



Consolidated Financial Statements

for the year ended

30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 96, 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, allowance and benefits of Councillors as disclosed in note 29 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.

S Msibi
Municipal Manager

Date

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

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**MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009**

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	Mr. FK Morule
Councillors	<p><u>Speaker:</u> Councillor AT Stander</p> <p><u>Deputy Executive Mayor:</u> Councillor MA Siyonzana</p> <p><u>Councillor Members of The Mayoral Committee:</u> Councillor SKM Choene Councillor KNL Makhanya Councillor A Marais Councillor NG Mokotjo Councillor LS Moroka Councillor NM Mzozana Councillor FB Nzapheza Councillor AN Phupha Councillor CSK Sechoaro</p> <p><u>Council Whip:</u> Councillor SM Sefuthi</p> <p><u>Councillors of the Council:</u> Councillor NL Adoons Councillor PM Baartman Councillor FR Botes Councillor PI Chobane Councillor ME Dennis Councillor GC Dithebe Councillor JC Erasmus Councillor SE Finger Councillor GS Fouche Councillor EK Goliath Councillor JU Grobbelaar Councillor MD Hlujane Councillor W Horn Councillor JS Human Councillor TA Jacobs Councillor TB Jacobs Councillor DE Janse Van Vuuren Councillor CE Jenkinson Councillor LR July Councillor MS Khutlane Councillor JAA Lazenby Councillor MJ Lephoi Councillor SP Leraisa Councillor TK Litabe Councillor DG Lubbe Councillor PP Machelebeta Councillor PA Maduna Councillor MM Makhele Councillor MJ Masita Councillor M Masoabi Councillor MJ Matsoenslane Councillor MA Mavuya Councillor MB Mbange Councillor TM Mfazwe Councillor H Minnie Councillor SO Mogorosi Councillor BM Mohlouoa Councillor ME Moilwa Councillor LG Mokgothu Councillor SG Moletsane Councillor MR Mompoti Councillor TA Monyabane Councillor TA Mophethe Councillor B Motaung Councillor TS Mpakathe Councillor KJ Mtshwane Councillor SS Nakedi Councillor WT Nkikane Councillor J Nothnagel Councillor TS Nthako Councillor GJ Olivier Councillor JE Petersen Councillor DJ Phuthi Councillor XD Pongolo Councillor JD Powell Councillor MA Ramokone</p>

**MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009**

	<p>Councillor TM Ramona Councillor GK Saohatse Councillor MA Seeco Councillor E Snyman- Van Deventer Councillor SN Soebehle Councillor PM Somimi Councillor SP Tanyane Councillor AP Terblanche Councillor AL Toba Councillor MM Tsomela Councillor PJJ Van Bijlon Councillor JP Van Der Merwe Councillor R Van Der Merwe Councillor WC Van Wyk Councillor AS Zerwick</p>
Registered office	<p>Bram Fischer Building Cnr Nelson Mandela Street and Markgraaff Street Bloemfontein 9301</p>
Business address	<p>Bram Fischer Building Cnr Nelson Mandela Street and Markgraaff Street Bloemfontein 9301</p>
Postal address	<p>P O Box 288 Bloemfontein 9300</p>
Bankers	<p>ABSA Bank Limited</p>
Auditors	<p>The Auditor-General: Free State Registered Auditors</p>
Municipal Manager	<p>Mr. S Msibi</p>
Attorneys	<p>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</p>
Debt collectors	<p>Messrs Alberts Messrs Bezuidenhouts Messrs Claude Reid Messrs Hill, McHardy & Herbst Messrs Matsepes Messrs Naudes Messrs Phatshoane Henny Inc Messrs Rosendorff Reits Barry Messrs Stander, Venter & Kleynhans Messrs Symington & De Kok Messrs Thoabala Attorney Messrs Van Wyk & Preller Messrs Vermaak & Dennis Messrs Vorster & Partners Messrs Webbers</p>
Grading of local authority	<p>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.</p>
Relevant legislation	<p>The Constitution of the Republic of South Africa The Municipal Structures Act 117 of 1998 The Municipal Systems Act 32 of 2000 The Municipal Finance Management Act 56 of 2003 The Municipal Property Rates Act 6 of 2004 The Basic Conditions of the Employment Act 75 of 1997 The Value Added Tax Act 89 of 1991 The Skills Development Act 9 of 1999 The Water Service Act 108 of 1997 The Housing Act of 1997 The Promotion of Access to Information Act 2 of 2000 The Disaster Management Act 57 of 2000</p>

**MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

MUNICIPALITY			GROUP	
2009	2008	Note	2009	2008
R	R		R	R
3 219 246 053	2 844 557 525		2 810 491 775	2 393 545 500
2 459 196 768	2 103 844 428	1	2 790 228 295	2 361 206 679
5 055 438	7 568 815	2	5 055 438	7 568 815
8 795	8 900	3	8 695	8 800
754 985 052	733 135 382	4	15 199 347	24 761 206
529 535 635	446 263 587		749 395 543	590 273 255
6 310 911	5 168 289	5	49 777 398	38 734 812
177 921 004	136 564 882	6	314 103 897	223 572 153
92 365 576	69 141 460	7	96 395 071	74 029 227
315 259	344 095	8	315 259	344 095
14 713 894	10 961 189	4	4 321 667	5 891 453
-	161 547	3	-	161 547
237 908 991	223 922 125	9	284 482 251	247 539 968
3 748 781 688	3 290 821 112		3 559 887 318	2 983 818 755
2 380 968 625	2 174 586 997		2 259 817 639	2 002 568 177
-	-		-	-
21 376 064	33 071 514	10	21 376 064	33 071 514
-	382 691 159	11.1	-	382 691 159
-	5 967 997	11.2	-	5 967 997
73 190 116	73 259 404	11.3	73 190 116	73 259 404
13 654 504	12 856 623	11.4	13 654 504	12 856 623
584 022 037	587 850 107	11.5	584 022 037	587 850 107
6 160	6 265	11.6	6 160	6 265
1 688 719 744	1 078 883 928		1 567 568 758	906 865 108
380 785 972	382 469 287		380 969 547	382 804 729
12 493 642	14 298 178	12	12 493 642	14 298 178
1 311 455	2 624 744	13	1 495 030	2 960 186
69 859 875	64 459 365	14	69 859 875	64 459 365
297 121 000	301 087 000	15	297 121 000	301 087 000
987 027 091	733 764 828		919 100 132	598 445 849
23 889 773	22 519 063	16	57 729 376	53 467 826
481 218 137	451 877 314	17	376 757 344	271 606 150
3 251 757	3 505 663	18	3 251 757	3 505 663
416 585 975	217 215 996	19	419 121 477	222 116 011
58 685 250	35 432 552	20	58 685 250	44 395 602
1 785 058	1 636 885	12	1 785 058	1 636 885
1 611 141	1 577 355	13	1 769 870	1 717 712
			-	-
3 748 781 688	3 290 821 112		3 559 887 318	2 983 818 755

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R	Note	R	R
REVENUE				
275 064 648	246 682 769	21	275 064 648	246 682 769
389 847 692	338 401 024	22	1 090 395 636	891 494 916
18 903 446	24 186 557	23	18 903 446	24 186 557
156 439 702	169 268 419	24	63 043 544	57 113 431
4 733 684	7 584 604		4 733 684	7 584 604
237 948	262 502		237 948	262 502
90 528 323	82 382 451	25	191 255	793 397
722 291 388	576 626 581	26	716 894 914	567 664 882
94 948 901	69 631 213	27	103 580 571	78 355 975
-	-		11 850 458	20 783 136
<u>1 752 995 732</u>	<u>1 515 026 120</u>	Total revenue	<u>2 284 896 104</u>	<u>1 894 922 169</u>
EXPENDITURE				
588 275 863	528 411 696	28	589 684 141	530 076 775
19 902 076	18 905 682	29	20 639 076	19 457 682
178 969 040	218 005 087	30	184 901 128	229 020 714
121 610 785	98 754 924		158 900 987	132 497 145
92 916 317	81 483 152		135 405 222	99 353 149
43 513 370	10 320 459	31	44 521 007	11 515 834
168 020 206	166 193 170	32	614 126 488	493 068 384
43 803 110	25 443 464		73 355 343	39 465 509
85 757 729	62 073 650	33	6 952 094	8 640 871
200 040 810	179 660 359	34	195 356 358	184 415 409
<u>1 542 809 306</u>	<u>1 389 251 643</u>	Total expenditure	<u>2 023 841 844</u>	<u>1 747 511 472</u>
(23 377)	232 105	(Profit)/Loss due to foreign exchange transactions	(23 377)	232 105
<u>210 209 803</u>	<u>125 542 372</u>	SURPLUS FOR THE YEAR	<u>261 077 637</u>	<u>147 178 592</u>

Refer to Appendix E(1) for the Municipality's Comparison with the approved budget

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009: MUNICIPALITY

	Housing Development Fund R	Capitalisation Reserve R	Government Grant Reserve R	Donations and Public Contribution Reserve R	Self Insurance Reserve R	COID Reserve R	Revaluation Reserve R	Mark-to-market Reserve	Accumulated Surplus/ (Deficit) R	Total R
2008										
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	-	1 651 527 661	3 243 264 577
<i>Correction of error (Refer to note 52)</i>	-	-	(324 590 572)	-	-	-	(11 672 200)	-	(741 299 033)	(1 077 561 805)
Restated balance	42 567 563	422 563 207	-	6 580 227	72 865 442	12 991 730	697 905 975	-	910 228 628	2 165 702 772
Surplus for the year	-	-	-	-	-	-	-	-	125 542 372	125 542 372
<i>As previously stated</i>	-	-	-	-	-	-	-	-	285 468 692	285 468 692
<i>Correction of error</i>	-	-	-	-	-	-	-	-	(159 926 320)	(159 926 320)
Capital grants used to purchase property, plant and equipment	-	-	-	-	-	-	-	-	-	-
<i>As previously stated</i>	-	-	299 481 069	-	-	-	-	-	(299 481 069)	-
<i>Correction of error</i>	-	-	(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	-
Insurance claims processed	-	-	-	-	-	-	-	6 265	-	6 265
<i>As previously stated</i>	-	-	-	-	-	-	-	-	-	-
<i>Correction of error</i>	-	-	-	-	-	-	-	6 265	-	6 265
Asset disposals	-	(3 452 754)	-	-	-	-	-	-	(3 155 790)	(6 608 544)
<i>As previously stated</i>	-	-	-	-	-	-	-	-	(116 664 412)	(116 664 412)
<i>Correction of error</i>	-	(3 452 754)	-	-	-	-	-	-	113 508 622	110 055 868
Asset revaluation	-	-	-	-	-	-	(110 055 868)	-	-	(110 055 868)
<i>As previously stated</i>	-	-	-	-	-	-	(121 728 068)	-	121 728 068	-
<i>Correction of error</i>	-	-	-	-	-	-	11 672 200	-	(121 728 068)	(110 055 868)
Offsetting of depreciation	-	(36 419 294)	-	(612 230)	-	-	-	-	37 031 524	-
<i>As previously stated</i>	-	(36 419 294)	(29 237 941)	(612 230)	-	-	-	-	66 269 465	-
<i>Correction of error</i>	-	-	29 237 941	-	-	-	-	-	(29 237 941)	-
Balance at 30 June 2008	33 071 514	382 691 159	-	5 967 997	73 259 404	12 856 623	587 850 107	6 265	1 078 883 928	2 174 586 997
<i>As previously stated</i>	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
<i>Correction of error (Refer to note 52)</i>	-	(3 452 754)	(594 833 700)	-	-	-	-	6 265	(639 201 671)	(1 237 481 860)
2009										
Surplus for the year	-	-	-	-	-	-	-	-	210 209 803	210 209 803
Unbundling of reserves	-	(382 691 159)	-	(5 967 997)	-	-	-	-	388 659 156	-
Contribution to insurance reserve	-	-	-	-	1 762 598	2 082 464	-	-	(3 845 062)	-
Insurance claims processed	-	-	-	-	(1 831 886)	(1 284 583)	-	-	3 116 469	-
Transfer from Housing Fund	(11 695 450)	-	-	-	-	-	-	-	11 695 450	-
Fair value loss	-	-	-	-	-	-	-	(105)	-	(105)
Asset revaluation (Refer to note 1)	-	-	-	-	-	-	(3 828 070)	-	-	(3 828 070)
Balance at 30 June 2009	21 376 064	-	-	-	73 190 116	13 654 504	584 022 037	6 160	1 688 719 744	2 380 968 625
	10	11.1		11.2	11.3	11.4	11.5	11.6		

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009: GROUP

	Housing Development Fund R	Capitalisation Reserve R	Donations and Public Contribution Reserve R	Self Insurance Reserve R	COID Reserve R	Revaluation Reserve R	Mark-to-market Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2008									
Balance as at 1 July 2007	42 567 563	422 563 207	6 580 227	72 865 442	12 991 730	697 905 975	-	716 573 588	1 972 047 732
Surplus for the year	-	-	-	-	-	-	-	147 178 592	147 178 592
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	-
Insurance claims processed	-	-	-	-	-	-	6 265	-	6 265
Asset disposals	-	(3 452 754)	-	-	-	-	-	(3 155 790)	(6 608 544)
Asset revaluation	-	-	-	-	-	(110 055 868)	-	-	(110 055 868)
Offsetting of depreciation	-	(36 419 294)	(612 230)	-	-	-	-	37 031 524	-
Balance as at 30 June 2008	33 071 514	382 691 159	5 967 997	73 259 404	12 856 623	587 850 107	6 265	906 865 108	2 002 568 177
2009									
Surplus for the year	-	-	-	-	-	-	-	261 077 637	261 077 637
Net income and expenses recognised directly in equity	-	-	-	-	-	-	-	-	-
Unbundling of reserves	-	(382 691 159)	(5 967 997)	-	-	-	-	388 659 156	-
Contribution to insurance reserve	-	-	-	1 762 598	2 082 464	-	-	(3 845 062)	-
Insurance claims processed	-	-	-	(1 831 886)	(1 284 583)	-	-	3 116 469	-
Transfer from Housing Fund	(11 695 450)	-	-	-	-	-	-	11 695 450	-
Fair value loss	-	-	-	-	-	-	(105)	-	(105)
Asset revaluation (Refer to note 1)	-	-	-	-	-	(3 828 070)	-	-	(3 828 070)
Balance at 30 June 2009	21 376 064	-	-	73 190 116	13 654 504	584 022 037	6 160	1 567 568 758	2 259 817 639
	10	11.1	11.2	11.3	11.4	11.5	11.6		

**MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

MUNICIPALITY			GROUP	
2009	2008	Note	2009	2008
R	R		R	R
		CASH FLOW FROM OPERATING ACTIVITIES		
1 769 307 659	1 590 497 631	Receipts	2 250 526 167	2 787 617 752
23 252 698	13 772 018	- Taxation	23 252 698	13 772 018
477 505 036	558 247 965	- Sales of goods and services	1 129 735 629	1 125 558 181
921 661 367	689 348 459	- Grants	913 900 380	685 286 775
156 439 702	169 268 419	- Interest received	63 043 544	57 113 431
190 448 856	159 860 770	- Other receipts	120 593 916	905 887 347
(1 237 787 423)	(1 044 848 364)	Payments	(1 621 924 209)	(1 400 365 770)
(599 492 939)	(547 317 378)	- Employee costs	(601 584 205)	(549 495 052)
(300 589 461)	(221 445 082)	- Suppliers	(749 285 380)	(609 420 835)
(11 580 370)	(10 320 459)	- Interest paid	(12 588 007)	(11 515 834)
(1 142 622)	(1 195 267)	- Inventories	(11 042 586)	(3 033 001)
-	-	- Revaluation of assets	-	-
(324 982 031)	(264 570 178)	- Other payments	(247 424 031)	(226 901 048)
<u>531 520 236</u>	<u>545 649 267</u>	NET CASH FLOW FROM OPERATING ACTIVITIES	<u>628 601 958</u>	<u>1 387 251 982</u>
		CASH FLOW FROM INVESTING ACTIVITIES		
(478 511 037)	(481 999 045)	Purchase of property, plant and equipment	(589 471 157)	(555 258 964)
233 219	-	Proceeds from sale of property, plant and equipment	233 861	240 441
-	(140 236)	Purchase of intangible assets	-	(140 236)
(37 851 943)	(44 830 971)	(Increase)/decrease in non-current receivables	(3 776 115)	(794 137 517)
-	5 658	Decrease/(increase) in non-current investments	-	5 658
161 547	66 697 445	Decrease in current investments	161 547	66 697 445
-	-	Non-cash item - Asset transfer	-	-
<u>(515 968 214)</u>	<u>(460 267 149)</u>	NET CASH FLOW FROM INVESTING ACTIVITIES	<u>(592 851 864)</u>	<u>(1 282 593 173)</u>
		CASH FLOW FROM FINANCING ACTIVITIES		
(1 656 363)	(1 545 027)	Loans repaid	(1 656 363)	(1 545 028)
(1 279 503)	(644 858)	Finance lease payments	(1 412 998)	(768 164)
1 370 710	5 789 641	Increase in consumer deposits	4 261 550	5 788 437
<u>(1 565 156)</u>	<u>3 599 756</u>	NET CASH FLOW FROM FINANCING ACTIVITIES	<u>1 192 189</u>	<u>3 475 245</u>
<u>13 986 866</u>	<u>88 981 874</u>	NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>36 942 283</u>	<u>108 134 054</u>
223 922 125	134 940 251	Cash and cash equivalents at the beginning of the year	247 539 968	139 405 914
237 908 991	223 922 125	Cash and cash equivalents at the end of the year	284 482 251	247 539 968

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MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 Property, plant and equipment

30 June 2009 Municipality	Land and Buildings	Infra- structure	Community assets	Other assets	Leased assets	Heritage assets	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2008	969 848 224	998 164 130	17 258 089	114 966 671	3 607 314	-	2 103 844 428
Cost	1 196 960 258	1 804 662 502	26 583 920	322 594 920	8 985 484	1 190 608	3 360 977 692
Accumulated depreciation	(227 112 034)	(806 498 372)	(9 325 831)	(207 628 249)	(5 378 170)	(1 190 608)	(1 257 133 264)
Acquisitions	7 623 580	57 219 119	14 932	12 238 403	813 040	-	77 909 074
Capital under construction	214 296 441	169 702 140	-	16 603 382	-	-	400 601 963
Decreases in revaluation	(3 828 070)	-	-	-	-	-	(3 828 070)
Depreciation	(19 350 358)	(77 410 739)	(900 226)	(19 342 808)	(2 093 277)	-	(119 097 408)
- based on cost	(19 350 358)	(77 410 739)	(900 226)	(19 342 808)	(2 093 277)	-	(119 097 408)
- based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	(11 994)	-	(5 455)	(215 770)	-	-	(233 219)
Cost / revaluation	(11 994)	-	(5 455)	(2 819 819)	(252 000)	-	(3 089 268)
Accumulated depreciation	-	-	-	2 604 049	252 000	-	2 856 049
Carrying values at 30 June 2009	1 168 577 823	1 147 674 650	16 367 340	124 249 878	2 327 077	-	2 459 196 768
Cost	1 418 868 285	2 031 583 761	26 593 397	348 616 886	9 546 524	1 190 608	3 836 399 461
Revaluation	(3 828 070)	-	-	-	-	-	(3 828 070)
Accumulated depreciation	(246 462 392)	(883 909 111)	(10 226 057)	(224 367 008)	(7 219 447)	(1 190 608)	(1 373 374 623)

30 June 2008 Municipality	Land and Buildings	Infra- structure	Community assets	Other assets	Leased assets	Heritage assets	Total
	R	R	R	R	R	R	R
Carrying values at 1 July 2007	927 352 357	794 909 086	15 116 312	92 710 794	4 439 123	-	1 834 527 672
Cost	1 146 683 559	1 537 870 750	23 664 308	285 764 772	7 899 818	1 190 608	3 003 073 815
Revaluation	(767 400)	-	-	-	-	-	(767 400)
Accumulated depreciation	(218 563 802)	(742 961 664)	(8 547 996)	(193 053 978)	(3 460 695)	(1 190 608)	(1 167 778 743)
Acquisitions	170 659 842	266 791 752	2 919 612	40 542 173	1 085 666	-	481 999 045
Depreciation	(11 926 921)	(63 536 708)	(777 835)	(17 858 937)	(1 917 475)	-	(96 017 876)
- based on cost	(11 926 921)	(63 536 708)	(777 835)	(14 394 918)	(1 917 475)	-	(92 553 857)
- based on revaluation	-	-	-	(3 464 019)	-	-	(3 464 019)
Carrying value of disposals	(116 237 054)	-	-	(427 359)	-	-	(116 664 413)
Cost / revaluation	(119 615 743)	-	-	(3 712 025)	-	-	(123 327 768)
Accumulated depreciation	3 378 689	-	-	3 284 666	-	-	6 663 355
Carrying values at 30 June 2008	969 848 224	998 164 130	17 258 089	114 966 671	3 607 314	-	2 103 844 428
Cost	1 196 960 258	1 804 662 502	26 583 920	322 594 920	8 985 484	1 190 608	3 360 977 692
Accumulated depreciation	(227 112 034)	(806 498 372)	(9 325 831)	(207 628 249)	(5 378 170)	(1 190 608)	(1 257 133 264)

Refer to Appendix B for more detail on property, plant and equipment. A GRAP compliant asset register is still in progress.

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.

Transitional provisions

2008/09 is the first year that GRAP 17 is applied and the municipality would like to make use of the transitional provisions contained in Directive 3 as from 1 July 2008. The Property, Plant and Equipment of Thaba Nchu and Botshabelo were acquired through a transfer of functions during 2000. According to the transitional provisions of the standard the municipality is not required to measure this Property, Plant and Equipment for a period of three years, from the later date of the transfer of functions or the implementation date of the standard, i.e. 1 July 2008.

