



ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2006

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

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

M S MBAMBISA
Municipal Manager

Date

CHRIS HANI DISTRICT MUNICIPALITY

INDEX

	<u>PAGE</u>
1 STATEMENT OF FINANCIAL POSITION	1
2 STATEMENT OF FINANCIAL PERFORMANCE	2
3 STATEMENT OF CHANGES IN NET ASSETS	3
4 CASH FLOW STATEMENT	4
5 ACCOUNTING POLICIES	5 - 15
6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS	16 - 30
7 APPENDICES :	
A. SCHEDULE OF EXTERNAL LOANS	-
B. ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	31 - 32
C. SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	33
D. SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	34
E. ACTUAL VERSUS BUDGET	35
F. DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT	36 - 39

**CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006**

	Note	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net assets		61 896 122	51 512 709
Capital replacement reserve		10 373 495	714 333
Capitalisation reserve		-	-
Government grant reserve		6 261 714	4 245 442
Unappropriated Surplus/(accumulated Deficit)		45 260 913	46 552 934
Non-current Liabilities		958 242	588 007
Non-current provisions	3	958 242	588 007
Current Liabilities		152 393 037	164 026 469
Provisions	5	1 860 000	1 152 183
Creditors	6	18 001 228	22 840 184
Unspent conditional grants and receipts	7	132 531 809	140 034 102
Bank overdraft	15	-	-
Total Net Assets And Liabilities		<u>215 247 401</u>	<u>216 127 185</u>
ASSETS			
Non-Current Assets		17 559 024	18 109 783
Property, Plant And Equipment	9	17 559 024	17 495 656
Long-term receivables	11	-	614 127
Current Assets		197 688 377	198 017 402
Consumer debtors	13	4 253 871	705 116
Other debtors	14	30 120 148	50 369 059
Current portion of long-term loans	11	283 313	243 075
Call Investments	10	-	-
Vat	8	20 077 732	34 522 915
Cash		2 940	3 290
Bank	15	142 950 373	112 173 947
Total Assets		<u>215 247 401</u>	<u>216 127 185</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 2006

Budget		Note	Actual	
2005	2006		2006	2005
R	R		R	R
REVENUE				
6 735 000	11 315 000	Regional Services Levy- Turnover	11 984 273	7 478 249
6 365 000	10 685 000	Regional Services Levy- Remuneration	14 527 134	10 111 497
63 600	66 000	Rental	3 002	38 567
-	-	Service charges	-	-
1 452 600	1 554 300	Investment Interest	4 107 112	140 989
108 000	400 000	Other Interest	2 215 077	50 771
13 841 300	-	Income for agency services	22 800 371	15 075 239
30 122 400	86 596 000	Government grants and subsidies	84 952 955	17 809 401
-	-	Tariffs and Charges	600	1 316
50 000	50 000	Other income	973 108	732 364
-	-	Gains on disposal of property, plant and equipment	11 855	-
58 737 900	110 666 300		141 575 487	51 438 393
202 445 700	149 631 000	Recovered from Grants and subsidies	160 962 050	240 476 748
261 183 600	260 297 300	Total Income	302 537 537	291 915 141
EXPENDITURE				
36 908 018	29 687 700	Employee related costs	43 268 696	32 407 924
4 578 400	3 388 100	Remuneration of Councillors	3 222 422	3 440 204
-	-	Bad debts	7 626 451	-
475 000	1 713 000	Collection costs	2 101 724	6 155 582
-	2 664 100	Depreciation	3 083 179	1 725 428
1 896 550	516 200	Repairs and maintenance	949 583	2 867 943
90 000	120 000	Contracted services	35 582	63 855
7 962 000	8 643 900	Grants and Subsidies paid	8 467 445	7 915 303
5 827 932	52 703 900	General expenses-other	57 140 312	5 571 229
1 000 000	347 400	Contributions to provisions	1 200 000	1 000 000
-	10 882 000	Contribution to Capital Replacement Reserve	10 749 525	-
58 737 900	110 666 300		137 844 919	61 147 468
202 445 700	149 631 000	General expenses-Conditional Grants	160 962 050	240 476 748
261 183 600	260 297 300	Total Expenditure	298 806 969	301 624 216
0	0	Nett Surplus / (Deficit) for the year	3 730 568	(9 709 075)

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)
(The budget figure for 2005 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 2006

