



GRAP FINANCIAL STATEMENTS

for the year ended

30 June 2005

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 26, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note of these 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.

Municipal Manager

Date

CHRIS HANI DISTRICT MUNICIPALITY

CONTENDS

	PAGE
1 STATEMENT OF FINANCIAL POSITION	1
2 STATEMENT OF FINANCIAL PERFORMANCE	2
3 STATEMENT OF CHANGES IN COMMUNITY WEALTH	3
4 CASH FLOW STATEMENT	4
5 ACCOUNTING POLICIES	5-11
6 NOTES	12-23
7 APPENDICES :	
A. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	24-25
B. SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	26
C. SEGMENTAL INCOME STATEMENT	27
D. ACTUAL VERSUS BUDGET	28
E. CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET	29
F. CONDITIONAL GRANTS AND RECEIPTS	30-32

**CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005**

	Note	2005 R	2004 R
NET ASSETS AND LIABILITIES			
Net assets		34,891,415	39,910,625
Capital replacement reserve		216,817	674,302
Capitalisation reserve		-	-
Government grant reserve		4,245,441	3,768,032
Unappropriated Surplus/(accumulated Deficit)		30,429,157	35,468,291
Non-current Liabilities		588,007	740,054
Non-current provisions	3	588,007	740,054
Current Liabilities		181,021,999	176,065,964
Provisions	5	1,152,183	773,000
Creditors	6	23,034,834	29,632,405
Unspent conditional grants and receipts	7	156,834,981	145,660,559
Bank overdraft	15		
Total Net Assets And Liabilities		<u>216,501,421</u>	<u>216,716,644</u>
ASSETS			
Non-Current Assets		18,109,782	13,336,982
Property, Plant And Equipment	9	17,495,655	11,965,508
Long-term receivables	11	614,127	1,371,474
Current Assets		198,391,640	203,379,662
Consumer debtors	13	705,116	184,082
Other debtors	14	50,356,598	36,555,400
Current portion of long-term loans	11	255,534	522,818
Call Investments	10	-	-
Vat	8	34,522,916	24,626,376
Cash		3,290	3,290
Bank	15	112,548,184	141,487,696
Total Assets		<u>216,501,421</u>	<u>216,716,644</u>

(Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

Budget		Note	Actual	
2004	2005		2005	2004
R	R		R	R
REVENUE				
6,220,000	6,735,000		7,478,249	4,999,763
5,880,000	6,365,000		10,111,497	7,485,099
55,500	63,600		38,567	125,125
-	-		-	-
200,000	1,452,600	17	140,475	4,724,390
60,000	108,000		50,771	110,250
40,828,730	25,116,713		15,075,239	43,513,223
13,372,500	22,765,400	18	17,809,401	15,339,053
1,000	-		1,316	6,936
90,500	50,000	19	732,364	1,725,169
-	-		-	53,762
66 708 230	62 656 313		51,437,879	78 082 770
	202 445 700	18	250,817,938	220 320 201
66 708 230	265 102 014		302 255 817	298 402 971
EXPENDITURE				
42,695,222	36,908,018	20	32,407,924	45 992 479
5,007,674	4,918,146	21	3,440,204	3 270 175
		22	-	0
500,000	475,000		1,768,342	105 413
			1,725,428	1 612 493
1,899,976	2,926,051		2,866,697	1 715 370
35,000	103,000		63,855	35 918
7,357,000	7,962,000	25	7,915,303	7 349 721
9,213,359	8,364,099		5,269,336	9 421 722
	1,000,000	3	1,000,000	1 300 000
66 708 230	62 656 313		56 457 089	70 803 291
	202,445,700		250 817 938	220 320 201
66 708 230	265 102 013		307 275 027	291 123 492
0	0		(5 019 210)	7 279 480
Nett Surplus / (Deficit) for the year				

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)
(The budget figure only include the Chris Hani budget and none of the agency services.)

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Public donations and contributions reserve	Accumulated surplus	Total
	R	R	R	R	R	R
2004						
Balance at 1 July 2003					21 055 142	21 055 142
Adjustments iro previous years					(1 261 512)	(1 261 512)
Implementation of GAMAP	623 896	6 207 675	3 879 496	-	1 695 480	12 406 546
Restated balance	623 896	6 207 675	3 879 496	0	21 489 110	32 200 176
Net Surplus for the year					7 279 480	7 279 480
Transfer to/ from AFR					0	0
Transfer of interest earned to Grants and donations	50 406				(50 406)	0
Property, plant and equipment purchased						0
Capital grants used to purchase PPE			535 107			535 107
Donated/contributed PPE						0
Transfer to Provision						0
Asset disposals		(55 412)			55 412	0
Offsetting of depreciation.		(769 620)	(646 571)		1 416 191	0
Balance at 30 June 2004	674 302	5 382 642	3 768 032	0	30 189 786	40 014 763
2005						
Corrections (Note 37)					(104,137)	(104 137)
Change in accounting policy (Note 28)		(5,382,642)			5,382,642	0
Restated balance	674 302	0	3 768 032	0	35,468,291	39 910 625
Net Surplus for the year					(5,019,210)	(5 019 210)
Transfer to/ from CRR	(497,007)				497,007	0
Transfer of interest earned to CRR	39,521				(39,521)	0
Property, plant and equipment purchased						0
Capital grants used to purchase PPE			1,155,123		(1,155,123)	0
Offsetting of depreciation.			(677,713)	-	677,713	0
Balance at 30 June 2005	216 817	0	4 245 441	0	30 429 157	34 891 415

CHRIS HANI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 30 JUNE 2005

	2005	2004
	R	R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from levies, government and other	313,289,764	382,009,572
Cash paid to suppliers and employees	(335,366,145)	(329,227,062)
Cash generated from operations	29 (22,076,381)	52,782,511
Interest received	140,475	4,724,390
Interest paid		-
NET CASH FROM OPERATING ACTIVITIES	(21,935,906)	57,506,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.	(7,255,374)	(3,518,522)
Proceeds on disposal of fixed assets.	-	(27,721)
(Increases)/Decreases in non-current receivables	1,024,631	287,214
(Increases)/Decreases in non current investments	-	1,382,990
(Increases)/Decreases in call investment deposits	-	
NET CASH FROM INVESTING ACTIVITIES	(6,230,743)	(1,876,039)
CASH FLOW FROM FINANCING ACTIVITIES		
New loans raised		
Increase/(Decrease) in consumer deposits		
Non-Operating expenditure charged against Provisions	(772,864)	(1,789,492)
Non-Operating income charged against Provisions		932,394
NET CASH FROM FINANCING ACTIVITIES	(772,864)	(857,098)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30 (28,939,512)	54,773,764
Cash and cash equivalents at the beginning of the year	141,490,986	83,602,083
Cash and cash equivalents at the end of the year	112,551,474	138,375,847

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

In accordance with section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board and which are fundamentally different to the accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy is set out in note 27.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

The financial statements are presented in South African Rand and have been prepared on a going concern basis.