The Property, Plant and Equipment has almost been written off in total, but has been taken up on the Asset Register of Mangaung and the provisional amounts not yet written off, are therefore included in the above Property, Plant and Equipment figures. The Property, Plant and Equipment fully written off, are still in use.

The cost of Property, Plant and Equipment of Thaba Nchu and Botshabelo, respectively, as reflected on their individual Balance Sheets at date of transfer was as follow:

Thaba Nchu Municipality	R 40 935 100
Botshabelo Municipality	R 109 206 357
	<u>R 150 141 457</u>

The municipality would also like to make use of the transitional provisions contained in Directive 3 regarding the valuation of new identified Property, Plant and Equipment. The transitional provisions in the Standard of GAMAP on Property, Plant and Equipment allow individual entities a period of up to three years from the date of initial adoption of the Standard of GAMAP to comply in full with the recognition requirements of that Standard, for those assets that were not previously recognised. Where entities have taken advantage of that transitional period, the period remains in force, even where entities are adopting the Standard of GRAP on Property, Plant and Equipment for the first time, regarding measurement of Property, Plant and Equipment.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
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1 Property, plant and equipment

30 June 2009 Group	Land and Buildings	Plant and Machinery	Infra- structure	Community assets	Other assets	Leased assets	Heritage assets	Total
			R	R		R	R	R
Carrying values								
at 1 July 2008	968 154 014	261 174 260	998 164 130	17 258 089	112 848 872	3 607 314	-	2 361 206 679
Cost	1 207 298 372	2 700 731 900	1 804 662 502	26 583 920	362 569 362	8 985 484	1 190 608	6 112 022 148
Accumulated depreciation	(239 144 358)	(2 439 557 640)	(806 498 372)	(9 325 831)	(249 720 490)	(5 378 170)	(1 190 608)	(3 750 815 469)
Acquisitions	7 623 580	110 465 475	57 219 119	14 932	12 733 048	813 040	-	188 869 194
Capital under construction	214 296 441	-	169 702 140	-	16 603 382	-	-	400 601 963
Decreases in revaluation	(3 828 070)	-	-	-	-	-	-	(3 828 070)
Depreciation	(20 422 546)	(31 944 416)	(77 410 739)	(900 226)	(23 616 406)	(2 093 277)	-	(156 387 610)
- based on cost	(20 422 546)	(31 944 416)	(77 410 739)	(900 226)	(23 616 406)	(2 093 277)	-	(156 387 610)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	(11 994)	-	-	(5 455)	(216 412)	-	-	(233 861)
Cost / revaluation	(11 994)	(2 096 841 629)	-	(5 455)	(2 820 461)	(252 000)	-	(2 099 931 539)
Accumulated depreciation	-	2 096 841 629	-	-	2 604 049	252 000	-	2 099 697 678
Carrying values								
at 30 June 2009	1 165 811 425	339 695 319	1 147 674 650	16 367 340	118 352 484	2 327 077	-	2 790 228 295
Cost	1 429 206 399	714 355 746	2 031 583 761	26 593 397	389 085 331	9 546 524	1 190 608	4 601 561 766
Revaluation	(3 828 070)	-	-	-	-	-	-	(3 828 070)
Accumulated depreciation	(259 566 904)	(374 660 427)	(883 909 111)	(10 226 057)	(270 732 847)	(7 219 447)	(1 190 608)	(1 807 505 401)

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 Property, plant and equipment

30 June 2008 Group	Land and Buildings	Plant and Machinery	Infra- structure	Community assets	Other assets	Leased assets	Heritage assets	Total
			R	R		R	R	R
Carrying values at 1 July 2008	926 182 896	222 036 734	794 909 086	15 116 312	89 928 922	4 439 123	-	2 052 613 073
Cost	1 156 498 431	2 632 882 138	1 537 870 750	23 664 308	321 262 488	7 899 818	1 190 608	5 681 268 541
Revaluation	(767 400)	-	-	-	-	-	-	(767 400)
Accumulated depreciation	(229 548 135)	(2 410 845 404)	(742 961 664)	(8 547 996)	(231 333 566)	(3 460 695)	(1 190 608)	(3 627 888 068)
Acquisitions	171 183 084	68 090 203	266 791 752	2 919 612	45 188 647	1 085 666	-	555 258 964
Depreciation	(12 974 912)	(28 712 236)	(63 536 708)	(777 835)	(21 841 338)	(1 917 475)	-	(129 760 504)
- based on cost	(12 974 912)	(28 712 236)	(63 536 708)	(777 835)	(18 377 319)	(1 917 475)	-	(126 296 485)
- based on revaluation	-	-	-	-	(3 464 019)	-	-	(3 464 019)
Carrying value of disposals	(116 237 054)	(240 441)	-	-	(427 359)	-	-	(116 904 854)
Cost / revaluation	(119 615 743)	(240 441)	-	-	(3 881 773)	-	-	(123 737 957)
Accumulated depreciation	3 378 689	-	-	-	3 454 414	-	-	6 833 103
Carrying values at 30 June 2009	968 154 014	261 174 260	998 164 130	17 258 089	112 848 872	3 607 314	-	2 361 206 679
Cost	1 207 298 372	2 700 731 900	1 804 662 502	26 583 920	362 569 362	8 985 484	1 190 608	6 112 022 148
Accumulated depreciation	(239 144 358)	(2 439 557 640)	(806 498 372)	(9 325 831)	(249 720 490)	(5 378 170)	(1 190 608)	(3 750 815 469)

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
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MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
2 Intangible assets			
Reconciliation of carrying value for computer software			
7 568 815	10 165 592	7 568 815	10 165 592
17 350 361	17 210 125	17 350 361	17 210 125
(9 781 546)	(7 044 533)	(9 781 546)	(7 044 533)
-	140 236	-	140 236
(2 513 377)	(2 737 013)	(2 513 377)	(2 737 013)
5 055 438	7 568 815	5 055 438	7 568 815
17 350 361	17 350 361	17 350 361	17 350 361
(12 294 923)	(9 781 546)	(12 294 923)	(9 781 546)
3 Non-current investments			
Financial instruments			
Unlisted			
Available-for-sale financial assets			
100	100	-	-
8 695	8 800	8 695	8 800
<u>8 795</u>	<u>8 900</u>	<u>8 695</u>	<u>8 800</u>
Held-to-maturity financial assets			
-	161 547	-	161 547
<u>-</u>	<u>161 547</u>	<u>-</u>	<u>161 547</u>
(18 371 666)	(22 459 987)	(18 371 666)	(22 459 987)
<u>221 481 971</u>	<u>158 236 760</u>	<u>221 481 971</u>	<u>158 236 760</u>
8 695	8 800	8 695	8 800
<u>221 490 666</u>	<u>158 245 560</u>	<u>221 490 666</u>	<u>158 245 560</u>
Council's valuation of unlisted investments			
-	-	-	-
8 695	8 800	8 695	8 800
<u>8 695</u>	<u>8 800</u>	<u>8 695</u>	<u>8 800</u>
<p>The investment in the municipal entity, Centlec (Pty) Ltd, is carried at cost <i>The valuations are based on the following:</i> Investment in municipal entity - Centlec (Pty) Ltd - Net assets and liabilities value OVK Holdings Ltd - Valuation obtained from OVK Holdings Ltd - Quoted market value</p>			
Controlled Entities:			
Relationships			
Parent : Mangaung Local Municipality			
Subsidiary: Centlec (Pty) Ltd			
Investment in municipal entity			
100	100		
100%	100%		
755 767 749	719 546 786		
(183 641 389)	(232 477 691)		
(5 444 009)	(5 184 770)		
20 174 655	12 135 029		
(83 016 090)	(74 559 732)		
(502 520)	-		
(84 435 645)	(106 437 742)		
(9 622 364)	(6 428 060)		
(1 354 800)	(1 417 950)		
(11 398)	(19 756)		
<p>Balances at reporting date: Indebtness of municipal entity Inter-company loan from Centlec (Pty) Ltd</p> <p>Transactions: Administration fees received Electricity charges paid Employee related costs received Insurance received Interest received: Shareholder's loan Interest received: Loan advances Management fees received Water charges received</p>			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

R	MUNICIPALITY R	R		R	Group R	R
4 Non-current receivables						
30 June 2009						
Gross amount	Impairment	Net balance		Gross amount	Impairment	Net balance
639 899 751	-	639 899 751	Shareholders loan to Centlec (Pty) Ltd	-	-	-
115 867 998	-	115 867 998	Other loans to Centlec (Pty) Ltd	-	-	-
-	-	-	Kopanong Local Municipality	3 108 212	-	3 108 212
-	-	-	Mohokare Local Municipality	1 603 150	-	1 603 150
-	-	-	Naledi Local Municipality	878 455	-	878 455
1 443 469	(648 628)	794 841	Motor vehicle loans	1 443 469	(648 628)	794 841
61 509	(59 599)	1 910	Study loans	61 509	(59 599)	1 910
16 714 938	(6 280 082)	10 434 856	Erven loans	16 714 938	(6 280 082)	10 434 856
40 174 899	(37 475 309)	2 699 590	Housing selling scheme loans	40 174 899	(37 475 309)	2 699 590
<u>814 162 564</u>	<u>(44 463 618)</u>	<u>769 698 946</u>	Sub-total	<u>63 984 632</u>	<u>(44 463 618)</u>	<u>19 521 014</u>
36 603 580	(21 889 686)	14 713 894	Less: Current portion transferred to current assets	26 211 353	(21 889 686)	4 321 667
10 905 285	-	10 905 285	Other loans to Centlec (Pty) Ltd	-	-	-
-	-	-	Kopanong Local Municipality	258 660	-	258 660
-	-	-	Mohokare Local Municipality	140 553	-	140 553
-	-	-	Naledi Local Municipality	113 845	-	113 845
1 424 776	(648 628)	776 148	Motor vehicle loans	1 424 776	(648 628)	776 148
61 509	(59 599)	1 910	Study loans	61 509	(59 599)	1 910
8 575 725	(6 280 082)	2 295 643	Erven loans	8 575 725	(6 280 082)	2 295 643
15 636 285	(14 901 377)	734 908	Housing selling scheme loans	15 636 285	(14 901 377)	734 908
<u>777 558 984</u>	<u>(22 573 932)</u>	<u>754 985 052</u>	Total non-current receivables	<u>37 773 279</u>	<u>(22 573 932)</u>	<u>15 199 347</u>

4 Non-current receivables continued						
30 June 2008						
Gross amount	Impairment	Net balance		Gross amount	Impairment	Net balance
624 708 447	-	624 708 447	Shareholders loan to Centlec (Pty) Ltd	-	-	-
94 838 339	-	94 838 339	Other loans to Centlec (Pty) Ltd	-	-	-
-	-	-	Kopanong Local Municipality	3 366 869	-	3 366 869
-	-	-	Mohokare Local Municipality	1 743 704	-	1 743 704
-	-	-	Naledi Local Municipality	992 301	-	992 301
2 655 045	(747 310)	1 907 735	Motor vehicle loans	2 655 045	(747 310)	1 907 735
73 560	(62 503)	11 057	Study loans	73 560	(62 503)	11 057
15 927 901	(5 771 367)	10 156 534	Erven loans	15 927 901	(5 771 367)	10 156 534
38 107 329	(25 632 870)	12 474 459	Housing selling scheme loans	38 107 329	(25 632 870)	12 474 459
<u>776 310 621</u>	<u>(32 214 050)</u>	<u>744 096 571</u>	Sub-total	<u>62 866 709</u>	<u>(32 214 050)</u>	<u>30 652 659</u>
31 072 080	(20 110 891)	10 961 189	Less: Current portion transferred to current assets	26 002 344	(20 110 891)	5 891 453
5 582 794	-	5 582 794	Other loans to Centlec (Pty) Ltd	-	-	-
-	-	-	Kopanong Local Municipality	258 660	-	258 660
-	-	-	Mohokare Local Municipality	140 553	-	140 553
-	-	-	Naledi Local Municipality	113 845	-	113 845
2 250 778	(747 310)	1 503 468	Motor vehicle loans	2 250 778	(747 310)	1 503 468

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

R	MUNICIPALITY R	R		R	Group R	R
73 560	(62 503)	11 057	Study loans	73 560	(62 503)	11 057
8 004 582	(5 771 367)	2 233 215	Erven loans	8 004 582	(5 771 367)	2 233 215
15 160 366	(13 529 711)	1 630 655	Housing selling scheme loans	15 160 366	(13 529 711)	1 630 655
<u>745 238 541</u>	<u>(12 103 159)</u>	<u>733 135 382</u>	Total non-current receivables	<u>36 864 365</u>	<u>(12 103 159)</u>	<u>24 761 206</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009 R	2008 R	2009 R	2008 R
4 Non-current receivables continued			
<u>Reconciliation of impairment for motor vehicle loans</u>			
747 310	-	747 310	-
(98 682)	747 310	(98 682)	747 310
-	-	-	-
<u>648 628</u>	<u>747 310</u>	<u>648 628</u>	<u>747 310</u>
<u>Reconciliation of impairment for study loans</u>			
62 503	-	62 503	-
(2 904)	62 503	(2 904)	62 503
-	-	-	-
<u>59 599</u>	<u>62 503</u>	<u>59 599</u>	<u>62 503</u>
<u>Reconciliation of impairment for erven loans</u>			
5 771 367	-	5 771 367	-
508 715	5 771 367	508 715	5 771 367
-	-	-	-
<u>6 280 082</u>	<u>5 771 367</u>	<u>6 280 082</u>	<u>5 771 367</u>
<u>Reconciliation of impairment for housing selling scheme loans</u>			
25 632 871	-	25 632 871	-
11 842 438	25 632 870	11 842 438	25 632 870
-	-	-	-
<u>37 475 309</u>	<u>25 632 870</u>	<u>37 475 309</u>	<u>25 632 870</u>

Shareholders loan to 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 at a rate of 5.17%. (2008: The capital amount outstanding bore 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 division.

Other loans to Centlec (Pty) Ltd

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

Kopanong Local Municipality

The capital funding provided to the Kopanong Local Municipality is repayable in monthly instalments based on the estimated useful life of the capital assets as originally determined by Mangaung Local Municipality. The capital advance bears interest at 10%.

Mohokare Local Municipality

The capital funding provided to the Mohokare Local Municipality is repayable in monthly instalments based on the estimated useful life of the capital assets as originally determined by Mangaung Local Municipality. The capital advance bears interest at 10%.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4 Non-current receivables continued

Naledi Local Municipality

The capital funding provided to the Naledi Local Municipality is repayable in monthly instalments based on the estimated useful life of the capital assets as originally determined by Mangaung Local Municipality. The capital advance bears interest at 10%.

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. These 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 5 years at an interest rate of 1% above the bank rate of the municipality. These loans are repaid on a monthly basis. No further loans are granted.

Housing selling scheme loans

Housing loans were granted to qualifying individuals and public organisations 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 for officials and six monthly payments for public organisations.

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
5 Inventory				
3 320 426	1 835 573	Consumable stores - at cost	46 786 913	35 402 096
952 150	1 065 138	Water maintenance material - at cost	952 150	1 065 138
588 489	849 423	Water in reservoirs - at cost	588 489	849 423
336 941	-	Water in pipes - at cost	336 941	-
1 112 905	1 418 155	Fuel - at cost	1 112 905	1 418 155
<u>6 310 911</u>	<u>5 168 289</u>	Total inventory	<u>49 777 398</u>	<u>38 734 812</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP			
R	R	R	R	R	R	
			6	Consumer receivables from exchange transactions		
Gross	Impairment	Net Balance	As at 30 June 2009	Gross	Impairment	Net Balance
315 753 776	(275 306 367)	40 447 409	Service receivables	315 753 776	(275 306 367)	40 447 409
3 123 024	-	3 123 024	Rates	176 782 811	(37 476 894)	139 305 917
316 932 573	(206 774 433)	110 158 140	Electricity	316 932 573	(206 774 433)	110 158 140
166 976 802	(134 912 417)	32 064 385	Water	166 976 802	(134 912 417)	32 064 385
16 139 850	(8 916 512)	7 223 338	Sewerage	16 139 850	(8 916 512)	7 223 338
818 926 025	(625 909 729)	193 016 296	Housing rentals	992 585 812	(663 386 623)	329 199 189
		(15 095 292)	Total consumer receivables			(15 095 292)
		177 921 004	Unallocated deposits			314 103 897
Gross	Impairment	Net Balance	As at 30 June 2008	Gross	Impairment	Net Balance
243 412 840	(193 302 173)	50 110 667	Service receivables	243 412 840	(193 302 173)	50 110 667
3 551 992	-	3 551 992	Rates	122 104 068	(31 544 805)	90 559 263
242 497 796	(160 274 084)	82 223 712	Electricity	242 497 796	(160 274 084)	82 223 712
128 795 832	(91 301 882)	37 493 950	Water	128 795 832	(91 301 882)	37 493 950
13 490 036	(10 250 061)	3 239 975	Sewerage	13 490 036	(10 250 061)	3 239 975
631 748 496	(455 128 200)	176 620 296	Housing rentals	750 300 572	(486 673 005)	263 627 567
		(40 055 414)	Total consumer receivables			(40 055 414)
		136 564 882	Unallocated deposits			223 572 153
MUNICIPALITY			GROUP			
2009	2008		2009	2008		
R	R		R	R		
23 954 287	23 437 533		23 954 287	23 437 533		
12 990 450	9 098 485		12 990 450	9 098 485		
11 423 351	7 196 315		11 423 351	7 196 315		
267 385 688	203 680 507		267 385 688	203 680 507		
315 753 776	243 412 840		315 753 776	243 412 840		
			Rates: ageing			
			Current (0 – 30 days)	23 954 287	23 437 533	
			31 - 60 Days	12 990 450	9 098 485	
			61 - 90 Days	11 423 351	7 196 315	
			90+ Days	267 385 688	203 680 507	
			Total	315 753 776	243 412 840	
			Electricity: ageing			
			Current (0 – 30 days)	64 779 675	51 579 354	
			31 - 60 Days	19 267 721	8 187 556	
			61 - 90 Days	11 975 796	15 012 428	
			90+ Days	80 759 619	47 324 730	
			Total	176 782 811	122 104 068	

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP		
2009 R	2008 R		2009 R	2008 R	
6 Consumer receivables from exchange transactions continued					
<u>Water and sewerage: ageing</u>					
38 126 073	33 697 253		38 126 073	33 697 253	
26 012 308	17 056 458		26 012 308	17 056 458	
21 010 250	14 013 170		21 010 250	14 013 170	
398 760 744	306 526 747		398 760 744	306 526 747	
483 909 375	371 293 628		483 909 375	371 293 628	
<u>Housing rentals: ageing</u>					
563 249	587 338		563 249	587 338	
489 740	418 364		489 740	418 364	
435 735	376 331		435 735	376 331	
14 651 126	12 108 003		14 651 126	12 108 003	
16 139 850	13 490 036		16 139 850	13 490 036	
30 June 2009					
Summary of receivables by customer classification			Summary of receivables by customer classification		
38 035 102	20 224 232	5 063 991	38 035 102	20 224 232	5 063 991
22 809 873	9 343 120	7 478 878	22 809 873	9 343 120	7 478 878
20 564 454	7 725 628	4 578 936	20 564 454	7 725 628	4 578 936
527 414 925	73 048 251	83 459 729	527 414 925	73 048 251	83 459 729
608 824 354	110 341 231	100 581 534	608 824 354	110 341 231	100 581 534
(471 945 639)	(64 175 389)	(89 788 701)	(471 945 639)	(64 175 389)	(89 788 701)
136 878 715	46 165 842	10 792 833	136 878 715	46 165 842	10 792 833
30 June 2008					
Summary of receivables by customer classification			Summary of receivables by customer classification		
39 996 112	17 602 347	845 622	39 996 112	17 602 347	845 622
17 908 535	8 329 691	658 579	17 908 535	8 329 691	658 579
16 356 500	4 756 851	581 783	16 356 500	4 756 851	581 783
397 905 348	56 786 786	70 755 997	397 905 348	56 786 786	70 755 997
472 166 495	87 475 675	72 841 981	472 166 495	87 475 675	72 841 981
(383 684 639)	(52 025 279)	(19 418 282)	(383 684 639)	(52 025 279)	(19 418 282)
88 481 856	35 450 396	53 423 699	88 481 856	35 450 396	53 423 699