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Public donations and contributions reserve	Accumulated surplus	Total
	R	R	R	R	R	R
2005						
Balance at 1 July 2004	674 302	5 382 642	3 768 032	0	30 189 787	40 014 763
Corrections (Note 38)					(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	35 468 292	39 910 626
Net Surplus for the year					(5 012 465)	(5 012 465)
Transfer to/ (from) CRR	(497 007)				497 007	0
Transfer of interest earned to CRR	40 030				(40 030)	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	217 325	0	4 245 442	0	30 435 394	34 898 161
2006						
Corrections (Note 38)	497 007				16 117 540	16 614 547
Change in accounting policy (Note 28)						0
Restated balance	714 332	0	4 245 442	0	46 552 934	51 512 708
Net Surplus for the year					3 730 568	3 730 568
Transfer to / (from) CRR	9 619 388				(2 966 542)	6 652 846
Transfer of interest earned to CRR	39 775				(39 775)	0
Property, plant and equipment purchased						0
Capital grants used to purchase PPE			2 016 272		(2 016 272)	0
Offsetting of depreciation.						0
Balance at 30 June 2006	10 373 495	0	6 261 714	0	45 260 913	61 896 122

CHRIS HANI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from levies, government and other	321 947 752	267 542 921
Cash paid to suppliers and employees	(292 584 320)	(290 006 511)
Cash generated from operations	29 363 432	(22 463 590)
Interest received	4 107 112	140 989
Interest paid		-
NET CASH FROM OPERATING ACTIVITIES	33 470 544	(22 322 601)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.	(3 146 409)	(7 255 374)
Proceeds on disposal of fixed assets.	-	-
(Increases)/Decreases in non-current receivables	573 889	1 037 090
(Increases)/Decreases in non current investments	-	-
(Increases)/Decreases in call investment deposits	-	-
NET CASH FROM INVESTING ACTIVITIES	(2 572 520)	(6 218 284)
CASH FLOW FROM FINANCING ACTIVITIES		
New loans raised	-	-
Increase/(Decrease) in consumer deposits	-	-
Non-Operating expenditure charged against Provisions	(121 948)	(772 864)
Non-Operating income charged against Provisions	-	-
NET CASH FROM FINANCING ACTIVITIES	(121 948)	(772 864)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30 30 776 076	(29 313 749)
Cash and cash equivalents at the beginning of the year	112 177 237	141 490 986
Cash and cash equivalents at the end of the year	142 953 313	112 177 237

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1 BASIS OF PRESENTATION

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act 56 of 2003). These accounting policies are consistent with those of the previous financial year.

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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 and 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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

- 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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

- 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 and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

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.

16 COMPARATIVE INFORMATION

16.1 CURRENT YEAR COMPARATIVES

Budgeted amounts have been included in the annual financial statements for both financial years.

16.2 PRIOR YEAR COMPARATIVES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006**

	2006 R	2005 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	958 242	588 007
Total Non-Current Provisions	958 242	588 007
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.		
The movement in the provision is reconciled as follows:-		
Balance at beginning of year	588 007	740 054
Contributions and other income	1 200 000	1 000 000
Expenditure incurred	-	-
Increase due to discounting	-	-
Transfer to current provisions	(829 765)	(1 152 047)
Balance at end of year	958 242	588 007
4 CONSUMER DEPOSITS		
Chris Hani District Municipality holds no consumer deposits.		
5 CURRENT PROVISIONS		
Current portion of Leave Pay provision	1 860 000	1 152 047
Total Current Provisions	1 860 000	1 152 047

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
The movement in the current provision is reconciled as follows:-		
Balance at beginning of year	1 152 183	773 000
Transfer from non-current	829 765	1 152 047
Contributions to provision		
Expenditure incurred	(121 948)	(772 864)
Balance at end of year	1 860 000	1 152 183
6 CREDITORS		
Trade creditors	1 280 525	853 647
Unidentified direct deposits	-	245
DWAF: Unidentified deposits	1 115 930	1 115 930
Equitable share projects	2 174 700	2 174 700
Deposits	8 334	321 334
Former TRC - Engcobo	1 094 769	1 094 769
Traffic fines	233 348	233 348
Income Suspense (Levies)	4 996 603	2 425 206
Road works	5 961 627	13 047 986
Other creditors	1 135 392	1 573 019
Total creditors	18 001 228	22 840 184
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional grants from government	132 531 809	140 034 102
Government Grants	107 234 819	92 791 710
Provincial Grants and subsidies	25 296 990	47 242 392
Other conditional receipts	-	-
Total Conditional Grants and Subsidies	132 531 809	140 034 102
See Appendix F for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.		
8 VAT		
Vat control account	(1 597 159)	(1 428 572)
Accrued Vat (refund from SARS)	(41 187 546)	(5 362 263)
Input tax	70 601 374	45 466 478
Output tax	(7 738 937)	(4 152 728)
	20 077 732	34 522 915

Vat is paid on the receivable basis.