2 PROPERTY, PLANT AND EQUIPMENT (PPE)

2.1 PPE is stated:

- At cost less accumulated depreciation, or
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

2.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

2.3 Depreciation and impairment losses

2.3.1 Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	<u>Years</u>		<u>Years</u>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		
<u>Investment Properties</u>	30		

2.3.2 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

2.3.3 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

2.4 Disposal and retirement of assets

- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the statement of financial performance.

3 FUNDS AND RESERVES

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

3.1 Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.
- The CRR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council want to utilise the CRR for expensing something else than PPE an amount equal to the expense must be transferred to net surplus.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR to the Accumulated surplus account through the Statement of Changes in Net Assets. This transfer is used to offset depreciation charged on assets purchased out of the AFR and is released to the Statement of Changes in Net Assets at purchase of the asset to avoid double taxation of the consumers.
- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the Statement of Financial Performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

3.2 Government Grant Reserve

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

4 PROVISIONS

A provision is recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.1 Employee Benefits

4.1.1 Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

4.1.2 Medical Aid: Continued Members

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

These contributions are charged to the operating account when paid.

4.1.3 **Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages.

4.1.4 **Provision for bonuses**

Bonuses were paid out of operating expenses

4.1.5 **Provision for constructive obligations**

Provision is made for any constructive obligations of CHDM. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby CHDM has indicated to other parties that it will accept certain responsibilities and as a result, the CHDM has created a valid expectation on the part of those other parties that it will discharge those responsibilities

4.1.6 **Provision for onerous contracts**

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

5 LEASES

LESSEE ACCOUNTING

- 5.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.
- 5.2 Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.
- 5.3 Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

LESSOR ACCOUNTING

- 5.4 Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Council's net investment outstanding in respect of the leases.
- 5.5 Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

6 INVESTMENTS

The Council may have the following types of investments.

- **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity.
- **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a loan debtor.

INITIAL MEASUREMENT of financial instruments is **at cost, which is the fair value** of the consideration given. The fair value is usually the transaction price or market price. **Transaction costs** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

8 REVENUE RECOGNITION

- 8.1 Revenue is derived from a variety of sources which include Regional Council levies, grants from other tiers of government and revenue from other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Council and these benefits can be measured reliably.
- 8.2 Revenue from levies is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid levies is recognized on a time proportionate basis.
- 8.3 Some services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received.

- 8.4 Interest earned on investments is recognised in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the unappropriated surplus to the AFR. Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants if the grant conditions indicate that interest is payable to the funder.
- 8.5 Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:
- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
 - The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
 - The amount of revenue can be measured reliably.
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- 8.6 Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.
- 8.7 When the outcome of a transaction involving the rendering of services can be **estimated reliably**, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be **estimated reliably** when **all** the following conditions are satisfied:
- The amount of revenue can be measured reliably.
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
 - The stage of completion of the transaction at the statement of financial position date can be measured reliably.
 - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- 8.8 Government Grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the Council has not met the condition, a liability is raised.

9 VALUE ADDED TAX

The Council accounts for Value Added Tax on the payment basis.

10 SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by service operation

11 GRANTS-IN-AID

The Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 4.1.6 above.

12 UNUTILISED CONDITIONAL GRANTS.

Unutilised conditional grants are reflected on the Statement of financial position as a creditor – unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. These creditors always have to be cash backed. The following provisions are set for the creation and utilisation of these creditors:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Council's interest it is recognised as interest earned in the statement of financial performance.
- Whenever an asset is purchased and funded from the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Capital Receipts into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the statement of changes in net assets to a reserve called a future depreciation reserve (FDR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Capital Receipts. The FDR is used to offset depreciation charged on assets purchased out of the Unutilised Capital Receipts to avoid double taxation of the consumers.

13 INTANGIBLE ASSETS.

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortised according to the straight line method.

14 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written of during the year in which they are identified.

15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
1. HOUSING DEVELOPMENT FUND		
Chris Hani District Municipality does not administer any Housing development fund.		
2 LONG- TERM LIABILITIES		
Chris Hani District Municipality have no long- term liabilities by way of external loans.		
3 NON-CURRENT PROVISIONS		
Provision for Leave pay	588 007	740 054
Total Non-Current Provisions	<u>588 007</u>	<u>740 054</u>

Leave pay accrue to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

	<u>Leave Pay</u>
The movement in the provision is reconciled as follows:-	
30 June 2004	
Balance at beginning of year	1 070 152
Contributions and other income	2 232 394
Expenditure incurred	(1 789 492)
Increase due to discounting	
Transfer to current provisions	(773 000)
Balance at end of year	<u>740,054</u>
30 June 2005	
Balance at beginning of year	740,054
Contributions and other income	1,000,000
Expenditure incurred	
Increase due to discounting	
Transfer to current provisions	(1,152,047)
Balance at end of year	<u>588,007</u>

4 CONSUMER DEPOSITS

Chris Hani District Municipality holds no consumer deposits.