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
		6		
		Consumer receivables from exchange transactions continued		
		Reconciliation of impairment		
455 128 200	318 221 776	Balance at beginning of year	486 673 005	338 750 955
170 781 529	164 981 546	Contributions to provision	176 713 618	175 997 172
-	(28 075 122)	Bad debts written off against provision	-	(28 075 122)
<u>625 909 729</u>	<u>455 128 200</u>	Balance at the end of the year	<u>663 386 623</u>	<u>486 673 005</u>
		Government debt has been impaired in line with IAS 39, as uncertainties exist regarding the recovery period of the government debt, due to the fact that certificates of agreement on outstanding government debt were not available on year-end.		
		7		
		Other receivables from exchange transactions		
39 338 357	36 075 383	Deferred lease income	39 338 357	36 075 383
435 572	1 052 683	Interest on investments	435 572	1 052 683
-	-	Kopanong Local Municipality	571 053	3 158 695
552 453	751 926	Leave receivables	552 453	751 926
-	-	Mohokare Local Municipality	1 162 500	1 091 210
-	-	Naledi Local Municipality	125 282	639 358
1 537 952	1 537 952	Outstanding health claims	1 537 952	1 537 952
67 248 675	50 533 006	Sundry receivables	66 781 846	50 531 510
-	-	VAT receivable	2 637 489	-
<u>109 113 009</u>	<u>89 950 950</u>	Sub-total	<u>113 142 504</u>	<u>94 838 717</u>
(16 747 433)	(20 809 490)	Less: Impairment of sundry receivables	(16 747 433)	(20 809 490)
<u>92 365 576</u>	<u>69 141 460</u>	Total other receivables	<u>96 395 071</u>	<u>74 029 227</u>
		Reconciliation of impairment of sundry debtors		
20 809 490	-	Balance at beginning of year	20 809 490	-
(4 062 057)	20 809 490	Increase/(decrease) in provision	(4 062 057)	20 809 490
<u>16 747 433</u>	<u>20 809 490</u>	Balance at the end of the year	<u>16 747 433</u>	<u>20 809 490</u>
		8		
		Other receivables from non-exchange transactions		
274 867	-	Conditional grant	274 867	-
40 392	344 095	Insurance claims	40 392	344 095
<u>315 259</u>	<u>344 095</u>		<u>315 259</u>	<u>344 095</u>
		9		
		Cash and cash equivalents		
		The group has the following bank accounts:		
		Current account		
		Primary bank account: Municipality		
		ABSA Bank		
		Account number 470000465		
<u>19 359 571</u>	<u>15 215 159</u>	Cashbook balance at the beginning of the year	<u>19 359 571</u>	<u>15 215 159</u>
<u>80 361 320</u>	<u>19 359 571</u>	Cashbook balance at the end of the year	<u>80 361 320</u>	<u>19 359 571</u>
<u>20 288 117</u>	<u>42 215 585</u>	Bank statement balance at the beginning of the year	<u>20 288 117</u>	<u>42 215 585</u>
<u>79 463 381</u>	<u>20 288 117</u>	Bank statement balance at the end of the year	<u>79 463 381</u>	<u>20 288 117</u>
		Current account (fresh produce market)		
		ABSA Bank		
		Account Number 470001348		
<u>2 565 036</u>	<u>2 738 547</u>	Cashbook balance at the beginning of the year	<u>2 565 036</u>	<u>2 738 547</u>
<u>3 093 304</u>	<u>2 565 035</u>	Cashbook balance at the end of the year	<u>3 093 304</u>	<u>2 565 035</u>
<u>2 565 036</u>	<u>2 738 547</u>	Bank statement balance at the beginning of the year	<u>2 565 036</u>	<u>2 738 547</u>
<u>3 093 304</u>	<u>2 565 036</u>	Bank statement balance at the end of the year	<u>3 093 304</u>	<u>2 565 036</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
Current account (2010 FIFA world cup)			
ABSA Bank			
Account Number 4067877886			
60 651 781	4 013 816	60 651 781	4 013 816
57 566 021	60 651 781	57 566 021	60 651 781
Cashbook balance at the beginning of the year			
Cashbook balance at the end of the year			
60 651 781	4 013 816	60 651 781	4 013 816
57 566 021	60 651 781	57 566 021	60 651 781
Bank statement balance at the beginning of the year			
Bank statement balance at the end of the year			
Current account (Centlec (Pty) Ltd)			
ABSA Bank			
Account number 4058833582			
Cashbook balance at the beginning of the year			
Cashbook balance at the end of the year			
Bank statement balance at the beginning of the year			
Bank statement balance at the end of the year			
82 576 388	21 967 522	106 194 231	26 433 190
141 020 645	82 576 387	187 593 905	106 194 230
Total cashbook balance at the beginning of the year			
Total cashbook balance at the end of the year			
54 719	46 318	54 719	46 318
96 833 627	141 299 420	96 833 627	141 299 420
The municipality has the following cash on hand:			
Held-to-maturity investments maturing within 1 to 3			
237 908 991	223 922 125	284 482 251	247 539 968
Total cash and cash equivalents			
10 Housing development fund			
Housing Development Fund			
Unappropriated surplus			
21 376 064	33 071 514	21 376 064	33 071 514
The Housing Development Fund is represented by the following assets and liabilities:			
Housing selling scheme loans (See note 4)			
Housing rental receivables (See note 6)			
Sub-total			
Payables			
2 699 590	12 474 458	2 699 590	12 474 458
7 223 338	3 239 975	7 223 338	3 239 975
9 922 928	15 714 433	9 922 928	15 714 433
(57 209)	(56 627)	(57 209)	(56 627)
9 865 719	15 657 806	9 865 719	15 657 806

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.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009 R	2008 R		2009 R	2008 R
		11 Reserves		
<u>-</u>	<u>382 691 159</u>	11.1 Capitalisation Reserve	<u>-</u>	<u>382 691 159</u>
		<p>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 full reserve was realised to the accumulated surplus/(deficit) as at the end of the 2009 financial year.</p>		
<u>-</u>	<u>5 967 997</u>	11.2 Donations and Public Contributions Reserve	<u>-</u>	<u>5 967 997</u>
		<p>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 full reserve was realised to the accumulated surplus/(deficit) as at the end of the 2009 financial year.</p>		
<u>73 190 116</u>	<u>73 259 404</u>	11.3 Self-Insurance Reserve	<u>73 190 116</u>	<u>73 259 404</u>
		<p>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 determined 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 should be invested.</p>		
<u>13 654 504</u>	<u>12 856 623</u>	11.4 COID Reserve	<u>13 654 504</u>	<u>12 856 623</u>
		<p>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.</p> <p>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/(deficit).</p> <p>An investment of R7,389,635.69 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.</p>		

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
		11 Reserves continued		
584 022 037	587 850 107	11.5 Revaluation Reserve	584 022 037	587 850 107
		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/(deficit).		
6 160	6 265	11.6 Mark-to-Market Reserve	6 160	6 265
		The surplus is due to the market value adjustment of financial assets classified as available-for-sale financial instruments (OVK Holding Ltd shares). On disposal, the net mark-to-market surplus is realised to the Statement of Financial Performance.		
		12 Non-current borrowings		
14 278 700	15 935 063	Annuity loans	14 278 700	15 935 063
(1 785 058)	(1 636 885)	Less: Current portion transferred to current liabilities	(1 785 058)	(1 636 885)
12 493 642	14 298 178	Total long-term borrowings	12 493 642	14 298 178

All annuity loans are 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% per annum.

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

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

R	MUNICIPALITY R	R		R	GROUP R	R
			13 Finance lease liability			
			Various equipment is leased under finance leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. The maximum lease term is 5 years and the average borrowing rate is between 9% and 15%. Some leases have fixed repayment terms and other escalate on average by 10% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
			30 June 2009			
Minimum lease payment	Future finance charges	Present value of minimum lease payments	Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
1 857 151	246 010	1 611 141	Within one year	2 045 611	275 741	1 769 870
1 391 763	80 308	1 311 455	In the second to fifth year inclusive	1 587 772	92 742	1 495 030
-	-	-	After five years	-	-	-
<u>3 248 914</u>	<u>326 318</u>	<u>2 922 596</u>	Less: Amount due for settlement within 12 months	<u>3 633 383</u>	<u>368 483</u>	<u>3 264 900</u>
		<u>(1 611 141)</u>				<u>(1 769 870)</u>
		<u>1 311 455</u>				<u>1 495 030</u>
			30 June 2008			
Minimum lease payment	Future finance charges	Present value of minimum lease payments	Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
1 978 795	401 440	1 577 355	Within one year	2 175 091	457 964	1 717 127
2 917 196	292 452	2 624 744	In the second to fifth year inclusive	3 294 489	333 718	2 960 771
-	-	-	After five years	-	-	-
<u>4 895 991</u>	<u>693 892</u>	<u>4 202 099</u>	Less: Amount due for settlement within 12 months	<u>5 469 580</u>	<u>791 682</u>	<u>4 677 898</u>
		<u>(1 577 355)</u>				<u>(1 717 712)</u>
		<u>2 624 744</u>				<u>2 960 186</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
14 Non-current provisions			
65 688 464	60 794 506	65 688 464	60 794 506
4 171 411	3 664 859	4 171 411	3 664 859
<u>69 859 875</u>	<u>64 459 365</u>	<u>69 859 875</u>	<u>64 459 365</u>
Total non-current provisions			
The movement in the non-current provision is reconciled as follows:			
Provision for rehabilitation of landfill sites:			
60 794 506	56 048 177	60 794 506	56 048 177
4 893 958	4 746 329	4 893 958	4 746 329
<u>65 688 464</u>	<u>60 794 506</u>	<u>65 688 464</u>	<u>60 794 506</u>
Balance at the end of year			
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 28 of 2002. The provision was determined by an independent expert and approximates the discounted expected future cash flows using reasonable estimation techniques. Landfills consist of: Botshabelo landfill site Bloemfontein Northern landfill site Bloemfontein Southern landfill site Thaba Nchu landfill site			
Provision for rehabilitation of quarry sites:			
3 664 859	3 172 201	3 664 859	3 172 201
377 852	492 658	377 852	492 658
128 700	-	128 700	-
<u>4 171 411</u>	<u>3 664 859</u>	<u>4 171 411</u>	<u>3 664 859</u>
Balance at the end of year			

In terms of the Mineral and Petroleum Resources Development Act, 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 present value of future cash flows arising from the rehabilitation cost expected as at 31 May 2016. Discount rates used for the present value calculation was based on inflation and amounts to 10%.

The provision was determined by an independent expert and approximates the discounted expected future cash flows using reasonable estimation techniques. These quarries include:
 Cecilia Quarry
 Sunnyside Quarry
 Thaba Nchu Quarries
 Botshabelo Quarries

15 Defined benefit plan obligation

The defined benefit plans disclosed below are represented by medical aid for retired employees and pension payments for both retired and current employees. The municipality pays 60% of the medical aid contributions of retired employees who were in the service of the Council on or before 1 October 1981, as well as a pension to retired employees based on certain criteria to be met, set out in the Municipality's Conditions of Service.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
15 Defined benefit plan obligation continued			
<p>The following main assumptions were used in performing the valuation at 30 June 2009:</p>			
9.50%	10.75%	9.50%	10.75%
6.00%	8.00%	6.00%	8.00%
6.00%	8.00%	6.00%	8.00%
8.00%	10.00%	8.00%	10.00%
7.50%	9.50%	7.50%	9.50%
55	55	55	55
10.00%	10.00%	10.00%	10.00%
<p>Discount rate</p> <p>Inflation rate</p> <p>Pension increase allowance</p> <p>Health care cost inflation</p> <p>Salary inflation</p> <p>Expected retirement age</p> <p>Membership discontinued at retirement/death-in-service</p>			
<p>Assumed healthcare cost trends have a significant effect on the amounts recognised in surplus for the year. The value of the liability could also be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.</p>			
Movement in the present value of defined benefit obligation			
301 087 000	301 087 000	301 087 000	301 087 000
(8 069 000)	-	(8 069 000)	-
16 754 000	-	16 754 000	-
31 933 000	-	31 933 000	-
(44 584 000)	-	(44 584 000)	-
<u>297 121 000</u>	<u>301 087 000</u>	<u>297 121 000</u>	<u>301 087 000</u>
<p>Obligation at the beginning of the year</p> <p>Benefits paid by the plan</p> <p>Current service costs</p> <p>Interest</p> <p>Actuarial gains and losses recognised</p> <p>Obligation at the end of the year</p>			
<p>The Municipality obtained an actuarial valuation for the first time on the defined benefit plans as at 30 June 2009, consequently no information was available for the 2008 financial year regarding movements in the defined benefit plans. The requirements of IAS19 paragraph 120 is thus not adhered to for disclosure of the 2008 movements in the defined benefit plans.</p>			
Analysis of defined benefit obligation:			
2 421 000	2 599 000	2 421 000	2 599 000
294 700 000	298 488 000	294 700 000	298 488 000
<u>297 121 000</u>	<u>301 087 000</u>	<u>297 121 000</u>	<u>301 087 000</u>
<p>Present value of defined benefit obligations</p> <p>Present value of unfunded obligations</p> <p>Present value of obligations in excess of plan assets</p>			
Expenses and income recognised in surplus for the year			
16 754 000	-	16 754 000	-
(44 584 000)	-	(44 584 000)	-
<u>31 933 000</u>	<u>-</u>	<u>31 933 000</u>	<u>-</u>
<p>Employee related cost</p> <p>Current service costs</p> <p>Other income</p> <p>Actuarial (gain) / losses</p> <p>Finance cost</p> <p>Interest costs</p>			
The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on the following would be (R'000):			
2009		2009	
Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
249 033 000	354 580 000	249 033 000	354 580 000
<p>Defined benefit obligation</p>			
2009		2008	
R	R	R	R
16 Consumer deposits			
-	-	32 889 036	29 815 664
22 668 765	21 694 492	22 668 765	21 694 492
1 221 008	824 571	2 171 575	1 957 670
<u>23 889 773</u>	<u>22 519 063</u>	<u>57 729 376</u>	<u>53 467 826</u>
<p>Electricity</p> <p>Water</p> <p>Interest paid</p> <p>Total consumer deposits</p>			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
		16 Consumer deposits continued		
		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 :		
-	-	Electricity deposits	10 651 113	8 403 562
5 735 215	4 524 995	Water deposits	5 735 215	4 524 995
<u>5 735 215</u>	<u>4 524 995</u>		<u>16 386 328</u>	<u>12 928 557</u>
		17 Payables from exchange transactions		
6 152 351	5 694 474	Deferred interest	6 152 351	5 694 474
134 317	78 025	Deferred lease expenditure	134 317	78 025
-	-	Mantsopa Municipality	1 354 933	718 484
702 720	963 705	Other payables	5 544 700	6 603 116
94 314 197	55 581 252	Payments received in advance	101 797 815	58 726 559
29 731 237	21 972 582	Retentions	29 731 237	21 972 582
12 709 526	11 742 155	Staff bonuses	12 709 526	11 742 155
36 040 293	33 309 037	Staff leave	36 202 425	33 417 157
117 792 107	90 058 393	Trade payables	183 130 040	132 653 598
<u>297 576 748</u>	<u>219 399 623</u>	Sub total	<u>376 757 344</u>	<u>271 606 150</u>
183 641 389	232 477 691	Inter-company loan from Centlec (Pty) Ltd	-	-
<u>481 218 137</u>	<u>451 877 314</u>	Total payables from exchange transactions	<u>376 757 344</u>	<u>271 606 150</u>
		18 Payables from non-exchange transactions		
400 779	389 251	Deposits	400 779	389 251
2 850 978	3 116 412	Other payables	2 850 978	3 116 412
<u>3 251 757</u>	<u>3 505 663</u>	Total payables from non-exchange transactions	<u>3 251 757</u>	<u>3 505 663</u>
		19 Unspent conditional grants and receipts		
2 000 000	2 000 000	2010 Soccer DBSA	2 000 000	2 000 000
34 410 831	68 179 978	2010 Stadia Development Grant	34 410 831	68 179 978
20 285 503	-	2010 Stadia Provincial Grant	20 285 503	-
50 096 750	-	2010 World Cup Host City Operating Grant	50 096 750	-
234 104	234 104	DBSA Grant Capacity Building Programme	234 104	234 104
370 629	2 105 977	Financial Management Grant	370 629	2 105 977
3 524 578	1 854 984	Housing Grant: Municipal Accreditation Funding	3 524 578	1 854 984
9 163 022	9 296 800	Local Government & Housing Grant	9 163 022	9 296 800
19 705 218	30 067 358	Local Government & Housing Infrastructure Grant	19 705 218	30 067 358
10 141 311	3 777 980	Motheo Contribution Environmental Health	10 141 311	3 777 980
18 305 870	16 401 883	Municipal Infrastructure Grant	18 305 870	16 401 883
765 366	954 651	Municipal Systems Improvement Grant	765 366	954 651
-	-	National Electrification Program Grant	2 535 502	4 900 015
1 395 045	1 600 000	Provincial Grant Land Use Scheme	1 395 045	1 600 000
754 763	821 100	Provincial Grant Planning and Surveying	754 763	821 100
4 500 000	4 500 000	Provincial Transfer Grasslands	4 500 000	4 500 000
229 233 853	58 030 517	Public Transport Infrastructure & System Fund Grant	229 233 853	58 030 517
1 918 768	7 886 980	Restructuring Grant	1 918 768	7 886 980
377 500	-	Urban Renewal Grant	377 500	-
9 402 864	9 503 684	Water Services Operating and Transfer Subsidy	9 402 864	9 503 684
<u>416 585 975</u>	<u>217 215 996</u>	Total conditional grants and receipts	<u>419 121 477</u>	<u>222 116 011</u>
		See note 26 for reconciliation of grants from other spheres of government. These amounts are invested until utilised. The amounts will be recognised as revenue when the qualifying expenditure is incurred. No grants were withheld due to unfulfilled conditions.		
		20 VAT payable		
<u>58 685 250</u>	<u>35 432 552</u>	VAT payable	<u>58 685 250</u>	<u>44 395 602</u>
		The Group 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 CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
21 Property rates				
251 147 740	227 070 438	Residential and commercial	251 147 740	227 070 438
25 479 406	21 120 817	State	25 479 406	21 120 817
1 609 031	1 457 715	Municipal	1 609 031	1 457 715
(3 171 529)	(2 966 201)	Fair value adjustment	(3 171 529)	(2 966 201)
<u>275 064 648</u>	<u>246 682 769</u>	Total property rates	<u>275 064 648</u>	<u>246 682 769</u>
Valuations				
10 373 912 579	10 710 581 023	Residential	10 373 912 579	10 710 581 023
5 001 019 917	3 858 447 767	Commercial	5 001 019 917	3 858 447 767
1 534 313 600	1 800 526 100	State	1 534 313 600	1 800 526 100
1 209 465 941	1 607 846 191	Municipal	1 209 465 941	1 607 846 191
<u>18 118 712 037</u>	<u>17 977 401 081</u>	Total property valuations	<u>18 118 712 037</u>	<u>17 977 401 081</u>
<p>Valuations on land and buildings are performed at least every five years. The last valuation came into effect on 1 July 2003 and the following valuation will come into effect on 1 July 2009. The basic rates of R0.0912 (2008: R0.0829) on the value of land and R0.008238 (2008: R0.0075) 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>				
22 Service charges				
-	-	Sale of electricity	700 559 342	553 113 648
285 486 154	248 216 674	Sale of water	285 474 756	248 196 918
4 045 248	3 622 819	Refuse removal	4 045 248	3 622 819
106 554 681	92 146 940	Sewerage and sanitation charges	106 554 681	92 146 940
(6 238 391)	(5 585 409)	Fair value adjustment	(6 238 391)	(5 585 409)
<u>389 847 692</u>	<u>338 401 024</u>	Total service charges	<u>1 090 395 636</u>	<u>891 494 916</u>
23 Rental of facilities and equipment				
14 671 467	13 664 338	Rental of facilities	14 671 467	13 664 338
3 429 470	9 613 345	Rental of equipment	3 429 470	9 613 345
802 509	908 874	Rental of other	802 509	908 874
<u>18 903 446</u>	<u>24 186 557</u>	Total rental of facilities and equipment	<u>18 903 446</u>	<u>24 186 557</u>
24 Interest earned				
5 104 276	-	Bank	5 155 840	41 146
27 332 063	23 687 586	Financial assets		
18 371 666	22 459 987	Consumer receivables	27 332 063	23 687 586
96 218 310	115 018 181	Investments	18 371 666	22 459 987
9 413 387	8 102 665	Non-current receivables	2 770 588	2 822 047
<u>156 439 702</u>	<u>169 268 419</u>	Fair value adjustment	9 413 387	8 102 665
		Total interest earned	<u>63 043 544</u>	<u>57 113 431</u>
25 Income for agency services				
195 484	803 864	Provincial Administration - Emergency call centre	195 484	803 864
83 016 090	74 559 732	Services to Centlec (Pty) Ltd:		
7 320 978	7 029 322	Employee related costs	-	-
(4 229)	(10 467)	Other services	-	-
<u>90 528 323</u>	<u>82 382 451</u>	Fair value adjustment	(4 229)	(10 467)
		Total income for agency services	<u>191 255</u>	<u>793 397</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009 R	2008 R	2009 R	2008 R
26 Government grants and subsidies			
The following amounts were realised to income during the period due to the conditions being fulfilled:			
-	-	-	-
107 192 347	119 602 028	107 192 347	119 602 028
44 193 822	-	44 193 822	-
4 703 250	-	4 703 250	-
-	-	-	-
274 867	-	274 867	-
305 797 405	236 570 775	305 797 405	236 570 775
2 235 348	149 506	2 235 348	149 506
830 406	1 198 861	830 406	1 198 861
133 778	-	133 778	-
10 362 140	-	10 362 140	-
636 669	-	636 669	-
101 030 013	165 012 651	101 030 013	165 012 651
589 285	336 812	589 285	336 812
63 196 600	23 213 000	57 800 126	14 251 301
3 361 470	3 800 285	3 361 470	3 800 285
204 955	-	204 955	-
66 337	-	66 337	-
-	-	-	-
71 413 664	15 492 689	71 413 664	15 492 689
5 968 212	11 249 974	5 968 212	11 249 974
100 820	-	100 820	-
<u>722 291 388</u>	<u>576 626 581</u>	<u>716 894 914</u>	<u>567 664 882</u>
No grants were withheld due to unfulfilled conditions.			
26.1 2010 Soccer DBSA			
2 000 000	2 000 000	2 000 000	2 000 000
-	-	-	-
-	-	-	-
<u>2 000 000</u>	<u>2 000 000</u>	<u>2 000 000</u>	<u>2 000 000</u>
Grant for the expenditure of the 2010 Soccer World Cup.			
26.2 2010 Stadia Development Grant			
68 179 978	4 013 816	68 179 978	4 013 816
73 423 200	183 768 190	73 423 200	183 768 190
(107 192 347)	(119 602 028)	(107 192 347)	(119 602 028)
<u>34 410 831</u>	<u>68 179 978</u>	<u>34 410 831</u>	<u>68 179 978</u>
The grant is allocated to the municipality for the development and improvement of the sport stadium for the 2010 Soccer World Cup.			
26.3 2010 Stadia Provincial Grant			
-	-	-	-
64 479 325	-	64 479 325	-
(44 193 822)	-	(44 193 822)	-
<u>20 285 503</u>	<u>-</u>	<u>20 285 503</u>	<u>-</u>
The grant is allocated to the municipality for the development and improvement of the sport stadium for the 2010 Soccer World Cup.			
26.4 2010 World Cup Host City Operating Grant			
-	-	-	-
54 800 000	-	54 800 000	-
(4 703 250)	-	(4 703 250)	-
<u>50 096 750</u>	<u>-</u>	<u>50 096 750</u>	<u>-</u>
To assist host cities with the operational response associated with the hosting of the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
26 Government grants and subsidies continued			
26.5 DBSA Grant Capacity Building Programme			
234 104	234 104		
-	-	234 104	234 104
-	-	-	-
-	-	-	-
<u>234 104</u>	<u>234 104</u>	<u>234 104</u>	<u>234 104</u>
Grant will be used for capacity building.			
26.6 DPLG Grant Sustainable Human Settlement			
-	-	-	-
-	-	-	-
-	-	-	-
<u>(274 867)</u>	<u>-</u>	<u>(274 867)</u>	<u>-</u>
<u>(274 867)</u>	<u>-</u>	<u>(274 867)</u>	<u>-</u>
Grant for the financial assistance for the planning and surveying of erven, geo-technical reports and relevant reports.			
26.7 Equitable share			
-	-	-	-
305 797 405	236 570 775	305 797 405	236 570 775
<u>(305 797 405)</u>	<u>(236 570 775)</u>	<u>(305 797 405)</u>	<u>(236 570 775)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.			
26.8 Financial Management Grant			
2 105 977	1 755 483	2 105 977	1 755 483
500 000	500 000	500 000	500 000
<u>(2 235 348)</u>	<u>(149 506)</u>	<u>(2 235 348)</u>	<u>(149 506)</u>
<u>370 629</u>	<u>2 105 977</u>	<u>370 629</u>	<u>2 105 977</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).			
26.9 Housing Grant: Municipal Accreditation Funding			
1 854 984	653 845	1 854 984	653 845
2 500 000	2 400 000	2 500 000	2 400 000
<u>(830 406)</u>	<u>(1 198 861)</u>	<u>(830 406)</u>	<u>(1 198 861)</u>
<u>3 524 578</u>	<u>1 854 984</u>	<u>3 524 578</u>	<u>1 854 984</u>
The grant is allocated to the municipality to finance and support the municipal accreditation project as well as capacity development.			
26.10 Local Government & Housing Grant			
9 296 800	-	9 296 800	-
-	9 296 800	-	9 296 800
<u>(133 778)</u>	<u>-</u>	<u>(133 778)</u>	<u>-</u>
<u>9 163 022</u>	<u>9 296 800</u>	<u>9 163 022</u>	<u>9 296 800</u>
Upgrading of White City Hostels.			
26.11 Local Government & Housing Infrastructure Grant			
30 067 358	-	30 067 358	-
-	30 067 358	-	30 067 358
<u>(10 362 140)</u>	<u>-</u>	<u>(10 362 140)</u>	<u>-</u>
<u>19 705 218</u>	<u>30 067 358</u>	<u>19 705 218</u>	<u>30 067 358</u>
Grant for infrastructure for housing projects for the Grassland area.			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
26 Government grants and subsidies continued			
26.12 Motheo Contribution Environmental Health			
3 777 980	-	3 777 980	-
7 000 000	3 777 980	7 000 000	3 777 980
(636 669)	-	(636 669)	-
<u>10 141 311</u>	<u>3 777 980</u>	<u>10 141 311</u>	<u>3 777 980</u>
Grant for the rendering of environmental health services.			
26.13 Municipal Infrastructure Grant			
16 401 883	11 180 463	16 401 883	11 180 463
102 934 000	170 234 071	102 934 000	170 234 071
(101 030 013)	(165 012 651)	(101 030 013)	(165 012 651)
<u>18 305 870</u>	<u>16 401 883</u>	<u>18 305 870</u>	<u>16 401 883</u>
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.			
26.14 Municipal Systems Improvement Grant			
954 651	1 291 463	954 651	1 291 463
400 000	-	400 000	-
(589 285)	(336 812)	(589 285)	(336 812)
<u>765 366</u>	<u>954 651</u>	<u>765 366</u>	<u>954 651</u>
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 32 of 2000.			
26.15 National Electrification Program Grant			
-	-	4 900 015	-
63 196 600	23 213 000	55 435 613	19 151 316
(63 196 600)	(23 213 000)	(57 800 126)	(14 251 301)
<u>-</u>	<u>-</u>	<u>2 535 502</u>	<u>4 900 015</u>
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 utilised by Centlec (Pty) Ltd.			
26.16 Provincial health subsidies			
-	-	-	-
3 361 470	3 800 285	3 361 470	3 800 285
(3 361 470)	(3 800 285)	(3 361 470)	(3 800 285)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.			
26.17 Provincial Grant Land Use Scheme			
1 600 000	880 000	1 600 000	880 000
-	720 000	-	720 000
(204 955)	-	(204 955)	-
<u>1 395 045</u>	<u>1 600 000</u>	<u>1 395 045</u>	<u>1 600 000</u>
To assist Municipality with compilation of a town planning scheme to manage land development.			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
26 Government grants and subsidies continued			
26.18 Provincial Grant Planning and Surveying			
821 100	821 100	821 100	821 100
-	-	-	-
(66 337)	-	(66 337)	-
<u>754 763</u>	<u>821 100</u>	<u>754 763</u>	<u>821 100</u>
To assist Municipality with compilation of a Town Planning scheme to manage land development.			
26.19 Provincial Transfer Grasslands			
4 500 000	4 500 000	4 500 000	4 500 000
-	-	-	-
-	-	-	-
<u>4 500 000</u>	<u>4 500 000</u>	<u>4 500 000</u>	<u>4 500 000</u>
Infrastructure of Grasslands area. To be used for installation of storm water drainage and regravelling of roads. Planning & surveying in respect of Phase 3.			
26.20 Public Transport Infrastructure & System Fund Grant			
58 030 517	48 523 206	58 030 517	48 523 206
242 617 000	25 000 000	242 617 000	25 000 000
(71 413 664)	(15 492 689)	(71 413 664)	(15 492 689)
<u>229 233 853</u>	<u>58 030 517</u>	<u>229 233 853</u>	<u>58 030 517</u>
The grant is allocated to the municipality to improve public transport infrastructure and systems, in accordance with agreed project plans.			
26.21 Restructuring Grant			
7 886 980	19 136 954	7 886 980	19 136 954
-	-	-	-
(5 968 212)	(11 249 974)	(5 968 212)	(11 249 974)
<u>(5 968 212)</u>	<u>(11 249 974)</u>	<u>(5 968 212)</u>	<u>(11 249 974)</u>
-	-	-	-
<u>1 918 768</u>	<u>7 886 980</u>	<u>1 918 768</u>	<u>7 886 980</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.			
26.22 Water Services Operating and Transfer Subsidy			
9 503 684	9 503 684	9 503 684	9 503 684
-	-	-	-
(100 820)	-	(100 820)	-
<u>9 402 864</u>	<u>9 503 684</u>	<u>9 402 864</u>	<u>9 503 684</u>
The purpose of the grant is to fund bulk, connector and internal infrastructure for water services at a basic level of service.			
26.23 Urban Renewal Grant			
-	-	-	-
377 500	-	377 500	-
-	-	-	-
<u>377 500</u>	<u>-</u>	<u>377 500</u>	<u>-</u>
Grant for development of erven.			