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2006

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2005	8 869 109	-	239 413	8 387 132	17 495 654
Cost	10 131 373	-	457 586	13 192 175	23 781 134
Accumulated depreciation	(1 262 264)	-	(218 173)	(4 805 043)	(6 285 480)
Acquisitions				1 130 137	1 130 137
Capital under Construction	2 016 272				2 016 272
Depreciation	(541 626)	-	(25 870)	(2 515 543)	(3 083 039)
- based on cost	(541 626)		(25 870)	(2 515 543)	(3 083 039)
Carrying value of disposals	-	-	-	-	-
Cost				26 658	26 658
Accumulated depreciation				(26 658)	(26 658)
Impairment losses					-
Other movements					-
Carrying values at 30 June 2006	10 343 755	-	213 543	7 001 726	17 559 024
Cost	12 147 645	-	457 586	14 295 654	26 900 885
Accumulated depreciation	(1 803 890)	-	(244 043)	(7 293 928)	(9 341 861)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

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	-	246 790	5 629 962	11 965 509
Cost	7 109 738	-	419 966	8 996 057	16 525 761
Accumulated depreciation	(1 020 981)	-	(173 176)	(3 366 095)	(4 560 252)
Acquisitions	3 021 635	-	37 620	4 196 118	7 255 373
Capital under Construction	-	-	-	-	-
Depreciation	(241 283)	-	(44 997)	(1 438 948)	(1 725 228)
- based on cost	(241 283)	-	(44 997)	(1 438 948)	(1 725 228)
Carrying value of disposals	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
Carrying values at 30 June 2005	8 869 109	-	239 413	8 387 132	17 495 654
Cost	10 131 373	-	457 586	13 192 175	23 781 134
Accumulated depreciation	(1 262 264)	-	(218 173)	(4 805 043)	(6 285 480)

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
10 CALL INVESTMENT DEPOSITS		
<u>Listed</u>		
There were no listed investments on reporting date.		
<u>Unlisted</u>		
There were no unlisted investments on reporting date		
<u>Financial Instruments</u>		
Call Account Deposits	-	-
Total cash investments	-	-
Total Investments	-	-
Allocation of call investments		
Surplus cash is kept on Call Account until used for specific purposes.		
11 LONG-TERM RECEIVABLES		
Motor car loans	283 313	857 202
Study loans	-	-
	283 313	857 202
Less : Short-term portion transferred to current assets	(283 313)	(243 075)
Total Non-Current loans	-	614 127
Loans were approved for:		
Motor car loans to employees at 8% Interest per annum. No new loans are being made and existing loans are phased out as they are repaid.		
12 INVENTORY		
The Council keeps no inventory. Goods are purchased as needed and consumed in the financial year of purchase.		

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
13 CONSUMER DEBTORS		
Levies	4 253 871	705 116
Total	4 253 871	705 116
14 OTHER DEBTORS		
Health Subsidies	1 694 212	1 694 212
Roads & Works Recov. Expenditure.	484 197	1 381 119
Lukhanji Municipality (ESCOM Account)	3 389 476	3 389 476
Ambulance Service	2 215 798	2 093 104
Ambulance Subsidy Bisho	1 687 765	1 687 765
Intsika Yethu Subsidy	312 346	312 346
Roadwork's Subsidy	8 294 619	17 380 246
Subsidy National Health And Population Projects	3 358 645 463 643	4 680 392 246 411
Elections Infrastructure	1 190 001	1 190 001
Poverty relief	-	3 838 582
Hala upgrading of services (Special Fund)	3 117 120	3 117 120
Previous System Movements	6 272 499	6 272 499
Other Sundry Debtors	5 266 277	3 085 786
Sub-Total: Other Debtors	37 746 598	50 369 059
Provision for Bad Debts	(7 626 450)	-
Net: Other Debtors	30 120 148	50 369 059
15 BANK, CASH AND OVERDRAFT BALANCES		
Chris Hani District Municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank Cathcart Road Queenstown		
Cashbook balance at the beginning of the year	112 173 947	141 487 696
Cashbook balance at the end of the year	142 950 373	112 173 947
Bank statement balance at the beginning of the year	139 005 883	142 401 354
Bank statement balance at the end of the year	163 090 445	139 005 883

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
16 MUNICIPAL ENTITIES		
Chris Hani District Municipality does not have any Municipal Entities.		
17 SERVICE CHARGES		
Chris Hani District Municipality does not levy any service charges.		
18 GOVERNMENT GRANTS AND SUBSIDIES		
<u>Government Grants</u>		
Equitable share	82 936 683	16 654 278
Total Government Grants	82 936 683	16 654 278
<u>National/Provincial conditional Government grant funding.</u>		
Funds transferred to Income for reimbursement of non capital expenditure	160 962 050	240 476 748
Funds transferred to Income for reimbursement of capital expenditure (See Appendix F for detail)	2 016 272	1 155 123
Total National/Provincial Government Grants reimbursements	162 978 322	241 631 871
Total Government Grants and Subsidies	245 915 005	258 286 149
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	973 108	623 425
Commission On Collection	-	26 614
Sundry Rentals	-	-
Recoveries	-	82 325
Total Other Income	973 108	732 364