5 CURRENT PROVISIONS

Current portion of Leave Pay provision	1,152,183	773,000
Total Current Provisions	<u>1,152,183</u>	<u>773,000</u>

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

	<u>Current Portion Leave Pay</u>
30 June 2004	
Balance at beginning of year	
Transfer from non-current	773,000
Contributions to provision	
Expenditure incurred	
Balance at end of year	<u>773,000</u>
30 June 2005	
Balance at beginning of year	773,000
Transfer from non-current	1,152,047
Contributions to provision	
Expenditure incurred	(772,864)
Balance at end of year	<u>1,152,183</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
6 CREDITORS		
Trade creditors	1 042 066	3 149 677
Audit fees	0	0
Unidentified direct deposits	245	9 517 512
Dwat:unidentified deposits	1,115,930	1,115,930
Equitable share projects	2,174,700	3,153,044
Deposits	321 334	477 697
Other creditors	5 092 994	2 694 989
Road works	13 054 217	9 290 208
Traffic fines	233 349	233 349
Total creditors	<u>23 034 834</u>	<u>29 632 405</u>
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional grants from government	156 367 208	144 526 394
Government Grants	98 535 030	109 752 311
Provincial Grants and subsidies	57 832 178	34 774 083
Other conditional receipts	467 772	1 134 165
Total Conditional Grants and Subsidies	<u>156 834 981</u>	<u>145 660 559</u>
See Appendix F for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.		
8 VAT		
Vat control account	(1 428 572)	(1 348 689)
Accrued Vat (refund from SARS)	(5 362 263)	0
Input tax	45 466 478	27 824 978
Output tax	(4 152 728)	(1 849 913)
	<u>34,522,916</u>	<u>24,626,376</u>

Vat is paid on the receivable basis.

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2005

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2004	6,088,757	-	246,789	5,629,963	11,965,508
Cost	7,109,738		419,966	8,996,058	16,525,761
Accumulated depreciation	(1,020,981)		(173,177)	(3,366,094)	(4,560,253)
Acquisitions	3,021,635		37,620	4,196,119	7,255,374
Capital under Construction					-
Depreciation	(241,283)	-	(44,998)	(1,438,947)	(1,725,228)
- based on cost	(241,283)		(44,998)	(1,438,947)	(1,725,228)
Carrying value of disposals	-	-	-	-	-
Cost					
Accumulated depreciation					-
Impairment losses					
Other movements					
Carrying values at 30 June 2005	8,869,109	-	239,411	8,387,135	17,495,655
Cost	10,131,374	-	457,586	13,192,176	23,781,136
Accumulated depreciation	(1,262,264)	-	(218,175)	(4,805,042)	(6,285,481)

30 June 2004

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2003	4,561,876	-	278,077	5,247,218	10,087,172
Cost	5,346,566		403,960	7,339,817	13,090,344
Accumulated depreciation	(784,690)		(125,882)	(2,092,599)	(3,003,172)
Acquisitions	1,763,172		16,006	1,739,344	3,518,522
Capital under Construction					
Depreciation	(236,291)	-	(47,294)	(1,328,908)	(1,612,493)
- based on cost	(236,291)		(47,294)	(1,328,908)	(1,612,493)
Carrying value of disposals	-	-	-	(27,691)	(27,691)
Cost				(83,104)	(83,104)
Accumulated depreciation				55,412	55,412
Impairment losses					
Other movements					
Carrying values at 30 June 2004	6,088,757	-	246,789	5,629,963	11,965,508
Cost	7,109,738	-	419,966	8,996,058	16,525,761
Accumulated depreciation	(1,020,981)	-	(173,177)	(3,366,094)	(4,560,253)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
10 CALL INVESTMENT DEPOSITS		
<u>Listed</u>		
Chris Hani District Municipality had no listed investments on reporting date.		
<u>Unlisted</u>		
Chris Hani District Municipality had no unlisted investments on reporting date.		
<u>Financial Instruments</u>		
Call Account Deposits	-	
Total cash investments	<u>0</u>	<u>0</u>
Total Investments	<u>0</u>	<u>0</u>
<u>Allocation of call investments</u>		
Surplus cash is invested until used for specific purposes. Investments are		
Reserves (Excluding Future Depreciation Reserves)	0	674 302
Provisions Invested	0	350 858
Conditional Grants And Subsidies Invested	(0)	2 562 759
Surplus Funds Invested	0	12 161
Provision For Bad Debts Invested	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>3 600 080</u>
11 LONG-TERM RECEIVABLES		
Motor car loans	857,202	1 894 292
Study loans	<u>12 460</u>	<u>1 894 292</u>
	869 661	1 894 292
Less : Short-term portion transferred to current assets	(255,534)	(522 818)
Total Non-Current loans	<u>614 127</u>	<u>1 371 474</u>
<u>Loans were approved for:</u>		
Motor car loans to employees. No new loans are being made and existing		
12 INVENTORY		
The Council keeps no inventory. Goods are purchased as needed and		
13 CONSUMER DEBTORS		
Levies	<u>705,116</u>	<u>184 082</u>
Total	<u>705 116</u>	<u>184 082</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
The debtor system does not provide an adequate age analysis of levies		
14 OTHER DEBTORS		
Sundry Debtors	5,357,819	5 480 452
Roads & Works Recov. Expenditure.	1,381,119	421 211
Ambulance Service	2,093,104	1 776 718
Ambulance Subsidy Bisho	1,687,765	1 687 765
Intsika Yethu Subsidy	312,346	312 346
Roadwork's Subsidy	17,380,246	11 737 553
Subsidy National Health And Population Projects	4,680,392 246,411	6 795 581 0
Maap Institutional Support(ec612)	(13,699)	711 682
Elections Infrastructure	1,190,001	1 190 001
Poverty relief	3,838,582	3 011 882
Hala upgrading of services (Special Fund)	3,117,120	906 133
Other	<u>9,085,393</u>	<u>2 524 077</u>
Total Other Debtors	<u>50 356 598</u>	<u>36 555 400</u>

15 BANK, CASH AND OVERDRAFT BALANCES

Chris Hani District Municipality has the following bank accounts:

Current Account (Primary Bank Account)

First National Bank
Cathcart Road
Queenstown

Cashbook balance at the beginning of the year	141,487,696	83 600 833
Cashbook balance at the end of the year	<u>112 548 184</u>	<u>141 487 696</u>
Bank statement balance at the beginning of the year	<u>142 401 354</u>	<u>88 683 956</u>
Bank statement balance at the end of the year	<u>142 401 354</u>	<u>142 401 354</u>

