2 288 109	1 783 352	2 579 798	4 598 715	-	-	-	-	-	Yes	
Financial Management Grant	National Government	500 000	-	-	-	36 320	52 250	13 232	47 705	-	-	-	-	-	Yes	
Municipal System Improvement Grant	National Government	-	-	-	-	96 959	69 853	-	170 000	-	-	-	-	-	Yes	
Provincial Health Subsidies	Provincial Government	-	-	1 578 265	2 222 020	950 071	950 071	950 071	950 071	-	-	-	-	-	Yes	
National Electrification Program Grant		1 344 000	3 548 000	18 321 000	-	-	-	-	23 213 000	-	-	-	-	-	Yes	
Housing Accreditation Subsidy	Provincial Government	-	2 400 000	-	-	96 206	343 401	81 639	677 614	-	-	-	-	-	Yes	
2010 Stadia Development Grant		12 011 359	78 025 730	21 889 436	71 841 665	-	-	-	119 602 028	-	-	-	-	-	Yes	
		123 752 284	167 163 587	195 074 765	159 495 685	17 989 049	19 506 008	19 448 305	519 683 219	-	-	-	-	-		

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 2003 FOR THE YEAR ENDED 30 JUNE 2007

Grants and subsidies received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Reason for delay/ withholding of funds	Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept 2006	Dec 2006	March 2007	June 2007	Sept 2006	Dec 2006	March 2007	June 2007	Sept 2006	Dec 2006	March 2007	June 2007			
Equitable Share	National Government	65 620 877	49 205 817	81 996 572	-	6 006 104	7 742 040	7 884 704	175 190 419	-	-	-	-	-	Yes	
Public Transport Infra & System Grant	National Government	-	-	-	10 230 000	-	-	-	4 306 794	-	-	-	-	-	Yes	
DWAF Grant	National Government	19 000 000	-	-	9 500 000	137 018	25 953	-	1 693 343	-	-	-	-	-	Yes	
Mig Grant -Infrastructure	National Government	15 458 038	19 467 720	20 231 569	40 664 341	-	-	-	91 525 196	-	-	-	-	-	Yes	
Restructuring Grant	National Government	-	-	10 000 000	-	3 064 434	5 034 419	2 737 027	8 375 307	-	-	-	-	-	Yes	
Financial Management Grant	National Government	-	500 000	-	-	130 524	191 927	2 034	135 993	-	-	-	-	-	Yes	
Municipal System Improvement Grant	National Government	-	-	-	-	-	80 000	80 000	30 000	-	-	-	-	-	Yes	
Provincial Health Subsidies	Provincial Government	-	7 108 556	7 489 767	-	3 649 580	3 649 581	3 649 581	3 649 581	-	-	-	-	-	Yes	
National Electrification Program Grant	National Government	3 999 600	-	-	-	-	-	-	3 999 600	-	-	-	-	-	Yes	
2010 Stadia Development Grant	National Government	-	-	4 000 000	13 816	-	-	-	-	-	-	-	-	-	Yes	
Housing Accreditation Subsidy	National Government	2 231 748	-	2 014 732	-	2 231 748	-	-	1 360 887	-	-	-	-	-	Yes	
		106 310 263	76 282 093	125 732 639	60 408 157	15 219 407	16 723 920	14 353 345	290 267 119	-	-	-	-	-		