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
20 EMPLOYEE RELATED COSTS		
Salaries and wages	31 599 770	23 043 480
Contributions for UIF, pensions and medical aids	7 341 793	5 294 845
Travel, motor car and other allowances	3 393 667	2 965 050
Housing benefits	349 892	472 378
Overtime	-	-
Performance bonuses	341 245	464 867
Long-service awards	242 329	167 304
Less: Employee costs included in other expenses	-	-
	43 268 696	32 407 924
Remuneration of the Municipal Manager		
Annual Remuneration	351 998	330 438
Performance Bonuses	104 950	84 120
Car Allowance	159 174	149 220
Contributions to UIF, Medical and Pension funds	87 917	85 520
Total	704 039	649 298
Remuneration of the Director Finance		
Annual Remuneration	328 553	308 988
Performance Bonuses	79 930	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
Total	636 164	602 852
Remuneration of the Director Corporate Services.		
Annual Remuneration	328 553	308 988
Performance Bonuses	74 126	68 339
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
Total	630 360	593 089
Remuneration of the Director Integrated Planning & Economic Development.		
Annual Remuneration	328 553	308 988
Performance Bonuses	82 239	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
Total	638 473	602 852

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
Remuneration of the Director of Health		
Annual Remuneration	328 553	308 988
Performance Bonuses	-	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
Total	556 234	602 852
Remuneration of the Director Infrastructure (1/9/2005 - 30/6/2006)		
Annual Remuneration	277 915	308 988
Performance Bonuses	-	78 102
Car Allowance	123 625	139 320
Contributions to UIF, Medical and Pension funds	66 109	76 442
Total	467 649	602 852
21 REMUNERATION OF COUNCILLORS		
Executive Mayor	226 918	220 572
Deputy Executive Mayor	-	-
Speaker	181 535	176 462
Mayoral Committee members	1 021 135	992 598
Councillors	1 039 191	735 832
Allowances	753 643	1 034 386
Councillors' pension and Medical contribution	-	280 354
Total Councillors' Remuneration	3 222 422	3 440 204
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 access to a Council owned vehicle for official duties.		
22 BAD DEBTS		
Contribution to the bad debt provision	7 626 451	-
Bad debt written off	-	-
Total Bad Debts	7 626 451	-

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
23 INTEREST PAID		
External loans	-	-
Finance leases	-	-
Bank overdrafts	-	-
Total interest on External Borrowings.	-	-
24 BULK PURCHASES		
Chris Hani District Municipality did not buy bulk services.		
25 GRANTS AND SUBSIDIES PAID		
Infrastructural Services	8 400 000	7 829 000
Problem Animal Control	31 000	31 000
Other	36 445	55 303
Total Grants and Subsidies paid	8 467 445	7 915 303
26 GENERAL EXPENSES		
No extraordinary expenses were included in general expenses	-	-
	-	-
27 CHANGES IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-		
27.1 Statutory Funds		
Balance previously reported:-		
Capital development fund	-	-
	-	-
Implementation of GAMAP		
Transferred to the Capital replacement reserve.	-	-
	-	-

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
27.2 Loans redeemed and other capital receipts.		
Balance previously reported:-	-	-
	-	-
Implementation of GAMAP		
Transferred to the Capitalisation reserve.		-
Transferred to the Government grant reserve.	-	-
	-	-
27.3 Reserves		
Balance previously reported:-		
Training fund	-	-
	-	-
Implementation of GAMAP		
Transferred to Accumulated surplus.	-	-
	-	-
27.4 Trust funds		
Balance previously reported:-	-	-
(Excluding Training fund)		
Implementation of GAMAP		
Transferred to Conditional grant creditor accounts.	-	-
	-	-
28 CHANGES IN ACCOUNTING POLICY		
During the year ended 30 June 2004, previously Property, plant and equipment financing was, where uncertain as to origin, indicated as Capitalisation reserve.		
The comparative amount have been restated as follows:		
Capitalisation reserve	-	-
Accumulated surplus	-	-