17 SERVICE CHARGES

Chris Hani District Municipality does not levy any service charges.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
18 GOVERNMENT GRANTS AND SUBSIDIES		
<u>Government Grants</u>		
Equitable share	16,654,278	15 339 053
Total Government Grants	16 654 278	15 339 053
<u>National/Provincial conditional Government grant funding.</u>		
Funds transferred to Income for reimbursement of non capital expenditure	250 817 938	220 320 201
Funds transferred to Income for reimbursement of capital expenditure (See Appendix F for detail)	1 155 123	
Total National/Provincial Government Grants reimbursements	251 973 061	220 320 201
Total Government Grants and Subsidies	268 627 339 #	235 659 253
Equitable share		
In terms of the Constitution, this grant is used to balance the Municipalities revenue. The payment was not withheld for any reason.		
19 OTHER INCOME		
Sundry Income	623,425	186 326
Income Provincials	82,325	
Commission On Collection	26,614	66 232
Sundry Rentals		70 473
Recoveries		1 402 137
Total Other Income	732 364	1 725 169
20 EMPLOYEE RELATED COSTS		
Salaries and wages	23,043,480	30 015 493
Contributions for UIF, pensions and medical aids	5,294,844	8 558 531
Travel, motor car and other allowances	2,965,050	2 870 091
Housing benefits	472,378	876 986
Overtime		3 537 121
Performance bonuses	464,868	
Long-service awards	167,304	134 257
Less: Employee costs allocated to Property, Plant and Equipment		
Less: Employee costs included in other expenses		
	32 407 924	45 992 479

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
Remuneration of the Municipal Manager		
Annual Remuneration	330,438	307,818
Performance Bonuses	84,120	
Car Allowance	149,220	138,780
Contributions to UIF, Medical and Pension funds	85,520	79,150
Total	<u>649 298</u>	<u>525 748</u>
Remuneration of the Director Finance		
Annual Remuneration	308,988	287,382
Performance Bonuses	78,102	
Car Allowance	139,320	129,348
Contributions to UIF, Medical and Pension funds	76,442	71,409
Total	<u>602 852</u>	<u>488 139</u>
Remuneration of the Director Corporate Services.		
Annual Remuneration	308,988	287,382
Performance Bonuses	68,339	
Car Allowance	139,320	129,348
Contributions to UIF, Medical and Pension funds	76,442	71,409
Total	<u>593 089</u>	<u>488 139</u>
Remuneration of the Director Integrated Planning.		
Annual Remuneration	308,988	287,382
Performance Bonuses	78,102	
Car Allowance	139,320	129,348
Contributions to UIF, Medical and Pension funds	76,442	71,409
Total	<u>602 852</u>	<u>488 139</u>
Remuneration of the Director of Health		
Annual Remuneration	308,988	287,382
Performance Bonuses	78,102	
Car Allowance	139,320	129,348
Contributions to UIF, Medical and Pension funds	76,442	71,409
Total	<u>602 852</u>	<u>488 139</u>
Remuneration of the Director Infrastructure		
Annual Remuneration	308,988	287,382
Performance Bonuses	78,102	
Car Allowance	139,320	129,348
Contributions to UIF, Medical and Pension funds	76,442	71,409
Total	<u>602 852</u>	<u>488 139</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
21 REMUNERATION OF COUNCILLORS		
Executive Mayor	220,572	208 091
Deputy Executive Mayor		
Speaker	176,462	166 473
Mayoral Committee members	992,598	936 414
Councillors	735,832	705 014
Allowances	1,034,386	990 090
Councillors' pension and Medical contribution	<u>280,354</u>	<u>264 093</u>
Total Councillors' Remuneration	<u>3,440,204</u>	<u>3 270 175</u>
In-kind Benefits		
The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties.		
22 BAD DEBTS		
Contribution to the bad debt provision		
Bad debt written off		
Total Bad Debts	<u>-</u>	<u>-</u>
23 INTEREST PAID		
External loans		
Finance leases		
Bank overdrafts		
Total interest on External Borrowings.	<u>-</u>	<u>-</u>
24 BULK PURCHASES		
Chris Hani District Municipality did not buy bulk services.		
25 GRANTS AND SUBSIDIES PAID		
Infrastructural Services	7,860,000	7,260,000
Problem Animal Control		31,000
Other	55,303	58,721
Total Grants and Subsidies paid	<u>7,915,303</u>	<u>7,349,721</u>
26 GENERAL EXPENSES		
No extraordinary expenses were included in general expenses		
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
27 CHANGES IN ACCOUNTING POLICY -IMPLEMENTATION OF GAMAP		
The following adjustments were made to amounts previously reported in the annua		
27.1 Statutory Funds		
Balance previously reported:-		
Capital development fund		623,896
		<u>623,896</u>
Implementation of GAMAP		
Transferred to the Capital replacement reserve.		623,896
		<u>623,896</u>
27.2 Loans redeemed and other capital receipts.		
Balance previously reported:-		13,010,669
		<u>13,010,669</u>
Implementation of GAMAP		
Transferred to the Capitalisation reserve.		8,787,135
Transferred to the Government grant reserve.		4,223,534
		<u>13,010,669</u>
27.3 Reserves		
Balance previously reported:-		
Training fund		9,101
		<u>9,101</u>
Implementation of GAMAP		
Transferred to Accumulated surplus.		9,101
		<u>9,101</u>
27.4 Trust funds		
Balance previously reported:-		48,129,467
(Excluding Training fund)		<u>48,129,467</u>
Implementation of GAMAP		
Transferred to Conditional grant creditor accounts.		48,129,467
		<u>48,129,467</u>
28 CHANGES IN ACCOUNTING POLICY		
During the year ended 30 June 2004, previously Property, plant and equipment		
The comparative amount have been restated as follows:		
Capitalisation reserve		(5,382,642)
Accumulated surplus		<u>5,382,642</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
29 CASH GENERATED BY OPERATIONS		
Net surplus for the year	(5,019,210)	7,279,480
Adjustment for:-		
Previous years	-	(1,261,512)
Changes in accounting policy		1,741,791
Depreciation	1,725,228	1,612,493
Loss on disposal of property, plant and equipment	-	-
Contributions to provisions - non-current	1,000,000	1,300,000
Contributions to provisions - current	-	-
Contributions to bad debt provision	-	-
Investment income	(140,475)	(4,724,390)
Interest paid	-	-
Operating surplus before working capital changes:	(2,434,458)	5,947,862
Decrease/(Increase) in inventories		
(Increase)/Decrease in RSC Levy debtors	(521,035)	(63,266)
(Increase)/Decrease in other debtors	(13,801,199)	(29,593,800)
Increase/(Decrease) in VAT	(9,896,540)	
Increase/(Decrease) in conditional grants and receipts	11,174,422	89,592,503
Increase/(Decrease) in creditors	(6,597,572)	(13,100,789)
Cash generated by operations	(22,076,381)	52,782,511
30 CASH AND CASH EQUIVALENTS		
Balance at the end of the year	112,551,474	138,375,847
Balance at the beginning of the year	141,490,986	83,602,083
Net Decrease in cash and cash equivalents	(28,939,512)	54,773,764
31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Chris Hani District Municipality had no Long-term liabilities at the end of both		
32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL		
<u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		
Opening balance		
Unauthorised expenditure current year		
Approved by Council		
Transfer to statement of Financial performance		
- authorised losses		
Transfer to receivables for recovery		
Closing balance	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
<u>Irregular, fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance		
Fruitless and wasteful expenditure current year		
Approved by Council		
Transfer to statement of Financial performance		
- authorised losses		
Transfer to receivables for recovery		
Closing balance	<u>-</u>	<u>-</u>
Total unauthorised, fruitless and wasteful expenditure disallowed	<u><u>-</u></u>	<u><u>-</u></u>