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
27 Other income				
44 584 000	-	Actuarial gain on defined benefit plan obligation	44 584 000	-
1 581 516	811 430	Administration costs recoverable	1 581 516	811 430
2 172 988	3 511 675	Building plan fees	2 172 988	3 511 675
13 263 780	11 986 751	Commission Fresh Produce Market	13 263 780	11 986 751
-	-	Electricity services to Southern Free State	6 447 068	4 993 813
1 090 895	1 088 971	Entrance fees	1 090 895	1 088 971
2 466 006	2 722 745	Grave plots	2 466 006	2 722 745
-	3 634 510	National Lottery funds	-	3 634 510
9 612 823	12 970 537	Other income	10 189 872	15 668 855
804 625	836 295	Parking fees	856 470	895 135
-	-	Reconnection of electricity	1 396 216	1 019 593
1 783 063	2 194 754	Reconnection of water	1 783 063	2 194 754
12 401 238	14 472 415	Sale of land	12 401 238	14 472 415
796 940	4 031 752	Sale of redundant materials	956 432	3 985 950
-	7 167 637	SASCOC subsidy	-	7 167 637
1 180 520	1 528 966	Special removals	1 180 520	1 528 966
885 518	560 680	Training costs recoverable	885 518	560 680
2 324 989	2 112 095	Unclaimed deposits	2 324 989	2 112 095
<u>94 948 901</u>	<u>69 631 213</u>	Total other income	<u>103 580 571</u>	<u>78 355 975</u>
28 Employee related costs				
16 754 000	-	Current service cost	16 754 000	-
82 920 311	81 872 594	Contributions to UIF, pensions and medical aids	82 921 850	81 916 374
5 160 168	4 544 706	Housing benefits and allowances	5 160 168	4 544 706
15 000	19 467	Long-service awards	15 000	19 467
35 061 137	28 978 394	Overtime payments	35 061 137	28 978 394
2 126 847	2 976 477	Performance bonuses	2 126 847	2 976 477
967 371	289 908	Provision for bonuses	967 371	289 908
10 662 331	10 496 275	Provision for leave	10 716 343	10 542 709
398 908 094	368 270 474	Salaries and wages	400 020 821	369 545 339
35 700 604	30 963 401	Travel, motor car, accommodation, subsistence and other	35 940 604	31 263 401
<u>588 275 863</u>	<u>528 411 696</u>	Total employee related costs	<u>589 684 141</u>	<u>530 076 775</u>
<p>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 R83,016,090 (2008: R74,559,732) and is reflected in the Statement of Financial Performance, for the municipality, as income for agency services.</p> <p>There were no advances to employees. Loans to employees are set out in note 4.</p>				
Remuneration of the Municipal Manager				
981 988	1 069 714	Annual remuneration		
212 543	-	Performance bonus		
150 000	180 000	Car allowance		
15 767	15 679	Contribution to UIF, medical and pension funds		
<u>1 360 298</u>	<u>1 265 393</u>	Total		
Remuneration of the Chief Financial Officer				
876 704	681 423	Annual remuneration		
7 140	-	Performance bonus		
156 000	156 000	Car allowance		
182 769	164 232	Contribution to UIF, medical and pension funds		
<u>1 222 613</u>	<u>1 001 655</u>	Total		
Remuneration of the Chief Operating Officer				
1 028 086	863 956	Annual remuneration		
-	-	Performance bonus		
72 165	130 440	Car allowance		
8 415	7 259	Contribution to UIF, medical and pension funds		
<u>1 108 666</u>	<u>1 001 655</u>	Total		

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
28 Employee related costs continued				
Remuneration of individual Executive Directors:				
<i>Executive Director: Community and Social Development</i>				
-	367 740	Annual remuneration		
-	-	Performance bonus		
-	25 000	Car allowance		
-	65 322	Contribution to UIF, medical and pension funds		
<u>-</u>	<u>458 062</u>	Total		
The remuneration as reflected in 2008 is for a period of 5 months due to the resignation during 2008. The position was vacant for 2009.				
<i>Executive Director: Corporate Services</i>				
952 637	837 066	Annual remuneration		
172 905	-	Performance bonus		
84 000	84 000	Car allowance		
1 539	1 511	Contribution to UIF, medical and pension funds		
<u>1 211 081</u>	<u>922 577</u>	Total		
<i>Executive Director: Economic Development and Planning</i>				
542 033	880 144	Annual remuneration		
57 986	-	Performance bonus		
60 000	120 000	Car allowance		
769	1 511	Contribution to UIF, medical and pension funds		
<u>660 788</u>	<u>1 001 655</u>	Total		
The remuneration as reflected in 2009 is for a period of 6 months due to the resignation during 2009.				
<i>Executive Director: Infrastructure</i>				
812 880	430 741	Annual remuneration		
-	-	Performance bonus		
240 000	138 000	Car allowance		
11 479	6 277	Contribution to UIF, medical and pension funds		
<u>1 064 359</u>	<u>575 018</u>	Total		
The remuneration as reflected in 2009 is for a period of 12 months and 2008 is for a period of 7 months due to a new appointment during 2008.				
29 Remuneration of councillors and board members				
625 594	568 334	Executive Mayor	625 594	568 334
504 680	454 667	Deputy Executive Mayor	504 680	454 667
500 474	454 667	Speaker	500 474	454 667
473 138	426 250	Chief Whip	473 138	426 250
4 219 997	3 836 250	Mayoral Committee Members	4 219 997	3 836 250
13 578 193	13 165 514	Councillors	13 578 193	13 165 514
-	-	Non-Executive Board Members - Directors' Fees	737 000	552 000
<u>19 902 076</u>	<u>18 905 682</u>	Total Councillors' Remuneration	<u>20 639 076</u>	<u>19 457 682</u>
<i>In-kind benefits</i>				
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.				

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
		33 Grants and subsidies paid continued		
		SPCA		
		The subsidy to SPCA is paid annually to assist this organisation in performing its tasks.		
		34 General expenses		
		Included in general expenses are the following:		
		Accommodation expenses (SA Games)	-	6 699 157
	6 699 157	Advertising	2 491 202	3 869 762
1 612 744	2 773 907	Bank charges	5 583 849	5 109 665
3 638 005	3 722 528	Chemicals	6 536 979	3 304 928
6 536 979	3 304 928	Community development projects	4 022 022	4 010 891
4 022 022	4 010 891	Conferences and delegations	4 270 992	4 534 073
3 547 697	3 908 329	Electricity and water	3 838 291	4 091 859
23 702 586	16 049 243	Financial Management Grant - projects	2 235 348	149 506
2 235 348	149 506	Fuel	25 621 985	22 092 274
22 829 907	19 814 776	Hire equipment	4 051 955	3 085 599
3 642 622	2 734 935	IDP CBP and ward committee planning	2 906 447	3 529 652
2 906 447	3 529 652	Indigent burials	3 123 240	2 465 444
3 123 240	2 465 444	Insurance	5 602 201	6 513 174
3 414 747	4 286 101	Inventory write-offs	(12 080)	283 850
1 129	308 846	Legal expenses	4 947 094	1 327 043
4 674 841	1 043 255	Marketing	6 850 739	2 272 245
6 850 739	2 272 245	Other general expenses	41 575 806	18 555 656
39 982 394	14 686 573	Postage	4 672 594	4 711 257
4 660 886	4 709 085	Printing and stationery	6 571 753	5 663 977
5 634 709	4 876 206	Provision for rehabilitation of quarries and landfill sites	5 400 510	5 238 985
5 400 510	5 238 985	Reconnection test and removal - meters	2 668 787	1 364 017
2 668 787	1 364 017	Refreshments	867 502	3 599 824
673 750	3 488 777	Restructuring Grant - projects	5 968 212	11 221 556
5 968 212	11 221 556	Skills development	461 849	2 141 927
451 639	2 141 927	Skills development levy	3 985 203	3 608 629
3 985 203	3 596 837	Special projects - cleansing	46 952	5 057 516
46 952	5 057 516	Stores and material	3 910 565	3 735 355
3 567 601	3 422 751	Subscriptions	3 737 906	2 412 495
3 698 845	2 381 930	Telephone and cellular costs	13 647 827	12 246 193
12 229 277	10 956 895	Tools, plant and equipment	751 420	2 801 160
536 387	2 586 878	Training costs	2 748 082	4 042 203
1 907 893	2 585 443	Uniforms and protective clothing	3 558 791	3 786 994
3 185 204	3 468 987	Vacuum services	4 325 629	3 626 247
4 325 629	3 626 247	Vehicle tracking system	(475 697)	3 702 830
(484 524)	3 693 399	Water leakage awareness and repairs	4 984 223	9 500 000
4 984 223	9 500 000	Water research	1 795 716	1 874 610
1 795 716	1 874 610	Workmen's compensation contributions	2 082 464	2 184 856
2 082 464	2 107 997	Total	<u>195 356 358</u>	<u>184 415 409</u>
<u>200 040 810</u>	<u>179 660 359</u>			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP		
2009	2008		2009	2008	
R	R		R	R	
210 209 803	125 542 372	35	Surplus for the year	261 077 637	147 178 592
Included in the surplus for the year is the following:					
Operating lease income:					
7 641 195	7 641 195		7 641 195	7 641 195	
Depreciation of property, plant and equipment					
(119 097 408)	(96 017 876)		(156 387 610)	(129 760 504)	
(19 350 358)	(11 926 921)		(20 422 546)	(12 974 912)	
-	-		-	-	
(77 410 739)	(63 536 708)		(31 944 416)	(28 712 236)	
(900 226)	(777 835)		(77 410 739)	(63 536 708)	
(19 342 808)	(17 858 937)		(900 226)	(777 835)	
(2 093 277)	(1 917 475)		(23 616 406)	(21 841 338)	
			(2 093 277)	(1 917 475)	
(2 513 377)	(2 737 013)		(2 513 377)	(2 737 013)	
Amortisation of intangible assets					
36 Cash and cash equivalents					
Cash and cash equivalents included in the cash flow statement comprise of the following amounts indicating the financial position (also see note 9)					
Investments maturing in less than the first 3 months after reporting date					
96 833 627	141 299 420		96 833 627	141 299 420	
141 020 645	82 576 387		187 593 905	106 194 230	
54 719	46 318		54 719	46 318	
<u>237 908 991</u>	<u>223 922 125</u>		<u>284 482 251</u>	<u>247 539 968</u>	
Total cash and cash equivalents					
An investment of R7,389,635.69 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.					
37 Additional disclosures in terms of the Municipal Finance Management Act					
37.1 Contributions to organised local government					
-	-		Opening balance		
2 889 434	1 998 435		Council subscriptions		
(2 889 434)	(1 998 435)		Amount paid - current year		
-	-		Amount paid - previous years		
<u>-</u>	<u>-</u>		Balance unpaid (included in payables)		
37.2 Audit fees					
-	-		Opening balance		
5 140 190	3 417 346		Prior year audit fee		
668 683	-		Current year regularity audit fees		
619 419	-		Current year performance audit fees		
(6 268 448)	(3 417 346)		Amount paid - current year		
<u>159 844</u>	<u>-</u>		Balance unpaid (included in payables)		
37.3 VAT					
<u>(28 128 657)</u>	<u>(26 919 241)</u>		VAT paid/(claimed)		

All VAT returns have been submitted by the due date during the year.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	MUNICIPALITY	
	2009 R	2008 R
37 Additional disclosures in terms of the Municipal Finance Management Act continued		
37.4 PAYE and UIF		
Opening balance	5 311 370	-
Current year payroll deductions	72 963 362	63 739 357
Amount paid - current year	(67 360 417)	(58 427 987)
Amount paid - previous years	(5 311 370)	-
Balance unpaid (included in payables)	<u>5 602 945</u>	<u>5 311 370</u>
37.5 Pension and medical aid deductions		
Opening balance	-	-
Current year payroll deductions and council contributions	121 676 920	112 366 539
Amount paid - current year	(121 427 373)	(112 366 539)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>249 547</u>	<u>-</u>
37.6 Skills Development Levy		
Opening balance	345 839	-
Payable during the current year	4 587 943	2 141 927
Amount paid - current year	(4 209 191)	(1 796 088)
Amount paid - previous years	(345 839)	-
Balance unpaid (included in payables)	<u>378 752</u>	<u>345 839</u>

	MUNICIPALITY		
	R	R	R
37.7 Councillor's arrear consumer accounts			
The following councillors had arrear accounts outstanding for more than 90 days.			
30 June 2009			
Councillor:	Total	Outstanding less than 90 days	Outstanding more than 90 days
Adoons NL	597	-	597
Choene SKM	2 213	1 108	1 105
Ditthebe GC	69	-	69
Goliath EK	4 226	1 234	2 992
Human JS	15 889	3 293	12 596
July LR	1 286	720	566
Lubbe DG	844	552	292
Masita MJ	281	155	126
Matsoentlane MJ	2 320	284	2 036
Mbange MB	20 237	4 416	15 821
Minnie H	540	-	540
Mokotjo NG	9 352	2 717	6 635
Monyabane TA	25 262	2 142	23 120
Moroko LS	652	206	446
Morule FK	27 323	1 688	25 635
Motaung B	14 594	893	13 701
Mtshwane KJ	2 381	543	1 838
Nothnagel J	4 096	(123)	4 219
Nzapheza FB	269	18	251
Petersen JE	4 315	851	3 464
Ramokone MA	241	-	241
Saohatse GK	6 761	705	6 056
Sechoaro CSK	461	-	461
Sefuthi SM	379	-	379
Siyonzana MA	2 623	957	1 666
Somimi PM	816	240	576
Stander AT	8 151	969	7 182
Tanyane SP	296	83	213
Tsomela MM	1 502	344	1 158
Total councillor arrear consumer accounts	<u>157 976</u>	<u>23 995</u>	<u>133 981</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	R	MUNICIPALITY R	R
37.7 Councillor's arrear consumer accounts continued			
30 June 2008			
Councillor:	Total	Outstanding less than 90 days	Outstanding more than 90 days
Horn W	3 006	1 607	1 399
Human JS	10 185	8 752	1 433
Jansen van Vuuren E	95	10	85
Joubert JJ	2 977	2 514	463
Lubbe GD	472	358	114
Mbange MB	24 305	4 228	20 077
Minnie H	1 950	1 314	636
Modise MM	301	301	-
Nothnagel J	58 901	13 881	45 020
Nzapheza FB	1 403	459	944
Petersen JE	1 529	1 144	385
Ralebese ME	189	106	83
Siyonzana MA	1 210	422	788
Zweni TA	363	204	159
	<u>106 886</u>	<u>35 300</u>	<u>71 586</u>

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

30 June 2009	Highest Amount Outstanding	
Councillor:		
Dithebe GC	1 737	>90 Days
Jenkinson CE	4 398	>90 Days
Makhanya KNL	2 674	>90 Days
Minnie H	1 961	>90 Days
Moahi MM	280	>90 Days
Mzozana NM	796	>90 Days
Mzuzwana P	1 406	>90 Days
Van Biljon PJJ	7 851	>90 Days
	<u>21 103</u>	

30 June 2008	Highest Amount Outstanding	
Councillor:		
Choene SKM	403	>90 Days
Dithebe GC	1 665	>90 Days
Erasmus JC	907	>90 Days
Goliath EK	1 304	>90 Days
Janse van Vuuren DE	468	>90 Days
Joubert JJ	3 058	>90 Days
July LR	701	>90 Days
Makhanya KNL	8 208	>90 Days
Modise MM	11 251	>90 Days
Nakedi SS	1 636	>90 Days
Nothnagel J	57 826	>90 Days
Scheepers MA	2 167	>90 Days
Siyonzana MA	1 055	>90 Days
Zweni TA	12 390	>90 Days
	<u>103 039</u>	

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
38 Capital commitments			
Commitments in respect of capital expenditure:			
-Approved and contracted for			
516 317 295	45 089 410	996 722 974	45 089 410
11 052 946	14 253 000	11 052 946	14 253 000
<u>527 370 241</u>	<u>59 342 410</u>	<u>1 007 775 920</u>	<u>59 342 410</u>
39 Retirement benefit information			
The municipality provides retirement benefits for its employees and councillors. Benefits are provided via defined contribution plans and defined benefit plans.			
39.1 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. The subsidised portion of current contributions has been expensed.			
39.2 Defined benefit plan			
See note 15 for the Defined benefit obligation.			
The Sala Pension Fund and the Government Employment Pension Fund are also classified as defined benefit plans however, treated as a defined 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).			
Some employees belongs to the Sala Pension Fund. The latest actuarial valuation of Sala Pension Fund was performed on 1 July 2007. These valuations indicate that the fund is 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 GEPP was performed on 31 March 2006. These valuations indicate that the fund is 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.			
40 Contingent liabilities			
<u>3 197 981</u>	<u>3 465 848</u>	<u>3 197 981</u>	<u>3 465 848</u>
Guarantees by Council in respect of housing loans at financial institutions for officials			
Pending claims: Municipality			
The municipality is being sued according to the following pending claims against the Council. All the claims are being contested based on legal advice.			
240 000	160 000	240 000	160 000
- A claim for payment of animals which have died after the date of delivery.			