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
29 CASH GENERATED BY OPERATIONS		
Net surplus for the year	3 730 568	(9 709 075)
Adjustment for:-		
Previous years	(4 096 818)	21 311 156
Changes in accounting policy	-	-
Depreciation	3 083 179	1 725 228
Loss on disposal of property, plant and equipment	-	-
Contributions to provisions - non-current	1 200 000	1 000 000
Contributions to provisions - current	-	-
Contribution to Capital Replacement Reserve	10 749 525	-
Investment income	(4 107 112)	(140 989)
Interest paid	-	-
Operating surplus before working capital changes:	10 559 342	14 186 320
(Increase)/Decrease in inventories	-	-
(Increase)/Decrease in RSC Levy debtors	(3 548 755)	(521 034)
(Increase)/Decrease in other debtors	20 248 911	(13 813 658)
(Increase)/Decrease in VAT	14 445 183	(9 896 539)
Increase/(Decrease) in conditional grants and receipts	(7 502 293)	(5 626 457)
Increase/(Decrease) in creditors	(4 838 956)	(6 792 222)
Cash generated by operations	29 363 432	(22 463 590)
30 CASH AND CASH EQUIVALENTS		
Balance at the end of the year	142 953 313	112 177 237
Balance at the beginning of the year	112 177 237	141 490 986
Net (De-) / Increase in cash and cash equivalents	30 776 076	(29 313 749)
31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Chris Hani District Municipality had no Long-term liabilities at the end of both financial years		

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
<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	-	-
<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	-	-
Total unauthorised, fruitless and wasteful expenditure disallowed	-	-
33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>33.1 Contributions to SALGA</u>		
Opening balance	(106 279)	-
Council subscriptions	106 279	466 465
Amount paid - current year		(466 465)
Amount paid - next year		(106 279)
Balance paid in advance (included in Debtors)	-	(106 279)

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	R	R
<u>33.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	1 612 271	569 885
Amount paid - current year	(1 612 271)	(569 885)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>33.3 VAT</u>		
<p>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.</p>		
<u>33.4 PAYE and UIF</u>		
Opening balance	-	
Current year payroll deductions	6 184 514	
Amount paid - current year	(6 217 324)	
Amount paid - previous years	-	
Balance undeducted (included in debtors)	(32 810)	
<u>33.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	
Current year payroll deductions and Council Contributions	9 905 490	
Amount paid - current year	(9 905 490)	
Amount paid - previous years	-	
Balance unpaid (included in creditors)	-	

The balance would represent pension and medical aid contributions deducted from employees in the June 2006 payroll as well as Council's contributions to medical aid and pension funds. These amounts would be paid during July 2006.

34 CAPITAL COMMITMENTS

Chris Hani District Municipality had no commitments in respect of capital expenditure at the end of both financial years.

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2006 (Continued)**

	2006 R	2005 R
35 CONTINGENT LIABILITIES		
A security to the amount of R8,033,000 was signed to First National Bank to cover a bank overdraft. This overdraft was not utilised.		
36 RETIREMENT BENEFIT INFORMATION		
<u>Post- Retirement Medical Benefit</u>		
Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners		
<u>Pension and Retirement Fund Benefits</u>		
Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution and is charged against income as incurred.		
37 IN-KIND DONATIONS AND ASSISTANCE		
No in-kind donations or assistance was done or provided in 2005/06		
38 CORRECTIONS		
During the year the following transactions was made in regard of the previous year and the comparative amounts have been restated:		
Creditors	188 419	380 803
Bank	-	3 115 139
Capital Replacement Reserve	(497 007)	-
Conditional grant creditors	16 426 128	(3 600 080)
Net effect on surplus for the year	16 117 540	(104 138)

**APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006**

	Cost					Accumulated Depreciation				Carrying Value	Budget Additions 2006
	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	43 360	3 322		46 682	53 318	
Halls Recreation	168 341				168 341	50 533	5 592		56 125	112 216	
	268 341	-	-	-	268 341	93 893	8 914	-	102 807	165 534	-
Recreational Facilities:											
Fountains	11 471				11 471	2 476	2 287		4 763	6 708	
	11 471	-	-	-	11 471	2 476	2 287	-	4 763	6 708	-
Security Measures:											
Fencing	19 136				19 136	19 136			19 136	-	
Security Systems	158 638				158 638	102 668	14 669		117 337	41 301	
	177 774	-	-	-	177 774	121 804	14 669	-	136 473	41 301	-
Total Community Assets	457 586	-	-	-	457 586	218 173	25 870	-	244 043	213 543	-
OTHER ASSETS											
Buildings:											
Office Building	9 695 085		2 016 272		11 711 357	1 119 260	526 807		1 646 067	10 065 290	10 000 000
Other	11 802				11 802	9 510	784		10 294	1 508	
Housing Council	422 486				422 486	133 494	14 035		147 529	274 957	
Land And Unused Buildings	2 000				2 000	-			-	2 000	
	10 131 373	-	2 016 272	-	12 147 645	1 262 264	541 626	-	1 803 890	10 343 755	10 000 000
Office Equipment:											
Air Conditioners	357 691			801	356 890	192 289	62 467	801	253 955	102 935	
Computer Hardware	2 273 228	255 510		5 657	2 523 081	976 743	506 666	5 657	1 477 752	1 045 329	300 000
Computer Software	2 627 205				2 627 205	238 497	794 984		1 033 481	1 593 724	
Office Machines	429 068	8 689		5 000	432 757	222 906	86 614	5 000	304 520	128 237	
Miscellaneous	204 880	20 503		160	225 223	81 416	36 562	160	117 818	107 405	
	5 892 072	284 702	-	11 618	6 165 156	1 711 851	1 487 293	11 618	3 187 526	2 977 630	300 000