33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**33.1 Contributions to SALGA**

Opening balance		
Council subscriptions	466,465	480,449
Amount paid - current year	(466,465)	(480,449)
Amount paid - next year	<u>(106,279)</u>	
Balance paid in advance (included in Debtors)	<u>(106,279)</u>	<u>-</u>

33.2 Audit fees

Opening balance		651,525
Current year audit fee	569,885	
Amount paid - current year	(569,885)	
Amount paid - previous years		<u>(651,525)</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

33.3 VAT

Vat inputs receivables and VAT outputs receivables are shown in note 8 .
All Vat returns have been submitted by the due date throughout the year.

33.4 PAYE and UIF

Opening balance		
Current year payroll deductions		6,860,198
Amount paid - current year		(6,860,198)
Amount paid - previous years		
Balance unpaid (included in debtors)	<u>-</u>	<u>-</u>

33.5 Pension and Medical Aid Deductions

Opening balance		892
Current year payroll deductions and Council Contributions		2,733,515
Amount paid - current year		(2,733,515)
Amount paid - previous years		<u>(892)</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>(0)</u>

The balance represents pension and medical aid contributions deducted

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
34 CAPITAL COMMITMENTS		
Chris Hani District Municipality had no commitments in respect of capital		
35 CONTINGENT LIABILITIES		
36 RETIREMENT BENEFIT INFORMATION		
<u>Post-Retirement Medical Benefit</u>		
Provision is made for post retirement medical benefits in the form of <u>Pension and Retirement Fund Benefits</u>		
Employees and Council contribute to the Cape Joint Pension and		
37 IN-KIND DONATIONS AND ASSISTANCE		
No in-kind donations or assistance was done or provided in 2004/05		
38 CORRECTIONS		
During the year 2004/05 the following transactions was made in regard of the previous year and the comparative amounts have been restated:		
Creditors		380,803.20
Bank		3,115,139.42
Call Investments		(3,600,080.07)
Conditional grant creditors		-0.05
Net effect on surplus for the year		-104,137.50

APPENDIX A
CHRIS HANI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost					Accumulated Depreciation				Carrying Value	Budget Additions 2005
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
INFRASTRUCTURE ASSETS					-				-		
Total Infrastructure Assets	-	-		-	-	-	-	-	-	-	-
COMMUNITY ASSETS											
Buildings:											
Clinics and Hospitals	100,000				100,000	40,027	3,333		43,361	56,639	
Halls Recreation	168,341				168,341	44,922	5,611		50,533	117,808	
	268,341	-			268,341	84,949	8,945	-	93,894	174,447	-
Recreational Facilities:											
Fountains	11,471				11,471	182	2,294		2,476	8,994	
	11,471	-		-	11,471	182	2,294	-	2,476	8,994	-
Security Measures:											
Fencing	19,136				19,136	19,136	-		19,136	-	
Security Systems	121,018	37,620			158,638	68,909	33,759		102,669	55,970	
	140,154	37,620		-	177,774	88,046	33,759		121,805	55,970	
Total Community Assets	419,966	37,620		-	457,586	173,177	44,998	-	218,175	239,411	-
OTHER ASSETS											
Buildings:											
Office Building	6,673,450		3,021,635		9,695,086	892,847	226,413		1,119,260	8,575,826	10,000,000
Other	11,802				11,802	8,723	787		9,510	2,291	
Housing Council	422,486				422,486	119,411	14,083		133,494	288,992	
Land And Unused Buildings	2,000				2,000	-	-		-	2,000	
	7,109,738	-	3,021,635	-	10,131,374	1,020,981	241,283	-	1,262,264	8,869,109	10,000,000
Office Equipment:											
Air Conditioners	348,252	9,439			357,692	132,109	60,180	-	192,289	165,403	
Computer Hardware	1,319,193	954,035			2,273,228	708,338	268,405	-	976,742	1,296,486	207,000
Computer Software	243,580	2,383,625			2,627,205	224,442	14,055	-	238,498	2,388,708	
Office Machines	418,910	10,158			429,068	131,810	91,096	-	222,906	206,162	
Miscellaneous	126,202	78,678			204,880	52,273	29,143	-	81,415	123,465	
	2,456,138	3,435,935	-	-	5,892,073	1,248,971	462,878	-	1,711,850	4,180,223	207,000