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
		40		
		Contingent liabilities continued		
		Pending claims: Municipality continued		
		- A claim for an alleged breach of contract in respect of the allocation of a tender.	300 000	300 000
300 000	300 000			
		- Outstanding claims regarding labour disputes.	500 000	30 300 000
500 000	30 300 000			
		- Claim against municipality from person wishing to evict persons from erf in Botshabelo.	1 260 000	1 260 000
1 260 000	1 260 000			
		- A claim for an alleged breach of contract regarding the constructing of the Free State stadium for 2010.	22 000 000	5 700 000
22 000 000	5 700 000			
		- A claim for death benefits paid to dependants of Tshehlana on behalf of the municipality.	80 000	-
80 000	-			
		- A claim for death benefits paid to dependants of Manjingolo on behalf of the municipality.	65 000	-
65 000	-			
		- A claim for damages due to wrongful sale of property.	1 400 000	200 000
1 400 000	200 000			
		- Claims by individuals due to injuries in various incidents.	11 517	40 000
11 517	40 000			
		- Claims by individuals due to damage of vehicles in various incidents.	286 848	30 000
286 848	30 000			
		- A claim for damage to electrical appliances at Ascot Court.	-	10 000
-	10 000			
		- A claim for loss of property stored in carport at Mirage flats.	-	10 000
-	10 000			
		- A claim for damages to property due to spread of fire at 2 Kiepersol, Hillside.	-	10 000
-	10 000			
		- A claim by Murray and Roberts Properties for repayment of Service Charges.	350 000	-
350 000	-			
		Pending claims: Centlec (Pty) Ltd		
		The entity is being sued according to the following pending claims against the board.		
		- A Notice of Motion for an application to the Free State High Court has been received regarding the awarding of the tender for the supply and installation of a pre-paid Electricity Vending System. The entity abandoned the services of the tenderer and the applicant indicated that he will abandon the matter, but expects the entity to pay his legal costs.	350 000	-
		- A security services contract was terminated in terms of provisions of termination for breach of contract. The entity consequently received a claim from the supplier for damages suffered as a result of the termination of the services agreement.	2 176 000	-
		- A potential settlement amount is claimed by the former CEO. Settlement negotiations are still ongoing.	2 900 000	-
<u>26 493 365</u>	<u>38 020 000</u>		<u>31 919 365</u>	<u>38 020 000</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
41 Related parties			
Controlled Entities			
<i>See note 3 for parent-subsidiary relationships and any transactions and balance between parent and subsidiary.</i>			
Key management personnel			
<i>See note 28 and 29 for remuneration of key management personnel and Council.</i>			
Loans to key management personnel			
Motor vehicle loans			
-	4 128	-	4 128
256	14 561	256	14 561
-	34 002	-	34 002
-	40 646	-	40 646
-	28 767	-	28 767
<u>256</u>	<u>122 104</u>	<u>256</u>	<u>122 104</u>

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.

Transactions with entities in which councillors have an interest

30 June 2009	Entity	Transaction amount
Councillor		
2 488.00	Janse Van Vuuren DE	Iver Streak Trading 608 C 2 488.00
57 479.00	Mogorosi SO	Qck Lezmin 4059 CC 57 479.00
50 000.00	Olivier GJ	Headline Trading 516 CC 50 000.00
<u>109 967.00</u>		<u>109 967.00</u>

42 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 - 50 years. Rental income, for these agreements, to the value of R 6,879,692 has been recognised in the Statement of financial performance during the year.

No contingent rental agreements existed for the reporting period.

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

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
3 287 197	3 320 899	3 287 197	3 320 899
14 210 152	13 839 335	14 210 152	13 839 335
180 187 379	183 845 393	180 187 379	183 845 393
<u>197 684 728</u>	<u>201 005 627</u>	<u>197 684 728</u>	<u>201 005 627</u>

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

42 Operating leases continued

Lessee

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of three years.

No sublease contracts existed for the reporting period.

No contingent rental agreements existed for the reporting period.

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

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
594 149	594 149	Payable within 1 year	594 149	594 149
1 336 836	1 930 985	Payable within 1 - 5 years	1 336 836	1 930 985
-	-	Payable later than 5 years	-	-
<u>1 930 985</u>	<u>2 525 134</u>		<u>1 930 985</u>	<u>2 525 134</u>
43 Events after reporting date				
None				
44 Irregular expenditure				
Reconciliation of irregular expenditure identified:				
34 396 877	4 841 948	Opening balance	34 396 877	4 841 948
4 887 109	5 295 516	Irregular expenditure current year	4 887 109	5 295 516
-	24 259 413	Irregular expenditure not previously disclosed	-	24 259 413
-	-	Condoned or written off by Council	-	-
-	-	Transfer to receivables for recovery - not condoned	-	-
<u>39 283 986</u>	<u>34 396 877</u>	Irregular expenditure awaiting condonement	<u>39 283 986</u>	<u>34 396 877</u>
14 706 860	14 706 860	Incident: Vehicle tracking expenditure	14 706 860	14 706 860
		Disciplinary steps: Officials suspended, investigation ongoing.		
967 608	962 011	Incident: Irregularities surrounding circumstances of the awarding of tender MD58 - 2006/2007	967 608	962 011
		Disciplinary steps: The Contract has been terminated, Internal audit have recommended that the supplier be blacklisted.		
89 500	89 500	Incident: Irregular catering costs incurred.	89 500	89 500
		Disciplinary steps: The matter is being investigated.		
751 789	751 789	Incident: Irregular training costs incurred.	751 789	751 789
		Disciplinary steps: The matter was investigated. The official has resigned on the 1st March 2009. No costs have been recovered from the official. The expenditure is awaiting condonement from Council.		
1 291 436	1 291 436	Incident: Irregular skills development costs incurred.	1 291 436	1 291 436
		Disciplinary steps: The matter was investigated. The official has resigned on the 1st March 2009. No costs have been recovered from the official. The expenditure is awaiting condonement from Council.		
784 697	784 697	Incident: Expenditure incurred without adhering to the Supply Chain Management Policy requiring 3 quotations.	784 697	784 697
		Disciplinary steps: The matter is being investigated.		

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009 R	2008 R		2009 R	2008 R
		44 Irregular expenditure continued		
5 526 866	5 526 866	<i>Incident:</i> Expenditure incurred without adhering to the Supply Chain Management Policy requiring 3 quotations. <i>Disciplinary steps:</i> The matter is being investigated.	5 526 866	5 526 866
428 000	428 000	<i>Incident:</i> Expenditure incurred on invoices which are not in the name of the Municipality. <i>Disciplinary steps:</i> The matter is being investigated.	428 000	428 000
2 825 766	2 825 766	<i>Incident:</i> Expenditure incurred for which no tender documents could be obtained. <i>Disciplinary steps:</i> The matter is being investigated.	2 825 766	2 825 766
281 546	281 546	<i>Incident:</i> Expenditure incurred without adhering to the Supply Chain Management Policy paragraph 7.2.21.1. <i>Disciplinary steps:</i> The matter is being investigated.	281 546	281 546
4 881 512	-	<i>Incident:</i> Expenditure incurred without adhering to the Supply Chain Management Policy and handed over to the Fraud and Risk Management section. <i>Disciplinary steps:</i> An investigation was launched and disciplinary actions were taken against five officials, they are currently suspended. A criminal case was also opened, case number 1655/08/2009	4 881 512	-
443 228	443 228	<i>Incident:</i> Expenditure incurred without proof of following the recommended SCM Policy. <i>Disciplinary steps:</i> The matter is being investigated.	443 228	443 228
98 000	98 000	<i>Incident:</i> Expenditure incurred for which the appropriateness of authorisation or approval could not be confirmed. <i>Disciplinary steps:</i> The matter is being investigated.	98 000	98 000
6 207 178	6 207 178	<i>Incident:</i> Expenditure incurred for which the appropriateness of authorisation or approval could not be confirmed. <i>Disciplinary steps:</i> The matter is being investigated.	6 207 178	6 207 178
39 283 986	34 396 877		39 283 986	34 396 877

45 Fruitless and wasteful expenditure

During 2008 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 ceased 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.

During the 2008/09 financial year interest to the amount of R5,235 was paid to Eskom on overdue accounts.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY			GROUP	
2009 R	2008 R		2009 R	2008 R
		46 Unauthorised expenditure		
		Reconciliation of unauthorised expenditure identified:		
120 251 226	-	Opening balance	120 251 226	-
-	107 235 351	Unauthorised expenditure current year	-	107 235 351
-	13 015 875	Unauthorised expenditure - not reported previously	-	13 015 875
-	-	Approved by Council or condoned	-	-
-	-	Transfer to receivables for recovery	-	-
<u>120 251 226</u>	<u>120 251 226</u>	Unauthorised expenditure awaiting authorisation	<u>120 251 226</u>	<u>120 251 226</u>
107 235 351	107 235 351	Incident: Unbudgeted expenditure.	107 235 351	107 235 351
		Disciplinary Steps: Reports awaited from Directorates.		
423 098	423 098	Incident: Unbudgeted capital expenditure-Environmental Management.	423 098	423 098
		Disciplinary Steps: The matter is being investigated.		
12 592 777	12 592 777	Incident: Unbudgeted capital expenditure-Infrastructure Services.	12 592 777	12 592 777
		Disciplinary Steps: The matter is being investigated.		
<u>120 251 226</u>	<u>120 251 226</u>		<u>120 251 226</u>	<u>120 251 226</u>

47 Key sources of estimation uncertainty

(i)

Provision for water consumption up to 30 June 2009: Sundry Debtors R20,888,310.52 (2008: R15,616,036.45). The consumption from the last meter reading until 30 June 2009 was estimated based on the pro-rata consumption billed in July 2009. The June 2009 tariff was used for the calculation.

(ii)

Impairment of financial assets: Refer to notes 4,6 and 7. The impairments were calculated based on a risk scoring matrix, whereby management estimated the risk of recoverability associated with each debtor category based on prior experience and knowledge of the consumer demographic. Based on the results of the risk scoring, the period for which the debt is expected to still be outstanding was calculated.

(ii)

The expected period was then used to calculate the present value of the receivables. The present value is then compared to the balance as previously stated at year end, the difference between the balances is the impairment to be recognised.

The following assumptions were used in the present value calculations:

Discount rate – The rate was based on the risk associated with each debtors' class. The prime rate was used as a starting point for the calculation and adjusted for by risk factors relevant to each class of debtor. The discounting rate varied from 14.43% to 15.05% between the different consumer debtor classes, sundry debtors and housing rentals (risk groups).

**MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

47 Key sources of estimation uncertainty continued

Discount rate – The rate was based on the risk associated with each debtors' class. The prime rate was used as a starting point for the calculation and adjusted for by risk factors relevant to each class of debtor. The discounting rate varied from 14.43% to 15.05% between the different consumer debtor classes, sundry debtors and housing rentals (risk groups).

- (iii) Initial recognition of income and expenditure: Refer to Impairment of financial assets assumptions on discount rate and discount period.

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.

48 Deviations from supply chain management regulations

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.

49 Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1).

50 Going concern

The financial statements have been prepared using generally recognised accounting principles that are applicable to a going concern, as, at reporting date the municipality is not aware of any intention to liquidate the entity, or that operations may be ceased.

Although the liquidity and solvency ratios may appear unfavourable, the municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, Act 12 of 2009.

Pertinent conditions giving rise to the assessment of substantial doubt about the municipality's ability to continue as a going concern include the high annual debtors' collection rate, as a result of long outstanding debt, with the result that unspent funds are used as bridging finance.

The municipality has evaluated the significance of those conditions to identify mitigating factors. Therefore, during the financial year, the municipality has appointed two separate firms for the collection of government debt and other outstanding debt. A separate debt collection unit has also been established to focus on the recovery of debtors on an ongoing basis.

It is expected that the annual debt collection rate will therefore improve during the next financial year, thereby alleviating the financial difficulty of the municipality.

Also refer to the Liquidity risk note number 51.6.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
51.3 Credit risk continued			
<i>Loans receivable continued</i>			
Other loans are monitored on an ongoing basis and only credit worthy counterparties are transacted with. No loans have been pledged as security. Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counter parties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have been re-negotiated with counter parties.			
<i>Cash and cash equivalents</i>			
The Group's limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.			
<i>Maximum exposure to credit risk at reporting date was:</i>			
8 795	8 900	8 695	8 800
-	161 547	-	161 547
237 908 991	223 922 125	284 482 251	247 539 968
<u>1 726 869 113</u>	<u>1 457 546 822</u>	<u>1 154 380 462</u>	<u>867 542 753</u>
<u>1 964 786 899</u>	<u>1 681 639 394</u>	<u>1 438 871 408</u>	<u>1 115 253 068</u>
<i>Maximum exposure to credit risk at reporting date for loans and receivables as per counter parties was:</i>			
803 830 733	591 693 082	977 490 520	710 245 158
108 560 556	89 199 024	112 590 051	94 086 791
315 259	344 095	315 259	344 095
755 767 749	719 546 786	-	-
-	-	3 108 212	3 366 869
-	-	1 603 150	1 743 704
-	-	878 455	992 301
1 443 469	2 655 045	1 443 469	2 655 045
61 509	73 560	61 509	73 560
16 714 938	15 927 901	16 714 938	15 927 901
40 174 900	38 107 329	40 174 899	38 107 329
<u>1 726 869 113</u>	<u>1 457 546 822</u>	<u>1 154 380 462</u>	<u>867 542 753</u>
<u>687 120 781</u>	<u>508 151 741</u>	<u>724 597 674</u>	<u>539 696 545</u>
<i>Impairment losses</i>			
All of the Group's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision has been recorded accordingly. The impaired consumer receivables are mostly due from consumers defaulting on service costs levied by the Group. Refer to Note 4, 6 and 7 for the impairment reconciliation of trade and other receivables and note 3 for impairment of investments.			
<i>In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:</i>			
25 226 249	62 730 726	25 226 249	62 730 726
1 671 139	1 453 187	1 671 139	1 453 187
243 350	548 322	243 350	548 322
<u>9 360 544</u>	<u>26 183 321</u>	<u>9 360 544</u>	<u>26 183 321</u>
<u>36 501 282</u>	<u>90 915 556</u>	<u>36 501 282</u>	<u>90 915 556</u>

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MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
51.3 Credit risk continued				
<i>The ageing of impaired trade receivables at reporting date was as follows:</i>				
80 464 048	126 943 814	Not more than 90 days	80 464 048	126 943 814
27 025 060	18 079 573	More than 90 days but not more than 120 days	27 025 060	18 079 573
52 249 053	32 742 311	More than 120 days but not more than 180 days	52 249 053	32 742 311
615 442 984	436 868 727	More than 180 days	615 442 984	436 868 727
<u>775 181 145</u>	<u>614 634 425</u>		<u>775 181 145</u>	<u>614 634 425</u>

51.4 Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term loans.

At reporting date the interest rate profile of the Municipality's interest bearing financial instruments was:

MUNICIPALITY			GROUP	
2009	2008		2009	2008
R	R		R	R
Fixed rate instruments				
755 767 749	719 546 786	Financial assets	-	-
38 168 473	38 454 126	Financial liabilities	72 008 076	69 402 889
<u>793 936 222</u>	<u>758 000 912</u>		<u>72 008 076</u>	<u>69 402 889</u>
Variable rate instruments				
521 889 574	453 931 968	Financial assets	708 675 222	569 283 302
849 076 295	626 055 406	Financial liabilities	747 331 176	451 051 936
<u>1 370 965 869</u>	<u>1 079 987 374</u>		<u>1 456 006 398</u>	<u>1 020 335 238</u>

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at reporting date would not affect surplus for the year.

Cash flow sensitivity analysis for variable rate instruments

The analysis below assumes that all other variables except interest rates will remain constant. A 200 basis points (2008: 300 basis points) increase or decrease was used to report possible changes in surplus for the year due to interest rate risk. The sensitivity rates are based on managements assessments of reasonable possible changes in interest rates. A decrease in rates used of 1% in comparison to the prior year is the result of anticipated Reserve Bank repo rate adjustments in an attempt to keep interest rates consistent and hence stabilising the economy during the global economic crisis. The prime lending rates are thus affected by these changes. The prior periods expected fluctuation was larger as interest rates increased quite significantly owing to the rising inflation rates which is not the case as at this reporting date. Inflation has remained constant owing to the global economic recession.

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MUNICIPALITY		GROUP	
2009	2008	2009	2008
R	R	R	R
51.4 Market risk continued			
		Cash flow sensitivity:	
Surplus for the year		Surplus for the year	
200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
<u>36 764 299</u>	<u>(36 764 299)</u>	<u>36 764 299</u>	<u>(36 764 299)</u>
Surplus for the year		Surplus for the year	
300 bp increase	300 bp decrease	300 bp increase	300 bp decrease
<u>30 355 927</u>	<u>(30 355 927)</u>	<u>30 355 927</u>	<u>(30 355 927)</u>

Cash flow sensitivity:

30 June 2009
Variable rate instruments

30 June 2008
Variable rate instruments

Other market price risk

The Municipality is exposed to equity price risk through its investment in a widely held company. The investment is with a reputable public company thus limiting the Municipality's exposure to price risk. Price risk is also limited due to minimal rand value of the investment. A sensitivity analysis was based on managements estimates of anticipated changes in market prices of the shares at reporting date, this equated to a 3% (2008: 1%) variation. The rate used for the sensitivity analysis increased by 2% in comparison to the prior year due to the effects of the global recession and instability in the economy. The effects of this variation would constitute a R264 decrease or increase in equity (2008: R89).

Foreign exchange risk

The Group's expenditure transactions include a few transactions involving foreign exchange relating mostly to the purchasing of computer software. The currencies in which these transactions primarily are denominated are Euro and USD. The foreign exchange gain/loss on foreign exchange transactions are disclosed on the face of the statement of financial performance. No hedging transactions are entered into as a result of the limited risk attached to foreign exchange.