APPENDIX B (Continued)
CHRIS HANI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost					Accumulated Depreciation				Carrying Value	Budget Additions 2006
	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	540 833	210 103		750 936	1 470 635	
Trailers	3 251				3 251	3 251			3 251	-	
Lawnmowers	3 811				3 811	1 075	759		1 834	1 977	
Plant and Equipment General	17 980				17 980	17 382	166		17 548	432	
Radio Equipment	122 366			5 052	117 314	122 366		5 052	117 314	-	
Ambulance /Clinic Equipment	53 053				53 053	53 053			53 053	-	
Mobile Clinic	156 000				156 000	156 000			156 000	-	
	2 578 032	-	-	5 052	2 572 980	893 960	211 028	5 052	1 099 936	1 473 044	-
Furniture And Fittings:											
Cabinets and Cupboards	376 390	21 502		2 210	395 682	128 436	57 077	2 210	183 303	212 379	
Chairs	210 451	7 281		2 844	214 888	69 746	32 342	2 844	99 244	115 644	
Furniture & Fittings Other	365 202	3 179		615	367 766	254 180	49 173	615	302 738	65 028	332 000
Kitchen Equipment	24 383	5 494		374	29 503	12 458	3 822	374	15 906	13 597	
Tables and Desks	303 535	14 843		3 945	314 433	89 467	46 139	3 945	131 661	182 772	
	1 279 961	52 299	-	9 988	1 322 272	554 287	188 553	9 988	732 852	589 420	332 000
Motor Vehicles:											
Buses	311 699				311 699	155 887	60 293		216 180	95 519	
Fire Engines	354 160				354 160	58 218	218 922		277 140	77 020	
Motor Vehicles	1 589 297				1 589 297	890 460	70 599		961 059	628 238	
Trucks / Bakkies	1 176 652	793 136			1 969 788	531 409	278 855		810 264	1 159 524	250 000
	3 431 808	793 136	-	-	4 224 944	1 635 974	628 669	-	2 264 643	1 960 301	250 000
Emergency Equipment:											
Fire	6 185				6 185	6 185			6 185	-	
Fire Hoses	3 637				3 637	2 306			2 306	1 331	
Emergency Lights	288				288	288			288	-	
General	192				192	192			192	-	
	10 302	-	-	-	10 302	8 971	-	-	8 971	1 331	-
Total Other Assets	23 323 548	1 130 137	2 016 272	26 658	26 443 299	6 067 307	3 057 169	26 658	9 097 818	17 345 481	10 882 000
TOTAL	23 781 134	1 130 137	2 016 272	26 658	26 900 885	6 285 480	3 083 039	26 658	9 341 861	17 559 024	10 882 000

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT
30 JUNE 2006

FIXED ASSETS	HISTORICAL COST					ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
Executive and Council	5 172 485	173 400			5 345 885	1 871 772	713 726		2 585 498	2 760 387
Finance and Administration	15 399 588	337 001	2 016 272	(15 049)	17 737 812	2 626 614	1 783 828	(15 049)	4 395 393	13 342 419
Planning and Development	555 625				555 625	241 367	90 771		332 138	223 487
Health	1 331 297			(903)	1 330 394	929 466	148 184	(903)	1 076 747	253 647
Community and Social services	140 970				140 970	2 566	32 748		35 314	105 656
Housing	-				-	-			-	-
Public safety	1 174 620			(10 706)	1 163 914	613 647	267 147	(10 706)	870 088	293 826
Primary Health Care	-	619 736			619 736	-	44 460		44 460	575 276
Road Works	-				-	-			-	-
Special Accounts	-				-	-			-	-
PIMMS	6 549				6 549	48	2 175		2 223	4 326
Water	-				-	-			-	-
Other	-				-	-			-	-
TOTALS	23 781 134	1 130 137	2 016 272	(26 658)	26 900 885	6 285 480	3 083 039	(26 658)	9 341 861	17 559 024