	Cost					Accumulated Depreciation				Carrying Value	Budget Additions 2005
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Plant And Equipment:											
Farm Equipment	2,221,571				2,221,571	317,534	223,299		540,833	1,680,738	
Trailers	3,251				3,251	3,251	-		3,251	-	
Lawnmowers	3,811				3,811	313	762		1,076	2,736	
Plant and Equipment General	17,980				17,980	17,216	166		17,382	598	
Radio Equipment	122,366				122,366	122,366	-		122,366	-	
Ambulance /Clinic Equipment	53,053				53,053	53,053	-		53,053	-	
Mobile Clinic	156,000				156,000	156,000	-		156,000	-	
	2,578,032	-		-	2,578,032	669,732	224,228	-	893,960	1,684,072	-
Furniture And Fittings:											
Cabinets and Cupboards	302,385	74,004			376,390	81,454	46,982		128,436	247,954	
Chairs	174,583	35,868			210,451	44,142	25,604		69,747	140,704	
Furniture & Fittings Other	349,939	15,263			365,202	202,307	51,873		254,180	111,022	722,500
Kitchen Equipment	20,633	3,750			24,383	9,517	2,941		12,458	11,925	
Tables and Desks	222,814	80,721			303,535	55,181	34,286		89,467	214,068	
	1,070,355	209,606		-	1,279,961	392,601	161,687	-	554,288	725,673	722,500
Motor Vehicles:											
Buses	311,699	-			311,699	93,547	62,340		155,887	155,811	
Fire Engines		354,160			354,160		58,218		58,218	295,942	
Motor Vehicles	1,589,297	-			1,589,297	651,451	239,009		890,460	698,837	
Trucks / Bakkies	980,235	196,417			1,176,652	301,502	229,907		531,408	645,244	
	2,881,231	550,577		-	3,431,808	1,046,500	589,474	-	1,635,974	1,795,834	-
Emergency Equipment:											
Fire	6,185				6,185	6,185	-		6,185	-	
Fire Hoses	3,637				3,637	1,626	680		2,305	1,332	
Emergency Lights	288				288	288	-		288	-	
General	192				192	192	-		192	-	
	10,301	-		-	10,301	8,290	680	-	8,970	1,332	
Total Other Assets	16,105,795	4,196,119	3,021,635	-	23,323,549	4,387,076	1,680,230	-	6,067,306	17,256,243	10,929,500
TOTAL	16,525,761	4,233,739	3,021,635	-	23,781,135	4,560,253	1,725,228	-	6,285,481	17,495,654	10,929,500

APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2005

FIXED ASSETS DESCRIPTION	HISTORICAL COST					ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
Executive and Council	5,052,453	120,032			5,172,484	1,133,130	738,642		1,871,772	3,300,713
Finance and Administration	9,074,058	3,303,896	3,021,635		15,399,589	2,090,899	535,715		2,626,615	12,772,974
Planning and Development	316,718	238,907			555,625	166,552	74,815		241,367	314,258
Health	1,325,448	5,849			1,331,297	754,501	174,965		929,466	401,831
Community and Social services		140,971			140,971		2,567		2,567	138,404
Housing					-				-	-
Public safety	757,085	417,535			1,174,620	415,171	198,476		613,647	560,973
Primary Health Care					-				-	-
Road Works					-				-	-
Special Accounts					-				-	-
PIMMS		6,549			6,549		48		48	6,501
Water					-				-	-
Other					-				-	-
TOTALS	16,525,761	4,233,739	3,021,635	-	23,781,135	4,560,253	1,725,228	-	6,285,481	17,495,654

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED
30 JUNE 2005

2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R		2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R
15,401,084	12,622,024	2,779,061	Executive and Council	16,727,479	13,826,147	2,901,331
22,167,580	7,620,103	14,547,476	Finance and Administration	19,132,977	9,155,643	9,977,334
220,321,102	233,536,129	(13,215,027)	Planning and Development	-	15,381,155	(15,381,155)
-	2,262,624	(2,262,624)	Health	-	177,026.97	(177,027)
-	32,892	(32,892)	Community and Social services	1,316	1,267,036	(1,265,720)
-	-	-	Housing	-	-	-
-	791,091	(791,091)	Public safety	417,535	757,156	(339,621)
6,401,828	6,398,897	2,931	Primary Health Care	6,069,311	6,068,471	840
22,850,794	22,752,975	97,819	Road Works	9,089,262	9,210,143	(120,880)
10,553,849	10,588,206	(34,357)	Special Accounts	250,817,938	250,817,938	-
706,734	675,550	31,185	PIMMS	-	536,528	(536,528)
-	-	-	Water	-	-	-
-	79,152	(79,152)	Other	-	77,784	(77,784)
-	-	-				
298,402,971	297,359,641	1,043,330	Sub Total	302,255,817	307,275,027	-5,019,210
	(6,236,150)	6,236,150	Less Inter-Departmental charges			0
298,402,971	291,123,492	7,279,480	TOTAL	302,255,817	307,275,027	-5,019,210

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2005

REVENUE	Actual 2005	Budget 2005	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	7,478,249	6,735,000	(743,249)	11	Not budgeted for.
Regional Services Levy- Remuneration	10,111,497	6,365,000	(3,746,497)	59	
Rental	38,567	63,600	25,033	-39	
Service charges	-	-	-	-	
Investment Interest	140,475	1,452,600	1,312,125	-90	
Other Interest	50,771	108,000	57,229	-53	
Income for agency services	15,075,239	25,116,713	10,041,475	-40	
Government grants and subsidies	17,809,401	22,765,400	4,955,999	-22	
Other Local Authorities	-	-	-	-	
Tariffs and Charges	1,316	-	(1,316)	100	
Public Contributions	-	-	-	-	
Other income	732,364	50,000	(682,364)	1365	
Gains on disposal of property, plant and equipment	-	-	-	-	
Sub- Total	51,437,879	62,656,313	11,218,434	-18	
Recovered from Grants and subsidies i.r.o expenditure.	250,817,938	202,445,700	(48,372,238)	24	
Total Income	302,255,817	265,102,014	(37,153,804)		
EXPENDITURE					
Employee related costs	32,407,924	36,908,018	4,500,094	-12	
Remuneration of Councillors	3,440,204	4,918,146	1,477,942	-30	
Bad debts	-	-	-	-	
Collection costs	1,768,342	475,000	(1,293,342)	272	
Depreciation	1,725,428	-	(1,725,428)		
Repairs and maintenance	2,866,697	2,926,051	59,354	-2	
Contracted services	63,855	103,000	39,145	-38	
Grants and Subsidies paid	7,915,303	7,962,000	46,697	-1	
General expenses-other	5,269,336	8,364,099	3,094,762	-37	
Contributions to provisions	1,000,000	1,000,000	-	0	
Loss on disposal of property, plant and equipment	-	-	-	-	
Sub- Total	56,457,089	62,656,313	6,199,224	-10	
General expenses-Conditional Grants	250,817,938	202,445,700	(48,372,238)	24	
Total Expenditure	307,275,027	62,656,313	(42,173,014)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(5,019,210)	202,445,700	5,019,210		

