



ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

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 2007**

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		98 518 015	61 896 122
Capital replacement reserve		21 019 029	10 373 495
Government grant reserve		13 573 752	6 261 714
Unappropriated Surplus/(accumulated Deficit)		63 925 233	45 260 913
Non-current Liabilities		10 975 614	958 242
Long term loans	2	9 553 861	-
Non-current provisions	3	1 421 753	958 242
Current Liabilities		155 829 575	152 393 037
Provisions	5	1 877 378	1 860 000
Creditors	6	14 729 694	18 001 228
Unspent conditional grants and receipts	7	138 693 336	132 531 809
Current portion of long-term loans		529 167	-
Total Net Assets And Liabilities		<u>265 323 204</u>	<u>215 247 401</u>
ASSETS			
Non-Current Assets		25 400 014	17 559 024
Property, Plant And Equipment	9	25 340 508	17 559 024
Long-term receivables	11	59 506	-
Current Assets		239 923 190	197 688 377
Consumer debtors	13	5 580 325	4 253 871
Other debtors	14	49 402 771	30 120 148
Current portion of long-term debtors	11	115 639	283 313
VAT	8	5 047 963	20 077 732
Cash		4 542	2 940
Bank	15	179 771 949	142 950 373
Total Assets		<u>265 323 204</u>	<u>215 247 401</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 2007

Budget		Note	Actual	
2006	2007		2007	2006
R	R		R	R
REVENUE				
11 315 000	3 000 000		3 650 635	11 984 273
10 685 000	2 000 000		2 278 878	14 527 134
66 000	72 000		59 591	3 002
1 554 300	1 250 000		7 669 947	4 107 112
400 000	180 000		212 406	2 215 077
-	21 963 800		14 465 184	22 800 371
86 596 000	122 966 800		129 215 770	84 952 955
-	-		-	600
50 000	128 000	19	258 679	973 108
-	-		365	11 855
110 666 300	151 560 600		157 811 456	141 575 487
149 631 000	168 685 874	18	192 228 348	160 962 050
260 297 300	320 246 474		350 039 803	302 537 537
EXPENDITURE				
29 687 700	54 066 994	20	51 535 376	43 268 696
3 388 100	4 375 279	21	4 447 418	3 222 422
-	-	22	3 084 822	7 626 451
1 713 000	506 400		298 365	2 101 724
2 664 100	2 825 000		3 565 801	3 083 179
516 200	850 657		795 071	949 583
-	-	23	306 573	-
120 000	129 400		39 991	35 582
8 643 900	252 200	25	177 739	8 467 445
52 703 900	75 853 070		57 244 938	57 140 312
347 400	469 900	3	665 115	1 200 000
10 882 000	12 231 700		11 831 941	10 749 525
110 666 300	151 560 600		133 993 150	137 844 919
149 631 000	168 685 874		198 842 065	160 962 050
260 297 300	320 246 474		332 835 215	298 806 969
0	0		17 204 589	3 730 568
Nett Surplus / (Deficit) for the year				

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Public donations and contributions reserve	Accumulated surplus	Total
	R	R	R	R	R	R
2006						
Balance at 1 July 2005	217 325	0	4 245 442	0	30 435 394	34 898 161
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
2007						
Balance at 1 July 2006	10 373 495	0	6 261 714	0	45 260 913	61 896 122
Net Surplus for the year					17 204 589	17 204 589
Transfer to / (from) CRR	10 000 000	-	-	-	-	10 000 000
Transfer of interest earned to CRR/GGR	645 534	-	361 222	-	-6 638 674	(5 631 917)
Transfer to unutilised grants	-	-	-	-	-6 718 215	(6 718 215)
Adjustment to accum depreciation	-	-	-	-	1 257 776	1 257 776
Transactions current year	-	-	-	-	-534 529	(534 529)
Transactions previous years	-	-	-	-	10 881 752	10 881 752
Capital grants used to purchase PPE	-	-	8 330 497	-	1 831 941	10 162 438
Offsetting of depreciation.	-	-	-1 379 681	-	1 379 681	0
Balance at 30 June 2007	21 019 029	0	13 573 752	0	63 925 233	98 518 015