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
16 727 992	13 826 147	2 901 845	Executive and Council	82 953 617	36 576 014	46 377 603
19 132 977	13 852 253	5 280 724	Finance and Administration	33 805 227	13 356 469	20 448 758
240 476 748	255 857 903	(15 381 155)	Planning and Development	162 978 322	220 709 059	(57 730 737)
-	177 027	(177 027)	Health	-	1 141 330	(1 141 330)
1 316	1 267 036	(1 265 720)	Community and Social services	-	2 079 253	(2 079 253)
-	-	-	Housing	-	-	-
417 535	757 156	(339 621)	Public safety	-	1 249 698	(1 249 698)
6 069 311	6 068 471	840	Primary Health Care	7 796 580	7 796 580	-
9 089 262	9 203 911	(114 649)	Road Works	15 003 791	15 003 791	-
-	-	-	Special Accounts	-	-	-
-	536 528	(536 528)	PIMMS	-	777 518	(777 518)
-	-	-	Water	-	-	-
-	77 784	(77 784)	Other	-	117 257	(117 257)
291 915 141	301 624 216	-9 709 075	Sub Total	302 537 537	298 806 969	3 730 568
-	-	-	Less Inter-Departmental charges			-
291 915 141	301 624 216	-9 709 075	TOTAL	302 537 537	298 806 969	3 730 568

APPENDIX E
CHRIS HANI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (OPERATIONAL) FOR THE YEAR ENDED
30 JUNE 2006

REVENUE	Actual 2006	Budget 2006	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	11 984 273	11 315 000	(669 273)	6	
Regional Services Levy- Remuneration	14 527 134	10 685 000	(3 842 134)	36	Concerted effort made to collect all possible levies before the abolishment thereof.
Rental	3 002	66 000	62 998	-95	No rental received due to poor condition of rental houses, needs to refurbished first.
Service charges	-	-	-		
Investment Interest	4 107 112	1 554 300	(2 552 812)	164	Increased interest due to slower spending on projects.
Other Interest	2 215 077	400 000	(1 815 077)	454	Increased declaration of old outstanding levies accompanied with interest thereon.
Income for agency services	22 800 371	-	(22 800 371)	100	No revenue included in budget due to a lack of information.
Government grants and subsidies	84 952 955	86 596 000	1 643 045	-2	
Other Local Authorities	-	-	-		
Tariffs and Charges	600	-	(600)	100	
Public Contributions	-	-	-		
Other income	973 108	50 000	(923 108)	1846	No sundry income envisaged during budget process.
Gains on disposal of property, plant and equipment	11 855	-	(11 855)	100	Not foreseen to sell off any written off assets.
Sub- Total	141 575 487	110 666 300	(30 909 187)		
Recovered from Grants and subsidies i.r.o expenditure.	160 962 050	149 631 000	(11 331 050)	8	
Total Income	302 537 537	260 297 300	(42 240 237)		
EXPENDITURE					
Employee related costs	43 268 696	29 687 700	(13 580 996)	46	Agency function salaries not included in budget due to a lack of information.
Remuneration of Councillors	3 222 422	3 388 100	165 678	-5	
Bad debts	7 626 451	-	(7 626 451)	100	No budget provision due to Council's previous approach to outstanding Government Debt.
Collection costs	2 101 724	1 713 000	(388 724)	23	Increased collection cost due to increased rate of collection on outstanding levies.
Depreciation	3 083 179	2 664 100	(419 079)	16	Actual purchase dates preceded the planned dates.
Repairs and maintenance	949 583	516 200	(433 383)	84	Extensive repairs required, not foreseen during budget process.
Contracted services	35 582	120 000	84 418	-70	Services rendered internally.
Grants and Subsidies paid	8 467 445	8 643 900	176 455	-2	
General expenses-other	57 140 312	52 703 900	(4 436 412)	8	
Contributions to provisions	11 949 525	11 229 400	(720 125)	6	
Loss on disposal of property, plant and equipment	-	-	-		
Sub- Total	137 844 919	110 666 300	(27 178 619)		
General expenses-Conditional Grants	160 962 050	149 631 000	(11 331 050)	8	
Total Expenditure	298 806 969	260 297 300	(38 509 669)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	3 730 568	-	(3 730 568)		