51.5 Fair values

The fair value of financial assets with standard terms and conditions and traded in an active market is determined with reference to quoted market bid prices and ask prices respectively. Except as detailed below, disclosures of all other fair values of applicable financial instruments has not been made as a reliable estimate of their values could not be determined, furthermore the investment in Centlec (Pty) Ltd, a subsidiary of the Municipality to the value of R100, is stated at cost as this equity instrument is not traded in an open market, and consequently no fair value could be reasonably estimated:

Carrying amount	Fair value		Carrying amount	Fair value
<u>2 535</u>	<u>8 695</u>	30 June 2009	<u>2 535</u>	<u>8 695</u>
		Available for sale investments		
<u>2 535</u>	<u>8 800</u>	30 June 2008	<u>2 535</u>	<u>8 800</u>
		Available for sale investments		

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52 Restatement of comparative information regarding 2008 prior period errors

Summary of restatement due to error:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	741 299 033
 <i>Adjustments affecting the statement of financial performance</i>	
Decrease in Property rates	3 490 711
Decrease in Service charges	1 809 863
Increase in Rental of facilities and equipment	(3 549 290)
Increase in Interest earned	(20 540 407)
Decrease in Fines	4 286
Decrease in Licenses and permits	2 510
Increase in Income for agency services	(416 135)
Decrease in Other income	(642 075)
Increase in Employee related costs	180 822
Increase in Bad debts	175 406 098
Increase in Depreciation and amortisation	267 720
Decrease in Repairs and maintenance	(182 908)
Increase in Finance costs	7 400 543
Decrease in Bulk purchases	(3 012 968)
Decrease in Contracted services	(478 560)
Decrease in Grants and subsidies paid	(2 286 506)
Increase in General expenses	2 472 616
	159 926 320
 <i>Adjustments affecting the statement of financial position</i>	
Decrease in Property, Plant and Equipment	(16 584 172)
Increase in Intangible assets	7 568 815
Increase in Investments	6 265
Decrease in Non-current receivables	(726 743 660)
Increase in Inventory	285 958
Decrease in Consumer receivables from exchange transactions	(148 875 892)
Increase in Other receivables from exchange transactions	11 991 704
Decrease in Current portion of non-current receivables	(20 110 892)
Decrease in Capitalisation reserve	3 452 754
Decrease in Government grant reserve	594 833 700
Increase in Mark-to-market reserve	(6 265)
Decrease in Accumulated surplus/(deficit)	(262 023 682)
Decrease in Finance lease liability (non-current)	291 161
Increase in Non-current provisions	(60 794 506)
Increase in Defined benefit plan obligation	(301 087 000)
Increase in Payables from exchange transactions	18 152 520
Decrease in Unspent conditional grants and receipts	234 104
Increase in VAT payable	(1 818 123)
Decrease in Finance lease liability (current)	1 858
	(901 225 353)

The following errors were corrected regarding 2007/08 Prior Period Errors:

52.1 Expense cut-off error

Two invoices for Vacuum Services were dated before 30 June 2007 and only captured in July 2008. Expenses for 2007 were therefore understated and 2008 expenses were overstated. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	257 788
 <i>Adjustments affecting the statement of financial performance</i>	
Decrease in General expenses	(257 788)

52.2 Expenditure paid in advance

A payment was made during 2007 regarding the annual maintenance of the Venus system for the period July 2007 to June 2008. The expense should have been recognised during 2008. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	(1 255 012)
 <i>Adjustments affecting the statement of financial performance</i>	
Increase in Repairs and maintenance	1 255 012

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52.3	<i>Expenses not provided for</i> Invoices dated before 30 June 2007 were only captured in July 2008. Expenses for 2007 were therefore understated and 2008 expenses were overstated. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>1 143 939</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Decrease in Contracted services	(22 391)
	Decrease in General expenses	<u>(1 121 548)</u>
		<u>(1 143 939)</u>
52.4	<i>Value Added Taxation incorrectly claimed</i> Input VAT was incorrectly claimed on payments for the recovery of fine income which constitutes non-taxable supplies. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>384 246</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Taxes payable	<u>(384 246)</u>
52.5	<i>Value Added Taxation incorrectly not claimed</i> Input VAT was incorrectly not claimed on goods and services during 2007. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(73 821)</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease in Taxes payable	<u>73 821</u>
52.6	<i>Cut-off error on banking</i> Income banked during 2007, but was only recorded during 2008. Income should have been recorded during 2007. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(159 236)</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Decrease in Fines	<u>159 236</u>
52.7	<i>Performance bonuses paid to Centlec (Pty) Ltd staff incorrectly included</i> Bonuses paid to Centlec employees were incorrectly included in Employee related costs and the Bonus provision for 2007. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(237 217)</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in Employee related cost	<u>237 217</u>
52.8	<i>Leave provision for Centlec (Pty) Ltd staff incorrectly included</i> Leave expense and provision for 2007 were overstated, due to Centlec officials included in the provision. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(61 686)</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in Employee related cost	<u>61 686</u>
52.9	<i>Payments made after termination</i> Payments were made to employees after termination date, without the debt being taken on. This mistake has now been rectified and the 2008 figures restated. The result is as follows:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(24 920)</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Other receivables from exchange transactions	<u>24 920</u>

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51.10 <i>Income cut-off error</i>	
Journals were processed after year-end that relating to before year-end. The rates and sanitation levies should have been recognised during 2007. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(554 232)</u>
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Property rates	524 510
Decrease in Service charges	<u>29 722</u>
	<u>554 232</u>
51.11 <i>Cut-off error regarding income</i>	
Spot fine income for 2007 was only recorded during 2008. Income should have been recorded during 2007. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(29 030)</u>
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Fines	<u>29 030</u>
51.12 <i>Journals after year end 2007</i>	
A water sales journal relating to the 2007 financial year, was processed after year-end resulting in an overstatement of 2007 water sales and an understatement of the 2008 water sales. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>740 770</u>
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Service charges	<u>(740 770)</u>
51.13 <i>Cut-off error for sundry income</i>	
Receipts before year-end 2007 were only recorded after year-end during 2008. Sundry income therefore should decrease for 2008. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(4 975)</u>
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Other income	<u>4 975</u>
51.14 <i>Incorrect classification of general expenses</i>	
Transactions were incorrectly classified between the different classes of expenses. The reclassification is all within the general expenses class, therefore the reclassification has no effect on the current or the comparative figures. The effect of the restatement within the general expenses class is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in General expenses	247 000
Increase in General expenses	13 550
Decrease in General expenses	(171 000)
Decrease in General expenses	(76 000)
Decrease in General expenses	<u>(13 550)</u>
	<u>-</u>
51.15 <i>VAT not claimed on expenses</i>	
VAT was not claimed on valid tax invoices for general expenses during 2008. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in General expenses	<u>(14 209)</u>
<i>Adjustments affecting the statement of financial position</i>	
Decrease in Taxes payable	<u>14 209</u>

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51.16 <i>Prepaid electricity cut-off error</i>	
The transfer of equitable share to Centlec for the month of June 2007 was recognised in 2008. The expense should have been recognised during the 2007 financial year. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>2 286 506</u>
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Grants & subsidies paid	<u>(2 286 506)</u>
51.17 <i>Expenses not captured in correct financial years</i>	
Expenses were incorrectly recorded in the wrong financial years. The error has been corrected and the comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>1 482 660</u>
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in General expenses	<u>(313 455)</u>
<i>Adjustments affecting the statement of financial position</i>	
Increase in Payables from exchange transactions	<u>(1 169 205)</u>
51.18 <i>Centlec insurance claims and contributions processed against the Municipality self insurance fund</i>	
Centlec insurance claims and contributions processed against the Municipality self insurance fund for the period after the service level agreement has expired. Centlec is therefore responsible for their own insurance claims and contributions. The error has been corrected and the comparative statements for 2008 has been restated. The effect of the restatements is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Income for Agency services	(426 602)
Increase in General expenses	<u>426 602</u>
	<u>-</u>
51.19 <i>VAT not claimed on expenses</i>	
VAT was not claimed on expenses directly related to grant received. In terms of section 11 of the Value Added Tax Act, 89 of 1991, grants received from government is zero rated and therefore VAT may be claimed on expenditure incurred with the grant funds. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in General expenses	<u>(14 209)</u>
<i>Adjustments affecting the statement of financial position</i>	
Decrease in Taxes payable	<u>14 209</u>
51.20 <i>Impairment of investment</i>	
Impairment of investments was incorrectly debited against bad debt provision in the statement of financial position. The impairment movement should have been recorded against the bad debt expense. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Bad debts	<u>233 344</u>
<i>Adjustments affecting the statement of financial position</i>	
Decrease in Consumer receivables from exchange transactions	<u>(233 344)</u>
51.21 <i>Cut-off error regarding additions to fixed assets</i>	
Additions to fixed assets which relates to the 2008/09 financial year were recognised in 2008 financial year as well as additions for the 2007 financial year were recorded in the 2008 financial year. These additions should be recognised in the 2008/09 and 2006/07 financial years respectively. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial position</i>	
Decrease in Property, plant and equipment	(97 166)
Increase in Property, plant and equipment	<u>97 166</u>
	<u>-</u>

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51.22 Assets overstated with VAT

The value of assets purchased on year-end was overstated with the VAT. Corrections were made after year-end. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial position</i>	
Decrease in Property, plant and equipment	(413 695)
Decrease in Taxes payable	413 695
	-

51.23 Overpayment of salary after resignation

Overpayment of salaries for four months occurred after an employee resigned and his salary was not terminated. The comparative figures for 2008 have been restated. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Employee Cost	(28 379)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Other receivables from exchange transactions	28 379

51.24 Overpayment of salaries after employees' termination of services

Payments were made during the 2008 financial year to employees after termination date. The debt due to these overpayments have to be taken on. The comparative figures for 2008 have been restated for the take on of debt. The effect of the restatement is summarised below:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	(5 576)
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Employee Cost	(89 702)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Other receivables from exchange transactions	95 278

51.25 Overstatement of trade creditors

A Centlec investment was incorrectly shown as an amount payable to Centlec. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial position</i>	
Increase in Payables from exchange transactions	(30 000 000)
Decrease in Payables from exchange transactions	30 000 000
	-

51.26 Traffic Fine Income not accrued for at year-end.

Traffic fine income collected by the Department of Justice and Constitutional Development on behalf of Municipality for the month of June 2008 was not correctly accrued for at year-end. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial performance</i>	
Increase in Fines	(17 340)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Other receivables from exchange transactions	17 340

51.27 Contempt of Court Fine Income not accrued for at year-end.

Contempt of Court fine income collected by Municipality on behalf of the Department of Justice and Constitutional Development for the month of June 2008 was not correctly accrued for at year end. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial performance</i>	
Increase in General expenses	21 500
<i>Adjustments affecting the statement of financial position</i>	
Increase in Payables from exchange transactions	(21 500)

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51.28 <i>Traffic and non-Traffic fine income not accrued for at year end:</i> Traffic and non-Traffic fine income collected on 30 June 2008 was not correctly accrued for at year end. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Fines	(68 490)
Increase in Other Income	(49 351)
	(117 841)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Payables from exchange transactions	(2 500)
Increase in Other receivables from exchange transactions	120 341
	117 841
51.29 <i>Cut-off error on receipts from swimming pool</i> Receipts had only been recorded in 2008/09 although it had already been collected during 2008 by the cashiers. The receipts should be recorded in the 2008 financial year. The error has been corrected and the comparative statements of 2008 has been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Other income	(4 822)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Other receivables from exchange transactions	4 822
	4 822
51.30 <i>Cut-off error on receipts from Zoo</i> Receipts had only been recorded in 2008/09 although it had already been issued during 2008 by the cashiers. The receipts should be recorded in the 2008 financial year. The error has been corrected and the comparative statements of 2008 has been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Other income	(11 970)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Other receivables from exchange transactions	11 970
	11 970
51.31 <i>Water in pipes not included in inventory at year-end.</i> Water contained in water pipes throughout Bloemfontein was not included in the year-end inventory balance. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:	
<i>Adjustment against opening accumulated surplus 30 June 2007</i>	(271 940)
<i>Adjustments affecting the statement of financial performance</i>	
Decrease in Bulk purchases	(14 018)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Inventory	285 958
	285 958
51.32 <i>Grant income and grant expenditure not separately disclosed</i> The grant expenditure and grant income for the Kellogg Foundation Grant was not separately disclosed in prior years. The Other income and General expenditure were therefore understated. The figures for 2008 has been corrected and the effect of these corrections are indicated below :	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Other income	(803 803)
Increase in General expenditure	803 803
	-
51.33 <i>Incorrect cut-off of sanitation journal</i> A sanitation journal was incorrectly recorded during the 2009 financial year. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
<i>Adjustments affecting the statement of financial performance</i>	
Increase in Service charges	(27 683)
<i>Adjustments affecting the statement of financial position</i>	
Increase in Consumer receivables from exchange transactions	27 683
	27 683

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51.34	<i>Cut off error on creditor invoices</i> General expenses, Trade and other payables and Property, plant and equipment understated, due to creditors invoices dated 30 June 2008 not recorded in the financial statements. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in General expenses	57 836
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Property, plant and equipment	1 109 295
	Increase in Payables from exchange transactions	(1 167 131)
		<u>(57 836)</u>
51.35	<i>VAT on motor vehicles incorrectly claimed</i> VAT on motor vehicles have been incorrectly claimed and not capitalised. The error has been corrected and the comparative figures for 2008 has been restated. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Property, plant and equipment	158 040
	Increase in Taxes payable	(158 040)
		<u>-</u>
51.36	<i>Duplication of Housing scheme assets</i> In the prior year a duplication of certain assets forming part of the housing scheme was processed. Assets and Accumulated depreciation and the Revaluation reserve were overstated as a result of this. The error was corrected and comparative figures were adjusted accordingly. The effects of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease in Revaluation reserve	11 672 200
	Decrease in Property, plant and equipment	(11 672 200)
		<u>-</u>
51.37	<i>Movement in revaluation reserve incorrectly accounted for</i> During the 2008 financial year the movement in revaluation reserve was to account for disposal of Erven. The movement was incorrectly calculated. This error was corrected and comparative figures were adjusted accordingly. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Revaluation reserve	(121 728 068)
	Decrease in Accumulated surplus	121 728 068
		<u>-</u>
51.38	<i>Disposal of erven treated as revaluation and disposals not allocated to reserves from where they originated</i> During the 2008 financial year certain assets were disposed of. The disposal was erroneously accounted for as a revaluation in the 2008 financial year, furthermore the disposals were not offset against the reserve from where the assets originated. This error was corrected and comparative figures were adjusted accordingly. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease Revaluation reserve	110 055 868
	Decrease in Capitalisation reserve	3 452 754
	Decrease in Government grant reserve	395 460
	Increase in Accumulated surplus	(113 904 082)
		<u>-</u>
51.39	<i>Capitalisation of rebuilt vehicles</i> The cost of the rebuilding of a fire engine was incorrectly expensed, while the original cost of the fire engine was still in the fixed asset register. The rebuilding cost should be capitalised as an asset and the original asset should be scrapped as no future service potential is expected from the asset. The comparative statements have been restated to correct this error. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	(904 932)
	<i>Adjustments affecting the statement of financial performance</i>	
	Decrease in Depreciation	(89 148)
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Property, plant and equipment	994 080

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51.40 Intangible assets not disclosed separately

During the prior years there was no distinction made between intangible assets and property, plant and equipment. The comparative statements have been adjusted accordingly. The effect of the restatement is summarised below:

Adjustments affecting the statement of financial performance

Increase in Depreciation and amortisation	2 737 013
Decrease in Depreciation and amortisation	(2 737 013)
	-

Adjustments affecting the statement of financial position

Decrease in Property, plant and equipment	(7 568 815)
Increase in Intangible assets	7 568 815
	-

51.41 Improvements to 12th floor of Bram Fischer Building was incorrectly expensed

During 2005/06 renovations/improvements were made to the 12th floor of the Braam Fischer Building, these costs were expensed as they occurred. The renovation cost should have been capitalised as an asset and not expensed. The comparative statements have been restated to correct this error. The effect of the restatement is summarised below:

Adjustment against opening accumulated surplus 30 June 2007 (1 567 326)

Adjustments affecting the statement of financial position

Increase in Property, plant and equipment	1 567 326
	1 567 326

51.42 Accrual for water income

The accrual for water income for the period between the last meter reading date in June 2007 and the financial year end was not performed at year end. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:

Adjustment against opening accumulated surplus 30 June 2007 (10 321 212)

Adjustments affecting the statement of financial performance

Increase in Service charges	(3 377 065)
	(3 377 065)

Adjustments affecting the statement of financial position

Increase in Taxes Payable	(1 917 759)
Increase in Other receivables from exchange transactions	15 616 036
	13 698 277

51.43 Finance lease movements

Not all movements in finance leases were correctly accounted for in the prior periods. Certain leases were also erroneously omitted from the prior periods finance lease liability balance. The effects of the restatement is summarised below:

Adjustment against opening accumulated surplus 30 June 2007 176 504

Adjustments affecting the statement of financial performance

Increase in Finance cost	158 794
Increase in Depreciation and amortisation	358 633
Decrease in General expenses	(858 028)
	(340 601)

Adjustments affecting the statement of financial position

Decrease in Property, plant and equipment	(124 302)
Decrease in Finance lease liability	291 161
Increase in Payables from exchange transactions	(4 620)
Decrease in Current portion of Finance lease liability	1 858
	164 097

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51.44	<i>Deferred income on straight-lining of Operating leases</i>	
	Not all movements in finance leases were correctly accounted. The Deferred income on the straight-lining of Operating leases were calculated and disclosed incorrectly in the 2008 financial statements. The comparative statements have been restated to correct this error. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(20 678 728)</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in Rental of facilities and equipment	<u>(3 549 290)</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Other receivables from exchange transactions	<u>24 228 018</u>
51.45	<i>Unallocated receipts suspense accounts</i>	
	Journal adjustments were made during the process of clearing the unallocated receipts in the suspense account. The comparative statements have been restated to correct this error. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>2 764 011</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Consumer receivables from exchange transactions	15 114 195
	Decrease in Other receivables from exchange transactions	(7 416 955)
	Increase in Payables from exchange transactions	(10 695 355)
	Decrease in Unspent conditional grants and receipts	234 104
		<u>(2 764 011)</u>
51.46	<i>Heritage assets to be disclosed separately on the financial statements</i>	
	In terms of GRAP 17 heritage assets are to be recognised and disclosed. During the prior years there was no distinction made between heritage assets and property, plant and equipment. The comparative statements have been restated to distinguish between heritage assets and property, plant and equipment. There is no effect on the statement of financial position or statement of financial performance.	
51.47	<i>Difference in water tariffs used regarding estimates</i>	
	Corrections made when estimated consumption was replaced with actual consumption using the tariff applicable to the period during which the correction was made and not the tariff applicable to the period when the estimate was made. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>105 628</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease in Consumer debtors	<u>(105 628)</u>
51.48	<i>Overstatement of surplus realised on sale of Centlec (Pty) Ltd</i>	
	Correction of the surplus realised on the sale of Centlec. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>7 823 791</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Payables from exchange transactions	<u>(7 823 791)</u>
51.49	<i>Understatement of provision for landfill sites</i>	
	In the past the entity did not provide for the provision of restoration costs on landfill sites due to lack of a reasonable estimate of these costs. The entity obtained an independent consultant's estimate of the costs and thus provided for the restoration costs accordingly. The 2008 figures have been restated. The effects of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>56 048 177</u>
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in General expenses	<u>4 746 329</u>
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Non-current provision	<u>(60 794 506)</u>

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51.50	<i>Deferred expense on straight lining of operating leases</i> In instances where the municipality leases properties and there are an annual escalation in the rental amount the lease should be straight lined, this has not been done in the previous years. The 2008 figures have been restated. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in General expenses	78 025
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Payables from exchange transactions	(78 025)
51.51	<i>OVK shares to be carried at fair value</i> Unlisted available-for-sale financial assets should be carried at fair value unless the fair value cannot be reliably measured. The shares in OVK Holdings Ltd and OVK Operations Ltd do have an active market and fair value can be measured and should be carried at their fair value. The comparative statements for 2008 have been restated for this error. The effect of the restatement is summarised below:	
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Investments	6 265
	Increase in Mark-to-Market reserve	(6 265)
		-
51.52	<i>Employee Benefits</i> In the past the Municipality accounted for certain defined benefits plans as defined contribution plans, consequently an actuarial valuation was performed on the defined benefit plans. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	301 087 000
	<i>Adjustments affecting the statement of financial position</i>	
	Increase in Defined benefit obligation	(301 087 000)
51.53	<i>Initial fair value and subsequent amortised cost recognition of Centlec (Pty) Ltd shareholder loan</i> The Centlec Shareholders loan was previously at cost, instead of initially at fair value and subsequent at amortised cost as required per IAS39 (AC133) Financial Instruments: Recognition and Measurement. The comparative statements for 2008 have been restated. The effect of the restatement is summarised below:	
	<i>Adjustment against opening accumulated surplus 30 June 2007</i>	727 078 242
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in Interest earned	(12 437 742)
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease in Long-term receivables	(714 640 500)
51.54	<i>IAS 39 (AC133) Financial Instruments: Recognition and Measurement</i> Impairment of Financial assets not in line with the accounting standards. In the past the Municipality did not apply IAS 39 to the impairment of financial assets. During the current year the impairment of loans and receivables is evaluated and the retrospective effects of the adjustment will have the following impact:	
	<i>Adjustments affecting the statement of financial performance</i>	
	Increase in Impairment of financial assets	175 172 754
	<i>Adjustments affecting the statement of financial position</i>	
	Decrease in Other receivables from exchange transactions	(20 809 490)
	Decrease in Consumer receivables from exchange transactions	(122 149 212)
	Decrease in Non-current receivables	(12 103 160)
	Decrease in Current portion of Non-current receivables	(20 110 892)
		(175 172 754)

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51.55 IAS 39 (AC133) Financial Instruments: Recognition and Measurement

Adjusting income and expenses to fair value at initial recognition. IAS 39 (AC133) Financial Instruments: Recognition and Measurement states that where extended payment terms are granted or received, whether explicitly or implicitly, the effect of the time value of money should be taken into account wherever this is material, irrespective of other factors such as the cash selling prices of the goods. Expenses and income were adjusted accordingly to fair value at initial recognition. The effect of the restatement is summarised below:

<i>Adjustments affecting the statement of financial performance</i>	
Increase in Interest earned	(8 102 665)
Decrease in Property rates	2 966 201
Decrease in Service charges	5 585 409
Decrease in Licenses and permits	2 510
Decrease in Income for agency services	10 467
Decrease in Other income	222 896
Increase in Finance cost	7 241 749
Decrease in Repairs and maintenance	(1 437 920)
Decrease in Bulk purchases	(2 998 950)
Decrease in Contracted services	(456 169)
Decrease in General expenses	(2 795 038)
	<u>238 490</u>
 <i>Adjustments affecting the statement of financial position</i>	
Decrease in Consumer receivables from exchange transactions	(657 712)
Decrease in Other receivables from exchange transactions	(27 105)
Decrease in Payables from exchange transactions	446 327
	<u>(238 490)</u>

51.56 IFRS 7 Financial Instruments: Disclosure

The municipality has adopted IFRS 7 with effect 1 July 2008. This has resulted in increased disclosure relating to financial instruments, but has no impact on the reported surplus or financial position of the municipality. In accordance with the transitional requirements of the standard, the municipality has provided full comparative information. In addition to the note to the annual financial statements, disclosures under IFRS 7 relating to the nature and extent of the risks may be found in the risk management section (Refer to note 50).