APPENDIX E
CHRIS HANI DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2005

	2004 Actual R	2004 Under Construction R	2004 Total Additions R	2004 Budget R	2004 Variance R	2004 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
COMMUNITY ASSETS							
Recreational Facilities:							
Fountains	-		-		-		
Security Measures:							
Security Systems	37,620		37,620		(37,620)	100	
TOTAL COMMUNITY ASSETS	37,620	-	37,620	-	-37,620		
OTHER ASSETS							
Buildings:							
Office Building	-	3,021,635	3,021,635	10,000,000	6,978,365	-70	
Office Equipment:							
Air Conditioners	9,439		9,439		(9,439)	100	
Computer Hardware	954,035		954,035	207,000	(747,035)	361	
Computer Software	2,383,625		2,383,625		(2,383,625)	100	
Office Machines	10,158		10,158		(10,158)	100	
Miscellaneous	78,678		78,678		(78,678)	100	
Plant And Equipment:							
Lawnmowers	-		-		-		
Plant and Equipment General	-		-		-		
Furniture And Fittings:							
Cabinets and Cupboards	74,004		74,004		(74,004)	100	
Chairs	35,868		35,868		(35,868)	100	
Furniture & Fittings Other	15,263		15,263	722,500	707,237	-98	
Kitchen Equipment	3,750		3,750		(3,750)	100	
Tables and Desks	80,721		80,721		(80,721)	100	
Motor Vehicles:							
Buses	-		-		-		
Fire engines	354,160		354,160		(354,160)	100	
Motor Vehicles	-		-		-		
Ttucks / Bakkies	196,417		196,417		(196,417)	100	
TOTAL OTHER ASSETS	4,196,119	3,021,635	7,217,754	10,929,500	3,711,746		
TOTAL	4,233,739	3,021,635	7,255,374	10,929,500	3,674,126		

**APPENDIX F
CHRIS HANI DISTRICT MUNICIPALITY
CONDITIONAL GRANTS AND RECEIPTS**

	UNSPENT BALANCE 1/07/2004	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2005
RA 60 - SANITATION	266,913	-					266,913
RA 60 - WATER	154	-					154
EQUITABLE SHARE PROJECTS	39,042,839	78,233,622		-97,887,213			19,389,247
FREE BASIC SERVICES PROJECTS	-	12,399,039		-1,293,078			11,105,961
QUTUBENI SOIL CONSERV. PHASE 1	24,468	-					24,468
SPORTS FACILITY:TSOMO	100,000	445,898		-366,483			179,415
SPORTS FACILITY:COFIMVABA PHASE 3	200,000	580,429		-930,266		149,837	
SPORTS FACILITY:WHITTLESEA	120,810	536,980		-533,570			124,220
SPORTS FACILITY:HOFMEYER	200,000	916,755		-833,961			282,794
SPORTS FACILITY:ILINGELIHLE	200,000	800,000	13,510	-754,036			259,473
SPORTS FACILITY:STERKSTROOM MASAKHE	100,000	400,000		-465,294			40,895
I.D.T. WATER PROJECT	38,048	-	1,815				39,864
CALA SPORTS COMPLEX	184,354	-					184,354
THORNHILL PROJECTS	34,482	503,458	31,685				569,625
LED:KWAGCINA COMMUNITY GARDEN	100,000	-					100,000
LED FORUM:DISCRETIONAL FUNDS	138,164	-		-3,212	-28,485		106,466
LED:STRATEGY	4,539	-					4,539
INCOME GENERATING PROJECTS	83,071	-	3,963				87,035
LESSEYTON COMMUNITY HALL	66,101	-					66,101
ILINGE:RE-INSTATE BERM FLOODWATER	1,428	-		-1,428			
ILINGE: TOWNSHIP GRAVEL ROADS	676	-					676
ILINGE:INSTALL SMALL BORE SEWAGE PIPES	38,973	-					38,973
ILINGE:CONSTRUCT SEPTIC TANKS	9,320	-					9,320
ILINGE:FENCE OXIDATION PONDS	14,206	-					14,206
DEPART.TRANSPORE TAXI RANKS	1,370,256	-	58,446	-191,734			1,236,969
LAND TENURE RIGHTS	24,628	-	1,509				26,137
ILINGE PILOT HOUSING	69,007	-	2,503				71,510
MULTI PURPOSE YOUTH CENTRE	7,658	-	-846				6,812
ILINGE CADASTRAL SURVEY PROGRAMME	10,843	-	517				11,360
ILINGE:T/SHIP PROJECTS H & LOC.GOVERNMENT	8,890	-	424				9,315
IMVANI PROJECT	-	-	-1,641	89,150		-40,773	46,736
CMPWP POVERTY RELIEF 4	5,396,722	-		-308,099			5,088,623
DWAF : GOBOTI SANITATION	85,957	-	12,084	-6,392			91,650
DWAF: NYALASA SANITATION	895,626	-	42,731			4,903	943,260
DWAF: INSTITUTIONAL SUPPORT	-	-	-14,353			14,353	
DWAF: WSDP	811,198	-	18,756	-328,338			501,616
VILLAGE GREENS CALA	-	-					
VILLAGE GREENS COFIMVABA	-	-					
VILLAGE GREENS NTABETHEMBA	-	-					
SOCIAL PLAN GRANT	6,539	-	114	-4,850			1,803
MULTI-PURPOSE SPORT LADY FRERE	158,823	-	6,390	-30,179			135,034
MULTI-PURPOSE SPORT ENGCOCO	22,458	-	1,071				23,530
EMALAHLENI YOUTH DEVELOPMENT	638,620	-	30,074	-15,045			653,650
EMALAHLENI BUILDINGS	697,399	-	33,273				730,672
ISRDP PROGRAMME-SUMMARY	20,150,389	17,006,474	407,709	-13,959,075			23,605,497
REGIONAL AUTHORITIES FUND	87,111	-	4,156				91,267
MIG	28,244,153	70,450,482	105,400	-75,735,858			23,064,177
DEV OF INTER-GOVERNMENTAL RELATIONS	191,264	-	9,125				200,390
MSIG	3,763,905	883,751	188,102	-64,717			4,771,042
MSIG - CAPACITY DEVELOPMENT	-	3,434,166		-3,438,952	-7,114	11,900	0
SURVEY OF WAVERLY	147,047	-	7,016				154,063
COFIMVABA SPORTS FACILITY	198,155	1,047,507	6,827	-859,752		198,155	590,892
Balance carried forward	103,955,194	187,638,561	976,551	-197,922,383	-35,599	338,374	94,950,699