APPENDIX F
CHRIS HANI DISTRICT MUNICIPALITY
CONDITIONAL GRANTS AND RECEIPTS

	UNSPENT BALANCE 1/07/2005	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2006
EQUITABLE SHARE PROJECTS	19 389 247.27	11 900 132.00		-28 502 142.74			2 787 236.53
FREE BASIC SERVICES PROJECTS	11 105 960.69						11 105 960.69
QUTUBENI SOIL CONSERV. PHASE 1	24 468.48						24 468.48
SPORTS FACILITY:TSOMO	100 516.44		1 984.22	-56 298.51			46 202.15
SPORTS FACILITY:COFIMVABA PHASE 3	310 351.97		17 653.84			-149 836.99	178 168.82
SPORTS FACILITY:WHITTLESEA	33 265.90		753.98	-30 302.11			3 717.77
SPORTS FACILITY:HOFMEYER	59 751.86		3 398.88	-51 902.09			11 248.65
SPORTS FACILITY:LINGELIHLE	114 059.91		6 488.10	-23 728.22			96 819.79
SPORTS FACILITY:STERKSTROOM MASAKHE	182 567.50		10 385.04				192 952.54
I.D.T. WATER PROJECT	39 863.80		2 267.58				42 131.38
CALA SPORTS COMPLEX	184 354.29						184 354.29
LED:KWAGCINA COMMUNITY GARDEN	100 000.00						100 000.00
LED FORUM:DISCRETIONAL FUNDS	106 465.71						106 465.71
LED:STRATEGY	4 538.81						4 538.81
INCOME GENERATING PROJECTS	87 034.51		4 950.81				91 985.32
DEPART.TRANSPORT TAXI RANKS	1 236 968.85		70 362.87				1 307 331.72
LAND TENURE RIGHTS (LESSEYTON SURVEY)	26 136.97		1 481.11				27 618.08
ILINGE PILOT HOUSING	73 295.96		4 134.46				77 430.42
MULTI PURPOSE YOUTH CENTRE	-31 946.53		-1 817.22	-1 000.00			-34 763.75
ILINGE CADASTRAL SURVEY PROGRAMME	11 359.93		646.19				12 006.12
ILINGE:T/SHIP PROJECTS H & LOC.GOVERNMENT	9 314.52		529.84			-20 000.00	-10 155.64
IMVANI PROJECT	39 769.74		2 262.23	-36 562.30			5 469.67
CBPWP POVERTY RELIEF 4	4 163 481.49		30 957.41	-44 518.81		-3 838 581.84	311 338.25
DWAF : GOBOTO SANITATION	898 231.70		51 094.39				949 326.09
DWAF: NYALASA SANITATION	938 356.84		-42 264.14	-3 229 261.86		-3 000.00	-2 336 169.16
DWAF: WSDP	-214 697.61	315 000.00	-7 783.44	-428 975.87			-336 456.92
SOCIAL PLAN GRANT	1 802.88		102.55				1 905.43
MULTI-PURPOSE SPORT LADY FRERE	127 724.44		7 124.83	-2 985.60			131 863.67
MULTI-PURPOSE SPORT ENGCOBO	23 529.50		1 338.44				24 867.94
EMALAHLENI YOUTH DEVELOPMENT	659 194.29		36 682.06	-31 008.88			664 867.47
EMALAHLENI BUILDINGS	730 671.91		41 563.03				772 234.94
ISRDP PROGRAMME-SUMMARY	26 369 597.41	1 331 000.00	1 137 187.89	-8 365 847.46			20 471 937.84
REGIONAL AUTHORITIES FUND	91 266.77		5 191.56				96 458.33
MIG	14 631 328.11	116 414 931.58	844 887.25	-70 774 522.98			61 116 623.96
DEV OF INTER-GOVERNMENTAL RELATIONS	200 389.80		11 398.83				211 788.63
MSIG	4 284 663.51	1 000 000.00	207 284.27	-1 779 169.00			3 712 778.78
SURVEY OF WAVERLY	154 062.64		8 763.59				162 826.23
COFIMVABA SPORTS FACILITY	-34 274.58		-7 648.05	-138 499.88			-180 422.51
STERKSTROOM SPORTS FACILITY	71 938.57		1 581.29	-66 925.08			6 594.78
LADY FRERE SPORTS FACILITY	108 379.94		5 889.03	-6 514.18			107 754.79
ENGCOBO SPORTS FACILITY	131 147.76		7 013.72	-10 536.66			127 624.82
CRADOCK SPORTS FACILITY	27 074.54		1 251.51	-6 811.57		-113 916.32	-92 401.84
CALA SPORTS FACILITY	74 756.57		4 023.41	-5 405.13			73 374.85
FINANCE MANAGEMENT GRANT	1 366 618.99	1 000 000.00	89 112.12	-1 087 853.74			1 367 877.37
Balance carried forward	88 012 592.05	131 961 063.58	2 560 233.48	-114 680 772.67		-4 125 335.15	103 727 781.29
Balance brought forward	88 012 592.05	131 961 063.58	2 560 233.48	-114 680 772.67		-4 125 335.15	103 727 781.29
DWAF:TSOMO RDP 3 WS(EA615)	166 534.67		-3 449.62	-290 285.49			-127 200.44
DWAF:BOJANE/SKOBENI WATER SUPPLY	8 438.95		480.04				8 918.99