51.57 Adjustment for free basic water

A credit for free basic water has been approved for a debtor's account in arrears where the free service was never credited. The debtor's account has therefore been corrected. The comparative figures for 2008 have been restated. The effect of the restatement is summarised below:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>206 778</u>
 <i>Adjustments affecting the statement of financial performance</i>	
Decrease in Service charges	<u>340 250</u>
 <i>Adjustments affecting the statement of financial position</i>	
Decrease in Consumer receivables from exchange transactions	(623 612)
Decrease in VAT payable	76 584
	<u>(547 028)</u>

51.58 Government Grant Reserve is not in line with the requirements of GAMAP 9: Revenue.

In the past the Municipality recognised capital grants as a reserve to the extent that there has been compliance with the restrictions associated with the grants. The reserve was then realised to accumulated surplus as the capital assets were used. GAMAP 9: Revenue states that government grants should be recognised as revenue to the extent that there has been compliance with any restrictions associated with the grant. The Government Grant Reserve was adjusted retrospectively; the 2008 figure have therefore been restated. The effect of the error is indicated below:

<i>Adjustment against opening accumulated surplus 30 June 2007</i>	<u>(324 590 572)</u>
 <i>Adjustments affecting the statement of financial position</i>	
Decrease in Government grant reserve	594 438 240
Increase in Accumulated surplus	(269 847 668)
	<u>324 590 572</u>

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<p>51.59 <i>Unallocated deposits reclassified from payable to receivables</i> Unallocated deposits were incorrectly classified as money received in advance in the financial statements, this should have been classified as debtors in the financial statements due to the fact that the unallocated deposits relates to money received from debtors. The comparative figures for 2008 have been restated. The effect of the restatement is summarised below.</p> <p><i>Adjustments affecting the statement of financial position</i> Decrease in Consumer receivables from exchange transactions Decrease in Payables</p>	<p>(40 055 414) 40 055 414 <hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/></p>
<p>51.60 <i>Incorrect levying of water consumption on debtors account</i> Water consumptions were incorrectly levied on a consumer account during the 2005/06 financial year. The comparative figures for 2008 have been restated. The effect of the restatement is summarised below.</p> <p><i>Adjustment against opening retained earnings 30 June 2007</i></p> <p><i>Adjustments affecting the statement of financial position</i> Decrease in Consumer receivables from exchange transactions</p>	<p style="text-align: right;">192 848 <hr style="border-top: 1px solid black;"/> (192 848) <hr style="border-top: 1px solid black;"/></p>
<p>51.61 <i>Contempt of Court Fine Income received on behalf of the Department of Justice</i> Contempt of Court fine income collected by the Municipality on behalf of the Department of Justice and Constitutional Development for the period 1 January 2006 to 30 June 2007 was incorrectly accounted for as an expense in the 2007/08 financial year and not accrued at 30 June 2007. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:</p> <p><i>Adjustment against opening retained earnings 30 June 2007</i></p> <p><i>Adjustments affecting the statement of financial performance</i> Decrease in General expenses</p> <p><i>Adjustments affecting the statement of financial position</i> Increase in Payables</p>	<p style="text-align: right;">260 560 <hr style="border-top: 1px solid black;"/> (206 360) <hr style="border-top: 1px solid black;"/> (54 200) <hr style="border-top: 1px solid black;"/></p>
<p>51.62 <i>Traffic Fine Income not correctly accrued for at year-end.</i> Traffic fine income collected on the 30th of April 2007 and 2 May 2007 was stolen during a cash in transit robbery on the 3rd May 2007. The traffic fine income was not correctly accrued for at year-end. The comparative statements for 2007/8 have been restated. The effect of the restatement is summarised below:</p> <p><i>Adjustments affecting the statement of financial performance</i> Increase in Fines</p> <p><i>Adjustments affecting the statement of financial position</i> Increase in Other receivables from exchange transactions</p>	<p style="text-align: right;">(98 150) <hr style="border-top: 1px solid black;"/> 98 150 <hr style="border-top: 1px solid black;"/></p>
<p>51.63 <i>Expenses incorrectly capitalised as Property, plant and equipment</i> In terms of GRAP 17, Property, plant and equipment, Property, plant and equipment should be recognised when it is probable that future service potential associated with the item will flow to the entity. During 2007/08 costs relating to maintenance were incorrectly capitalised to property, plant and equipment. The comparative statements have been restated to correct this error. The effect of the restatement is summarised below:</p> <p><i>Adjustments affecting the statement of financial performance</i> Decrease in Depreciation and amortisation Increase in General expenses</p> <p><i>Adjustments affecting the statement of financial position</i> Decrease in Property, plant and equipment Increase in VAT payable</p>	<p style="text-align: right;">(1 765) 749 951 <hr style="border-top: 1px solid black;"/> 748 186 <hr style="border-top: 1px solid black;"/> (633 901) (114 285) <hr style="border-top: 1px solid black;"/> (748 186) <hr style="border-top: 1px solid black;"/></p>

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51.64 *Cut off error of creditors invoices*

General expenses and Payables are understated, due to creditors invoices dated before 30 June 2008 not recorded in the financial statements. The comparative statements for 2007/08 have been restated. The effect of the restatement is summarised below:

Adjustments affecting the statement of financial performance

Increase in General expenses

1 169 205

Adjustments affecting the statement of financial position

Increase in Payables from exchange transactions

(1 332 894)

Decrease in VAT payable

163 689

(1 169 205)

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APPENDIX A

SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2009: MUNICIPALITY AND GROUP

External loans	Loan number	Redeemable	Balance at 30/06/2007	Received during the year	Redeemed or written off during the year	Balance at 30/06/2008	Received during the year	Redeemed or written off during the year	Balance at 30/06/2009	Carrying value of Property, Plant & Equipment	Other costs in accordance with MFMA
			R	R	R	R	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	-	22 121	-	-	-
DBSA @ 12.00%	1529	2009/03/31	40 927	-	19 262	21 665	-	21 665	-	-	-
DBSA @ 14.00%	1864	2011/09/30	856 846	-	147 747	709 099	-	169 616	539 483	996 215	-
DBSA @ 10.00%	8001	2015/12/31	16 486 284	-	1 304 106	15 182 178	-	1 442 961	13 739 217	13 992 959	-
DBSA @ 5.00%	102803	2011/03/31	-	-	-	-	31 214 572	31 214 572	-	-	-
Total external loans			17 480 092	-	1 545 029	15 935 063	31 214 572	32 870 935	14 278 700	14 989 174	-

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APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009: MUNICIPALITY

	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	Carrying Value
Land and Buildings													
Land	598 537 157	446 702	-	(3 828 070)	-	-	595 155 789	-	-	-	-	-	595 155 789
Buildings	598 423 101	7 176 878	-	-	214 296 441	11 994	819 884 426	227 112 034	19 350 358	-	-	246 462 392	573 422 034
	1 196 960 258	7 623 580	-	(3 828 070)	214 296 441	11 994	1 415 040 215	227 112 034	19 350 358	-	-	246 462 392	1 168 577 823
Infrastructure													
Roads & Storm water	646 057 973	26 445 370	-	-	56 205 934	-	728 709 277	274 166 982	40 050 492	-	-	314 217 474	414 491 803
Street Lights	16 005 958	6 590 000	-	-	-	-	22 595 958	1 588 832	639 196	-	-	2 228 028	20 367 930
Traffic Light	12 700 463	1 399 920	-	-	-	-	14 100 383	3 434 566	686 417	-	-	4 120 983	9 979 400
Railway Sidings	1 962 990	-	-	-	-	-	1 962 990	1 059 653	57 332	-	-	1 116 985	846 005
Sewerage Purification	70 999 843	-	-	-	-	-	70 999 843	29 232 412	2 690 812	-	-	31 923 224	39 076 619
Sewerage Mains	537 265 826	6 448	-	-	113 419 374	-	650 691 648	130 864 553	23 425 733	-	-	154 290 286	496 401 362
Water Purification	3 895 884	-	-	-	-	-	3 895 884	2 429 843	101 963	-	-	2 531 806	1 364 078
Water Mains	515 329 908	22 777 381	-	-	76 832	-	538 184 121	363 659 583	9 739 962	-	-	373 399 545	164 784 576
Electricity Mains	443 656	-	-	-	-	-	443 656	61 947	18 832	-	-	80 779	362 877
	1 804 662 501	57 219 119	-	-	169 702 140	-	2 031 583 760	806 498 371	77 410 739	-	-	883 909 110	1 147 674 650
Community Assets													
Parks & Gardens	26 583 920	14 933	-	-	-	5 456	26 593 397	9 325 831	900 226	-	-	10 226 057	16 367 340
	26 583 920	14 933	-	-	-	5 456	26 593 397	9 325 831	900 226	-	-	10 226 057	16 367 340
Other Assets													
Site Development	59 187 948	-	-	-	16 603 382	105	75 791 225	26 294 643	1 837 073	-	-	28 131 716	47 659 509
Furniture & Office Equipment	79 934 826	2 347 580	-	-	-	-	82 282 406	47 336 992	7 043 210	-	-	54 380 202	27 902 204
Tools, Plant & Equipment	37 912 629	1 481 862	-	-	-	3 760	39 390 731	27 664 277	2 109 644	-	-	29 773 921	9 616 810
Motor Vehicles	145 559 518	8 408 960	-	-	-	2 815 953	151 152 525	106 332 338	8 352 881	-	2 604 049	112 081 170	39 071 355
	322 594 921	12 238 402	-	-	16 603 382	2 819 818	348 616 887	207 628 250	19 342 808	-	2 604 049	224 367 009	124 249 878
Heritage assets													
Historical Buildings	1 170 929	-	-	-	-	-	1 170 929	1 170 929	-	-	-	1 170 929	-
Paintings & Artefacts	19 679	-	-	-	-	-	19 679	19 679	-	-	-	19 679	-
	1 190 608	-	-	-	-	-	1 190 608	1 190 608	-	-	-	1 190 608	-
Lease assets													
Furniture & Office Equipment	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 170	2 093 277	-	252 000	7 219 447	2 327 077
	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 170	2 093 277	-	252 000	7 219 447	2 327 077
Total	3 360 977 692	77 909 074	-	(3 828 070)	400 601 963	3 089 268	3 832 571 391	1 257 133 264	119 097 408	-	2 856 049	1 373 374 623	2 459 196 768

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APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008: MUNICIPALITY

	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	Carrying Value
Land and Buildings													
Land	691 639 421	4 514 004	12 439 600	-	-	110 055 868	598 537 157	-	-	-	-	-	598 537 157
Buildings	454 276 738	166 145 838	(12 439 600)	-	-	9 559 875	598 423 101	218 563 803	11 926 920	-	3 378 689	227 112 034	371 311 067
	1 145 916 159	170 659 842	-	-	-	119 615 743	1 196 960 258	218 563 803	11 926 920	-	3 378 689	227 112 034	969 848 224
Infrastructure													
Roads & Storm water	575 236 439	70 821 534	-	-	-	-	646 057 973	237 030 864	37 136 118	-	-	274 166 982	371 890 991
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	496 069 503	19 260 405	-	-	-	-	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
	1 537 870 749	266 791 752	-	-	-	-	1 804 662 501	742 961 663	63 536 708	-	-	806 498 371	998 164 130
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	66 750 867	14 180 582	715 917	-	-	1 712 540	79 934 826	42 585 875	(877 800)	6 928 038	1 299 121	47 336 992	32 597 834
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	140 815 057	6 712 550	-	-	-	1 968 089	145 559 518	99 707 957	8 592 470	-	1 968 089	106 332 338	39 227 180
	285 764 773	39 826 256	715 917	-	-	3 712 025	322 594 921	193 053 978	10 930 900	6 928 038	3 284 666	207 628 250	114 966 671
Heritage assets													
Historical Buildings	1 170 929	-	-	-	-	-	1 170 929	1 170 929	-	-	-	1 170 929	-
Paintings & Artefacts	19 679	-	-	-	-	-	19 679	19 679	-	-	-	19 679	-
	1 190 608	-	-	-	-	-	1 190 608	1 190 608	-	-	-	1 190 608	-
Lease assets													
Furniture & Office Equipment	7 899 818	1 085 666	-	-	-	-	8 985 484	3 460 695	1 917 475	-	-	5 378 170	3 607 314
	7 899 818	1 085 666	-	-	-	-	8 985 484	3 460 695	1 917 475	-	-	5 378 170	3 607 314
Total	3 002 306 415	481 283 128	715 917	-	-	123 327 768	3 360 977 692	1 167 778 743	89 089 838	6 928 038	6 663 355	1 257 133 264	2 103 844 428

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009: GROUP

	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	598 537 157	446 702	-	(3 828 070)	-	-	595 155 789	-	-	-	-	-	595 155 789
Buildings	608 761 215	7 176 878	-	-	214 296 441	11 994	830 222 540	239 144 358	20 422 546	-	-	259 566 904	570 655 636
	1 207 298 372	7 623 580	-	(3 828 070)	214 296 441	11 994	1 425 378 329	239 144 358	20 422 546	-	-	259 566 904	1 165 811 425
Plant and machinery													
Plant and machinery	2 700 731 900	110 465 475	-	-	-	2 096 841 629	714 355 746	2 439 557 640	31 944 416	-	2 096 841 629	374 660 427	339 695 319
	2 700 731 900	110 465 475	-	-	-	2 096 841 629	714 355 746	2 439 557 640	31 944 416	-	2 096 841 629	374 660 427	339 695 319
Infrastructure													
Roads & Storm water	646 057 973	26 445 370	-	-	56 205 934	-	728 709 277	274 166 982	40 050 492	-	-	314 217 474	414 491 803
Street Lights	16 005 958	6 590 000	-	-	-	-	22 595 958	1 588 832	639 196	-	-	2 228 028	20 367 930
Traffic Light	12 700 463	1 399 920	-	-	-	-	14 100 383	3 434 566	686 417	-	-	4 120 983	9 979 400
Railway Sidings	1 962 990	-	-	-	-	-	1 962 990	1 059 653	57 332	-	-	1 116 985	846 005
Sewerage Purification	70 999 843	-	-	-	-	-	70 999 843	29 232 412	2 690 812	-	-	31 923 224	39 076 619
Sewerage Mains	537 265 826	6 448	-	-	113 419 374	-	650 691 648	130 864 553	23 425 733	-	-	154 290 286	496 401 362
Water Purification	3 895 884	-	-	-	-	-	3 895 884	2 429 843	101 963	-	-	2 531 806	1 364 078
Water Mains	515 329 908	22 777 381	-	-	76 832	-	538 184 121	363 659 583	9 739 962	-	-	373 399 545	164 784 576
Electricity Mains	443 656	-	-	-	-	-	443 656	61 947	18 832	-	-	80 779	362 877
	1 804 662 501	57 219 119	-	-	169 702 140	-	2 031 583 760	806 498 371	77 410 739	-	-	883 909 110	1 147 674 650
Community Assets													
Parks & Gardens	26 583 920	14 933	-	-	-	5 456	26 593 397	9 325 831	900 226	-	-	10 226 057	16 367 340
	26 583 920	14 933	-	-	-	5 456	26 593 397	9 325 831	900 226	-	-	10 226 057	16 367 340
Other Assets													
Site Development	59 187 948	-	-	-	16 603 382	105	75 791 225	26 294 643	1 837 073	-	-	28 131 716	47 659 509
Furniture & Office Equipment	107 109 961	2 842 225	-	-	-	642	109 951 544	73 103 791	9 763 334	-	-	82 867 125	27 084 419
Tools, Plant & Equipment	37 912 629	1 481 862	-	-	-	3 760	39 390 731	27 664 277	2 109 644	-	-	29 773 921	9 616 810
Motor Vehicles	158 358 825	8 408 960	-	-	-	2 815 953	163 951 832	122 657 780	9 906 355	-	2 604 049	129 960 086	33 991 746
	362 569 363	12 733 047	-	-	16 603 382	2 820 460	389 085 332	249 720 491	23 616 406	-	2 604 049	270 732 848	118 352 484
Heritage assets													
Historical Buildings	1 170 929	-	-	-	-	-	1 170 929	1 170 929	-	-	-	1 170 929	-
Paintings & Artefacts	19 679	-	-	-	-	-	19 679	19 679	-	-	-	19 679	-
	1 190 608	-	-	-	-	-	1 190 608	1 190 608	-	-	-	1 190 608	-
Lease assets													
Furniture & Office Equipment	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 170	2 093 277	-	252 000	7 219 447	2 327 077
	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 170	2 093 277	-	252 000	7 219 447	2 327 077
Total	6 112 022 148	188 869 194	-	(3 828 070)	400 601 963	2 099 931 539	4 597 733 696	3 750 815 469	156 387 610	-	2 099 697 678	1 807 505 401	2 790 228 295

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008: GROUP

	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	691 639 421	4 514 004	12 439 600	-	-	110 055 868	598 537 157	-	-	-	-	-	598 537 157
Buildings	464 091 610	166 669 080	(12 439 600)	-	-	9 559 875	608 761 215	229 548 136	12 974 911	-	3 378 689	239 144 358	369 616 857
	1 155 731 031	171 183 084	-	-	-	119 615 743	1 207 298 372	229 548 136	12 974 911	-	3 378 689	239 144 358	968 154 014
Plant and machinery													
Plant and machinery	2 632 882 138	68 090 203	-	-	-	240 441	2 700 731 900	2 410 845 404	28 712 236	-	-	2 439 557 640	261 174 260
	2 632 882 138	68 090 203	-	-	-	240 441	2 700 731 900	2 410 845 404	28 712 236	-	-	2 439 557 640	261 174 260
Infrastructure													
Roads & Storm water	575 236 439	70 821 534	-	-	-	-	646 057 973	237 030 864	37 136 118	-	-	274 166 982	371 890 991
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	496 069 503	19 260 405	-	-	-	-	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
	1 537 870 749	266 791 752	-	-	-	-	1 804 662 501	742 961 663	63 536 708	-	-	806 498 371	998 164 130
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	90 481 465	17 625 119	715 917	-	-	-	107 109 961	65 877 829	1 597 044	6 928 038	1 299 121	73 103 790	34 006 171
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	152 582 175	7 914 487	-	-	-	2 137 837	158 358 825	114 695 591	10 100 027	-	2 137 837	122 657 781	35 701 044
	321 262 489	44 472 730	715 917	-	-	-	362 569 363	231 333 566	14 913 301	6 928 038	3 454 414	249 720 491	112 848 872
Heritage assets													
Historical Buildings	1 170 929	-	-	-	-	-	1 170 929	1 170 929	-	-	-	1 170 929	-
Paintings & Artefacts	19 679	-	-	-	-	-	19 679	19 679	-	-	-	19 679	-
	1 190 608	-	-	-	-	-	1 190 608	1 190 608	-	-	-	1 190 608	-
Lease assets													
Furniture & Office Equipment	7 899 818	1 085 666	-	-	-	-	8 985 484	3 460 695	1 917 475	-	-	5 378 170	3 607 314
	7 899 818	1 085 666	-	-	-	-	8 985 484	3 460 695	1 917 475	-	-	5 378 170	3 607 314
Total	5 680 501 141	554 543 047	715 917	-	-	123 737 957	6 112 022 148	3 627 888 068	122 832 466	6 928 038	6 833 103	3 750 815 469	2 361 206 679

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009: MUNICIPALITY

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Office of the City Manager	13 673 706	-	-	-	-	511 850	13 161 856	5 275 863	1 885 440	-	511 850	6 649 453	6 512 403
Corporate Services	171 517 861	118 106	-	-	-	-	171 635 967	79 614 320	6 879 470	-	-	86 493 790	85 142 177
Finance	25 238 460	830 541	-	-	-	155 878	25 913 123	13 180 772	875 856	-	150 956	13 905 672	12 007 451
Community and Social Development	279 037 218	3 573 517	-	-	10 928 350	916 378	292 622 707	159 911 572	11 932 529	-	792 844	171 051 257	121 571 450
Economic Development and Planning	661 586 606	8 631 716	-	(3 828 070)	2 772 055	107 227	669 055 080	29 547 226	2 595 883	-	107 121	32 035 988	637 019 092
Infrastructural Services	1 571 527 117	40 997 773	-	-	381 762 538	764 740	1 993 522 688	538 276 650	78 032 641	-	736 457	615 572 834	1 377 949 854
Miscellaneous Services	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 169	2 093 277	-	252 000	7 219 446	2 327 078
Housing	60 564 474	-	-	-	5 062 188	-	65 626 662	30 627 153	1 668 445	-	-	32 295 598	33 331 064
Fresh Produce Market	27 734 114	-	-	-	-	-	27 734 114	16 112 426	1 397 832	-	-	17 510 258	10 223 856
Water	541 112 652	22 944 381	-	-	76 832	381 195	563 752 670	379 209 113	11 736 035	-	304 821	390 640 327	173 112 343
Total	3 360 977 692	77 909 074	-	(3 828 070)	400 601 963	3 089 268	3 832 571 391	1 257 133 264	119 097 408	-	2 856 049	1 373 374 623	2 459 196 768