	UNSPENT BALANCE 1/07/2004	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2005
Balance bought forward	103,955,194	187,638,561	976,551	-197,922,383	-35,599	338,374	94,950,699
STERKSTROOM SPORTS FACILITY	82,611	91,582	3,341	-132,492			45,042
LADY FRERE SPORTS FACILITY	177,082	33,034	6,514	-58,268			158,362
ENGCOBO SPORTS FACILITY	328,856	-	10,537	-55,874			283,519
CRADOCK SPORTS FACILITY	413,884	-	6,812	-527,800		113,916	6,812
CALA SPORTS FACILITY	167,869	-	5,405	-98,518			74,757
FINANCE MANAGEMENT GRANT	1,229,843	1,127,472	48,082	-1,063,499			1,341,898
DWAF:TSOMO RDP 3 WS(EA615)	1,158,771	-	14,704	-1,006,940			166,535
DWAF:BOJANE/SKOBENI WATER SUPPLY	8,055	-	384				8,439
DWAF:CACADU REGIONAL WATER SUPPLY	1,302,033	-	54,845	-763,794			593,084
DWAF:KLEIN BULHOEK SANITATION	452,034	-	23,556	-17,106			458,484
TEMBANI PROJECTS	387,305	-	18,305	-46,983			358,627
TRUST AREAS LESSEYTON ROADS	6,027	-					6,027
TRUST AREAS LESSEYTON WATER	82,746	-					82,746
TYLDEN PILOT HOUSING	89,506	-	4,270				93,776
CRISIS RELIEF	130,368	-					130,368
THORNHILL-DWARF EC049	713,726	-		-713,726			
PERFORMANCE MANAGEMENT SYSTEM	3,630	-	76	-2,040			1,666
PRESIDENTIAL PROJECT:ZIMELE TRUST	174,000	-		-152,632			21,368
ROAD MANAGEMENT SYSTEM	67,454	-	5,698	-1,839			71,312
LDO'S:LAND AFFAIRS	4,208	-	201				4,409
MAPPING:COFIMVABA/LADY FRERE	118,428	-	4,856				123,284
DWAF: GUDUBENI SANITATION	146,002	-					146,002
DWAF PROJECTS	-	46,849,254		-25,269,103			21,580,151
DWAF:LESSEYTON SANITATION	279,328	-	3,888	-220,323			62,894
WASTE MANAGEMENT	6,200	-	296				6,496
DISASTER FUNDS:HOMELESS & DESTITUTE FAMILIES	71,996	-	3,435				75,431
DWAF:QOQODALA(EC601)	1,359,354	-	16,758	-774,558			601,554
DWAF:COFIMVABA (EC602)	603,876	-	17,757	-608,341		4,465	17,757
DWAF:ZINGQUTHU (EC603)	608,364	-	29,025				637,389
DWAF:FEASIBILITY STUDIES (EC605)	2,730,746	-	103,709	-730,692			2,103,764
ISRDP:LOWER VAALBANK SHEEP SHEARING	143,495	-					143,495
IDP REVIEW	100,000	225,615					325,615
IDP - HLG - INTSIKA YETHU	100,000	-					100,000
HOTA-MBEWULA SANITATION (EC651)	150,000	-		-253,780		103,780	
HIV/AIDS STIPENDS LUKHANJI	19,064	400,670					419,734
HIV/AIDS STIPENDS INXUBA YTHEMBA	139,800	324,000		-290,368			173,432
HIV/AIDS STIPENDS INTSIKA YETHU	689,343	1,260,000		-791,400			1,157,943
HIV/AIDS STIPENDS EMALAHLENI	314,175	612,000					926,175
HIV/AIDS STIPENDS ENGCOBO	447,650	720,000		-976,000			191,650
HIV/AIDS STIPENDS TSOLWANA	64	264,000		-165,000			99,064
LUKHANJI: HIV STIPEND-PERSON	-	480,000		-291,500			188,500
EMALAHLENI:HIV STIPEND-PERSON	-	240,000					240,000
HIV/AIDS STIPENDS ADMIN COSTS	14,250	-					14,250
HIV/AIDS STIPENDS INKWANCA	78,750	180,000		-174,600			84,150
HEALTH SEED/MEDICINE	3,457	-					3,457
HIV/AIDS HOME BASED CARE KITS	41,809	-					41,809
AIDS/HIV DRUGS INXUBA YTHEMBA	377,311	-					377,311
HIV/AIDS DRUGS TSOLWANA	48,308	-					48,308
HIV/AIDS DRUGS LUKHANJI	490,497	-					490,497
HIV/AIDS DRUGS SAKHISIZWE	68,171	-					68,171
HIV/AIDS DRUGS CHRIS HANI	267,171	-					267,171
HIV/AIDS DRUGS EMALAHLENI	34,000	-					34,000
Balance carried forward	120,386,812	240,446,188	1,359,006	-233,109,558	-35,599	560,536	129,607,384