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

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Office of the City Manager	6 346 724	7 232 195	94 787	-	-	-	13 673 706	4 503 387	743 886	28 590	-	5 275 863	8 397 843
Corporate Services	169 953 085	2 332 176	(767 400)	-	-	-	171 517 861	72 202 251	7 412 069	-	-	79 614 320	91 903 541
Finance	18 032 385	7 407 709	-	-	-	201 634	25 238 460	12 576 726	698 561	-	94 515	13 180 772	12 057 688
Community and Social Development	253 183 332	32 795 152	6 129 000	-	-	13 070 266	279 037 218	151 839 750	9 083 663	5 556 999	6 568 840	159 911 572	119 125 646
Economic Development and Planning	757 663 432	11 977 642	2 001 400	-	-	110 055 868	661 586 606	26 989 612	2 139 615	417 999	-	29 547 226	632 039 380
Infrastructural Services	1 183 622 869	387 999 035	(94 787)	-	-	-	1 571 527 117	477 268 681	61 036 559	(28 590)	-	538 276 650	1 033 250 467
Miscellaneous Services	7 899 818	369 749	715 917	-	-	-	8 985 484	3 460 694	(5 010 563)	6 928 038	-	5 378 169	3 607 315
Housing	59 784 619	8 142 855	(7 363 000)	-	-	-	60 564 474	35 210 845	1 391 306	(5 974 998)	-	30 627 153	29 937 321
Fresh Produce Market	25 408 253	2 325 861	-	-	-	-	27 734 114	14 884 350	1 228 076	-	-	16 112 426	11 621 688
Water	520 411 898	20 700 754	-	-	-	-	541 112 652	368 842 447	10 366 666	-	-	379 209 113	161 903 539
Total	3 002 306 415	481 283 128	715 917	-	-	123 327 768	3 360 977 692	1 167 778 743	89 089 838	6 928 038	6 663 355	1 257 133 264	2 103 844 428

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009: GROUP

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Office of the City Manager	13 673 706	-	-	-	-	511 850	13 161 856	5 275 863	1 885 440	-	511 850	6 649 453	6 512 403
Corporate Services	171 517 861	118 106	-	-	-	-	171 635 967	79 614 320	6 879 470	-	-	86 493 790	85 142 177
Finance	25 238 460	830 541	-	-	-	155 878	25 913 123	13 180 772	875 856	-	150 956	13 905 672	12 007 451
Community and Social Development	279 037 218	3 573 517	-	-	10 928 350	916 378	292 622 707	159 911 572	11 932 529	-	792 844	171 051 257	121 571 450
Economic Development and Planning	661 586 606	8 631 716	-	(3 828 070)	2 772 055	107 227	669 055 080	29 547 226	2 595 883	-	107 121	32 035 988	637 019 092
Infrastructural Services	1 571 527 117	40 997 773	-	-	381 762 538	764 740	1 993 522 688	538 276 650	78 032 641	-	736 457	615 572 834	1 377 949 854
Miscellaneous Services	8 985 484	813 040	-	-	-	252 000	9 546 524	5 378 169	2 093 277	-	252 000	7 219 446	2 327 078
Housing	60 564 474	-	-	-	5 062 188	-	65 626 662	30 627 153	1 668 445	-	-	32 295 598	33 331 064
Fresh Produce Market	27 734 114	-	-	-	-	-	27 734 114	16 112 426	1 397 832	-	-	17 510 258	10 223 856
Water	541 112 652	22 944 381	-	-	76 832	381 195	563 752 670	379 209 113	11 736 035	-	304 821	390 640 327	173 112 343
Electricity	2 751 044 456	110 960 120	-	-	-	2 096 842 271	765 162 305	2 493 682 205	37 290 202	-	2 096 841 629	434 130 778	331 031 527
Total	6 112 022 148	188 869 194	-	(3 828 070)	400 601 963	2 099 931 539	4 597 733 696	3 750 815 469	156 387 610	-	2 099 697 678	1 807 505 401	2 790 228 295

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

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Transfer In	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer In	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Office of the City Manager	6 346 724	7 232 195	94 787	-	-	-	13 673 706	4 503 387	743 886	28 590	-	5 275 863	8 397 843
Corporate Services	169 953 085	2 332 176	(767 400)	-	-	-	171 517 861	72 202 251	7 412 069	-	-	79 614 320	91 903 541
Finance	18 032 385	7 407 709	-	-	-	201 634	25 238 460	12 576 726	698 561	-	94 515	13 180 772	12 057 688
Community and Social Development	253 183 332	32 795 152	6 129 000	-	-	13 070 266	279 037 218	151 839 750	9 083 663	5 556 999	6 568 840	159 911 572	119 125 646
Economic Development and Planning	757 663 432	11 977 642	2 001 400	-	-	110 055 868	661 586 606	26 989 612	2 139 615	417 999	-	29 547 226	632 039 380
Infrastructural Services	1 183 622 869	387 999 035	(94 787)	-	-	-	1 571 527 117	477 268 681	61 036 559	(28 590)	-	538 276 650	1 033 250 467
Miscellaneous Services	7 899 818	369 749	715 917	-	-	-	8 985 484	3 460 694	(5 010 563)	6 928 038	-	5 378 169	3 607 315
Housing	59 784 619	8 142 855	(7 363 000)	-	-	-	60 564 474	35 210 845	1 391 306	(5 974 998)	-	30 627 153	29 937 321
Fresh Produce Market	25 408 253	2 325 861	-	-	-	-	27 734 114	14 884 350	1 228 076	-	-	16 112 426	11 621 688
Water	520 411 898	20 700 754	-	-	-	-	541 112 652	368 842 447	10 366 666	-	-	379 209 113	161 903 539
Electricity	2 678 194 726	73 259 919	-	-	-	410 189	2 751 044 456	2 460 109 325	33 742 628	-	169 748	2 493 682 205	257 362 251
Total	5 680 501 141	554 543 047	715 917	-	-	123 737 957	6 112 022 148	3 627 888 068	122 832 466	6 928 038	6 833 103	3 750 815 469	2 361 206 679

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009: MUNICIPALITY

2008	2008	2008		2009	2009	2009
Actual	Actual	Surplus/ (Deficit)		Actual	Actual	Surplus/ (Deficit)
Income	Expenditure			Income	Expenditure	
R	R	R		R	R	R
249 648 970	-	249 648 970	Property Rates	278 236 177	-	278 236 177
18 270 679	104 891 940	(86 621 261)	Office of the City Manager	16 424 510	122 138 397	(105 713 887)
2 946 393	54 579 251	(51 632 858)	Corporate Services	1 348 182	64 195 357	(62 847 175)
42 288 477	50 065 787	(7 777 310)	Finance	42 413 399	57 556 419	(15 143 020)
32 360 929	191 921 110	(159 560 181)	Community and Social Development	17 986 339	189 359 597	(171 373 258)
19 911 463	37 224 857	(17 313 394)	Economic Development and Planning	13 183 638	42 962 588	(29 778 950)
164 338 333	271 224 746	(106 886 413)	Infrastructural Services	202 999 394	325 751 176	(122 751 782)
652 236 340	374 280 019	277 956 321	Miscellaneous Services	784 287 154	385 120 369	399 166 785
11 636 087	26 598 933	(14 962 846)	Housing	17 711 015	27 881 822	(10 170 807)
14 109 561	10 857 057	3 252 504	Fresh Produce Market	15 287 076	11 894 135	3 392 941
307 278 888	267 840 048	39 438 840	Water	363 118 848	315 926 069	47 192 779
1 515 026 120	1 389 483 748	125 542 372		1 752 995 732	1 542 785 929	210 209 803

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009: GROUP

2008	2008	2008		2009	2009	2009
Actual	Actual	Surplus/ (Deficit)		Actual	Actual	Surplus/ (Deficit)
Income	Expenditure			Income	Expenditure	
R	R	R		R	R	R
249 648 970	-	249 648 970	Property Rates	278 236 177	-	278 236 177
18 270 679	104 891 940	(86 621 261)	Office of the City Manager	16 424 510	122 138 397	(105 713 887)
2 946 393	54 579 251	(51 632 858)	Corporate Services	1 348 182	64 195 357	(62 847 175)
42 288 477	50 065 787	(7 777 310)	Finance	42 413 399	57 556 419	(15 143 020)
32 360 929	191 921 110	(159 560 181)	Community and Social Development	17 986 339	189 359 597	(171 373 258)
19 911 463	37 224 857	(17 313 394)	Economic Development and Planning	13 183 638	42 962 588	(29 778 950)
164 338 333	271 224 746	(106 886 413)	Infrastructural Services	202 999 394	325 751 176	(122 751 782)
434 548 728	308 712 211	125 836 517	Miscellaneous Services	536 684 079	286 140 079	250 544 000
11 636 087	26 598 933	(14 962 846)	Housing	17 711 015	27 881 822	(10 170 807)
14 109 561	10 857 057	3 252 504	Fresh Produce Market	15 287 076	11 894 135	3 392 941
307 278 888	267 840 048	39 438 840	Water	363 118 848	315 926 069	47 192 779
597 583 661	423 827 637	173 756 024	Electricity	779 503 447	580 012 828	199 490 619
1 894 922 169	1 747 743 577	147 178 592		2 284 896 104	2 023 818 467	261 077 637

MANGAUNG LOCAL MUNICIPALITY

APPENDIX E

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FISCAL YEAR 2009

	2009	2009	2009	2009
	Actual	Budget	Variance	Variance
Revenue	R	R	R	%
Property rates	275 064 648	285 027 336	(9 962 688)	-3%
Service charges	389 847 692	381 699 777	8 147 915	2%
Rental of facilities and equipment	18 903 446	13 282 785	5 620 661	42%
Interest earned	156 439 702	130 758 303	25 681 399	20%
Fines	4 733 684	9 874 570	(5 140 886)	-52%
Licenses and permits	237 948	750 030	(512 082)	-68%
Income for agency services	90 528 323	99 841 894	(9 313 571)	-9%
Government grants and subsidies	722 291 388	892 670 700	(170 379 312)	-19%
Other income	94 948 901	51 169 351	43 779 550	86%
Total Revenue	1 752 995 732	1 865 074 746	(112 079 014)	
Expenditure				
Office of the City Manager	122 138 397	121 173 397	965 000	1%
Corporate Services	64 195 357	66 123 890	(1 928 533)	-3%
Finance	57 556 419	57 937 635	(381 216)	-1%
Community and Social Development	189 359 597	211 466 608	(22 107 011)	-10%
Economic Development and Planning	42 962 588	45 797 664	(2 835 076)	-6%
Infrastructural Services	325 751 176	304 362 171	21 389 005	7%
Miscellaneous Services	385 120 369	216 251 595	168 868 774	78%
Housing	27 881 822	32 337 931	(4 456 109)	-14%
Fresh Produce Market	11 894 135	11 963 713	(69 578)	-1%
Water	315 926 069	284 532 280	31 393 789	11%
Total Expenditure	1 542 785 929	1 351 946 884	190 839 045	
Net surplus/(deficit) for the year	210 209 803	513 127 862	(302 918 059)	-59%

MANGAUNG LOCAL MUNICIPALITY

APPENDIX E

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FC

	2008	2008	2008	2008
	Actual	Budget	Variance	Variance
Revenue	R	R	R	%
Property rates	246 682 769	247 342 960	(660 191)	0%
Service charges	338 401 024	326 200 900	12 200 124	4%
Rental of facilities and equipment	24 186 557	14 700 667	9 485 890	65%
Interest earned	169 268 419	143 957 920	25 310 499	18%
Fines	7 584 604	9 406 830	(1 822 226)	-19%
Licenses and permits	262 502	697 570	(435 068)	-62%
Income for agency services	82 382 451	9 261 640	73 120 811	790%
Government grants and subsidies	576 626 581	583 457 064	(6 830 483)	-1%
Other income	69 631 213	65 057 567	4 573 646	7%
Total Revenue	1 515 026 120	1 400 083 118	114 943 002	
Expenditure				
Office of the City Manager	104 891 940	110 637 903	(5 745 963)	-5%
Corporate Services	54 579 251	53 627 834	951 417	2%
Finance	50 065 787	53 062 646	(2 996 859)	-6%
Community and Social Development	191 921 110	208 155 599	(16 234 489)	-8%
Economic Development and Planning	37 224 857	41 944 118	(4 719 261)	-11%
Infrastructural Services	271 224 746	275 025 264	(3 800 518)	-1%
Miscellaneous Services	374 280 019	97 772 363	276 507 656	283%
Housing	26 598 933	32 568 301	(5 969 368)	-18%
Fresh Produce Market	10 857 057	10 677 173	179 884	2%
Water	267 840 048	260 145 479	7 694 569	3%
Total Expenditure	1 389 483 748	1 143 616 680	245 867 068	
Net surplus/(deficit) for the year	125 542 372	256 466 438	(130 924 066)	-51%

ALITY CONSOLIDATED

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FOR THE YEAR ENDED 30 JUNE 2009: MUNICIPALITY

Explanation of significant variances greater than 10% versus budget
In order to account for the new accounting standards for leases, an amount of R3,3 million was transferred to revenue as a deferred rental lease income. The amount was not included in the 2009 budget. The increase in rental tariffs was also more than the amounts budgeted.
The actual interest received on the shareholder loan, based on the sale of business agreement, was R3.8 million more than the amount budgeted. Deferred interest accrued, due to accounting for the shareholder loan at amortised cost in terms of IAS39 (AC133) Financial Instruments: Recognition and Measurement, in the amount of R15.2 million was also not included in the 2009 budget. Fair value adjustment interest accrued to the amount of R9.4 million was not included in the 2009 budget. This interest is due to the first time implementation of SAICA circular 9/2006: Transactions given rise to Adjustments to Revenue/Purchases.
The income from traffic fines was R5.2 million less than the amount budgeted for, due to shortages of personnel and withdrawal of summonses, warrants, etc issued, by the court.
The amount was over budgeted if compared with the previous financial year. Less hawkker permits and levies for placards were received as the amount budgeted for.
An amount of R161.2 million of the Public Transport Infrastructure and Systems Grant as well as unspent balances from other government grants were not fully utilised as budgeted for in the 2009 financial year. Unspent grants are transferred to the next financial year.
An amount of R44 million relating to the actuarial gain on the defined benefit plan obligation was not budgeted for. The recognition is due to the first time implementation of IAS19 Employee benefits.

A saving of R22.6 million was realised on the provision for depreciation as a result of capital projects not purchased in the 2009 financial year. The acquisition of capital expenditure was delayed during the budget process.
The amount budgeted for the provision of bad debt for the 2009 financial year for rates and general services was R12,5 million. The actual impairment provision amounted to R163 million. The R150.5million overspending is due to the change in the measurement of the provision as a result of the implementation of IAS39 (AC133) Financial Instruments: Recognition and Measurement.
Savings on salaries and allowances, due to vacancies, and an underspending of R2 million on the housing accreditation subsidy, resulted in a saving on the total budgeted amount. The unspent subsidy is transferred to the next financial year.
The amount budgeted for the provision of bad debt for the 2009 financial year for water services was R7,5 million. The actual impairment provision amounted to R38 million.

ALITY CONSOLIDATED

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FOR THE YEAR ENDED 30 JUNE 2008: MUNICIPALITY

Explanation of significant variances greater than 10% versus budget
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.
The income source was under budgeted. The increase in outstanding consumer debt was more than anticipated.
The income from traffic fines was R1.8 million less than the amount budgeted for, due to shortages of personnel and withdrawal of summonses, warrants, etc issued, by the court.
The income from dog licenses and levies on placards were less than the amount budgeted for, due to shortages of personnel and withdrawal of summonses, warrants, etc issued, by the court.
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.

Savings on salaries and allowances due to vacancies and savings in general resulted in an under spending on the total budgeted amount.
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
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 the next financial year.

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX E (2)

ACTUAL EXPENDITURE VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009: MUNICIPALITY

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance
	R	R	R	R	R	%
Office of the City Manager	-	-	-	30 000	(30 000)	(100)
Corporate Services	118 106	-	118 106	195 800	(77 694)	(40)
Finance	830 541	-	830 541	872 806	(42 265)	(5)
Community and Social Development	3 573 517	10 928 350	14 501 867	14 923 000	(421 133)	(3)
Economic Development and Planning	8 631 716	2 772 055	11 403 771	15 896 432	(4 492 661)	(28)
Infrastructural Services	40 997 773	381 762 538	422 760 311	624 697 145	(201 936 834)	(32)
Miscellaneous Services	813 040	-	813 040	-	813 040	100
Housing	-	5 062 188	5 062 188	11 337 332	(6 275 144)	(55)
Fresh Produce Market	-	-	-	-	-	-
Water	22 944 381	76 832	23 021 213	23 632 960	(611 747)	(3)
	77 909 074	400 601 963	478 511 037	691 585 475	(213 074 438)	

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 2003 FOR THE YEAR ENDED 30JUNE 2009

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act Yes / No
		Sept 2008	Dec 2008	March 2009	June 2009	Sept 2008	Dec 2008	March 2009	June 2009	Sept 2008	Dec 2008	March 2009	June 2009	
2010 Soccer DBSA	DBSA									-	-	-	-	Yes
2010 Stadia Development Grant	National Government	48 164 032	2 646 640	11 948 712	10 663 816	23 299 462	52 535 380	24 129 605	7 227 900	-	-	-	-	Yes
2010 Stadia Provincial Grant	Provincial Government	-	64 479 325	-	-	-	-	15 070 480	29 123 342	-	-	-	-	Yes
2010 World Cup Host City Grant	National Government				54 800 000				4 703 250	-	-	-	-	Yes
DBSA Grant Capacity Building Programme	National Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
DPLG Grant Sustainable Human Settlement	Provincial Government	-	-	-	-	-	232 334	42 533	-	-	-	-	-	Yes
DWAF Grant	National Government	-	-	-	-	-	-	-	100 820	-	-	-	-	Yes
Equitable Share	National Government	97 257 939	72 943 454	135 596 012	-	58 683 139	57 663 348	73 569 305	115 881 613	-	-	-	-	Yes
Financial Management Grant	National Government	500 000	-	-	-	35 593	86 983	877 454	1 235 318	-	-	-	-	Yes
Housing Accreditation Subsidy	Provincial Government	2 000 000	-	-	500 000	14 629	61 736	162 515	591 526	-	-	-	-	Yes
Local Government & Housing Grant	Provincial Government	-	-	-	-	-	-	5 298	128 480	-	-	-	-	Yes
Local Government & Housing Infrastructure Grant	Provincial Government	-	-	-	-	-	-	936 939	9 425 201	-	-	-	-	Yes
Mig Grant -Capacity building	National Government	-	-	-	-	-	6 661	31 133	135 431	-	-	-	-	Yes
Mig Grant -Infrastructural Services	National Government	11 437 000	16 948 000	6 087 000	68 462 000	14 231 385	43 063 563	11 674 704	31 887 136	-	-	-	-	Yes
Motheo Contr Environmental Health	Motheo Municipality	-	-	-	7 000 000	-	-	42 103	594 566	-	-	-	-	Yes
Municipal System Improvement Grant	National Government	400 000	-	-	-	-	-	221 803	367 482	-	-	-	-	Yes
National Electrification Program Grant	National Government	-	-	-	55 435 613	-	-	-	57 800 126	-	-	-	-	Yes
Provincial Health Subsidies	Provincial Government	-	65 000	3 294 299	2 171	840 368	840 367	840 368	840 367	-	-	-	-	Yes
Provincial Grant Land Use Scheme	Provincial Government	-	-	-	-	-	-	204 955	-	-	-	-	-	Yes
Provincial Grant Planning & Surveying	Provincial Government	-	-	-	-	-	-	-	66 337	-	-	-	-	Yes
Provincial Transfer Grasslands	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
Public Transport Infra & System Grant	National Government	80 000 000	80 000 000	-	82 617 000	682 848	14 397 339	26 590 919	29 742 558	-	-	-	-	Yes
Restructuring Grant	National Government	-	-	-	-	3 972 310	620 534	901 046	474 322	-	-	-	-	Yes
Urban Renewal Grant	Provincial Government	-	-	-	377 500	-	-	-	-	-	-	-	-	Yes
		239 758 971	237 082 419	156 926 023	279 858 100	101 759 734	169 508 245	155 301 160	290 325 775	-	-	-	-	

MANGAUNG LOCAL MUNICIPALITY CONSOLIDATED

APPENDIX F

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act Yes / No
		Sept 2007	Dec 2007	March 2008	June 2008	Sept 2007	Dec 2007	March 2008	June 2008	Sept 2007	Dec 2007	March 2008	June 2008	
2010 Soccer DBSA	DBSA	-	-	-	-	-	-	-	-	-	-	-	-	Yes
2010 Stadia Development Grant	National Government	12 011 359	78 025 730	21 889 436	71 841 665	-	-	-	119 602 028	-	-	-	-	Yes
DBSA Grant Capacity Building Programme	National Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
DWAF Grant	National Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
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
Financial Management Grant	National Government	500 000	-	-	-	36 320	52 250	13 232	47 705	-	-	-	-	Yes
Housing Accreditation Subsidy	Provincial Government	-	2 400 000	-	-	96 206	343 401	81 639	677 614	-	-	-	-	Yes
Local Government & Housing Grant	Provincial Government	-	-	9 296 800	-	-	-	-	-	-	-	-	-	Yes
Local Government & Housing Infrastructure Grant	Provincial Government	-	-	30 067 358	-	-	-	-	-	-	-	-	-	Yes
Mig Grant -Infrastructural Services	National Government	31 040 000	19 880 163	33 881 908	85 432 000	-	-	-	165 012 651	-	-	-	-	Yes
Motheo Contr Environmental Health	Motheo Municipality	-	-	-	3 777 980	-	-	-	-	-	-	-	-	Yes
Municipal System Improvement Grant	National Government	-	-	-	-	96 959	69 853	-	170 000	-	-	-	-	Yes
National Electrification Program Grant	National Government	-	-	-	19 151 316	-	-	-	14 251 301	-	-	-	-	Yes
Provincial Health Subsidies	Provincial Government	-	-	1 578 265	2 222 020	950 071	950 071	950 071	950 071	-	-	-	-	Yes
Provincial Grant Land Use Scheme	Provincial Government	-	-	-	720 000	-	-	-	-	-	-	-	-	Yes
Provincial Grant Planning & Surveying	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
Provincial Transfer Grasslands	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	Yes
Public Transport Infra & System Grant	National Government	-	4 167 000	20 833 000	-	-	1 126 404	5 397 486	8 968 799	-	-	-	-	Yes
Restructuring Grant	National Government	-	-	-	-	2 288 109	1 783 352	2 579 798	4 598 715	-	-	-	-	Yes
		122 408 284	163 615 587	216 117 923	183 144 981	17 989 049	20 632 412	24 845 791	504 197 630	-	-	-	-	