**CHRIS HANI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

		2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
		342 125 540	321 947 752
		(315 676 415)	(292 584 320)
	28	26 449 125	29 363 432
		7 882 354	4 107 112
		223 545	
NET CASH FROM OPERATING ACTIVITIES		34 555 023	33 470 544
CASH FLOWS FROM INVESTING ACTIVITIES			
		(7 781 484)	(3 146 409)
		70 000	-
		(59 506)	573 889
		21 773	-
NET CASH FROM INVESTING ACTIVITIES		(7 749 217)	(2 572 520)
CASH FLOW FROM FINANCING ACTIVITIES			
		9 553 861	-
		-	-
		-	(121 948)
		463 511	-
NET CASH FROM FINANCING ACTIVITIES		10 017 372	(121 948)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		36 823 178	30 776 076
	29	142 953 313	112 177 237
		179 776 491	142 953 313

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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 / 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 2007 (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 2007 (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 2007 (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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (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 basic 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 2007 (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:

- 6.1 • **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.
- 6.2 • **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 2007 (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.

6.3 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 REVENUE RECOGNITION

7.1 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.

7.2 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 2007 (Continued)

- 7.3 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.
- 7.4 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.
- 7.5 Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.
- 7.6 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 2007 (Continued)

- 7.7 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.

8 VALUE ADDED TAX

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

9 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.

10 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 2007 (Continued)

11 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.

12 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.

13 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 2007 (Continued)

14 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.

15 COMPARATIVE INFORMATION

15.1 CURRENT YEAR COMPARATIVES

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

5+A19 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 2007**

	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Chris Hani District Municipality does not administer any Housing development fund.		
2 LONG- TERM LIABILITIES		
DBSA loan		
Balance at beginning of year	0	-
Received during the year	10 000 000	
Finance costs charged	306 573	
Finance costs paid	(223 544)	
Short-term portion transferred to current liabilities	(529 167)	
Balance at the end of the year	9 553 861	-
DBSA loan for bucket eradication projects. The loan carry interest at 5 % per annum and is repayable in 18 equal instalments over 10 years. <i>See appendix A for details</i>		
3 NON-CURRENT PROVISIONS		
Provision for Leave pay	1 421 753	958 242
Total Non-Current Provisions	1 421 753	958 242
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	958 242	588 007
Contributions and other income	480 888	1 200 000
Expenditure incurred	-	-
Increase due to discounting	-	-
Transfer to current provisions	(17 378)	(829 765)
Balance at end of year	1 421 753	958 242
4 CONSUMER DEPOSITS		
Chris Hani District Municipality holds no consumer deposits.		
5 CURRENT PROVISIONS		

Current portion of Leave Pay provision	1 877 378	1 860 000
Total Current Provisions	1 877 378	1 860 000

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

	2007	2006
	R	R
The movement in the current provision is reconciled as follows:-		
Balance at beginning of year	1 860 000	1 152 183
Transfer from non-current	17 378	829 765
Contributions to provision		
Expenditure incurred		(121 948)
Balance at end of year	1 877 378	1 860 000
6 CREDITORS		
Trade creditors	3 904 595	1 280 525
DWAF: Unidentified deposits	362 433	1 115 930
Equitable share projects	1 552 180	2 174 700
Deposits	234 969	8 334
Former TRC - Engcobo	1 094 769	1 094 769
Traffic fines	459 879	233 348
Income Suspense (Levies)	4 774 460	4 996 603
Road works	30	5 961 627
Other creditors	2 346 380	1 135 392
Total creditors	14 729 694	18 001 228
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS	6 682 196	8 047 497
Conditional grants from government	138 693 336	132 531 809
Government Grants	138 342 470	107 234 819
Provincial Grants and subsidies	350 866	25 296 990
Other conditional receipts	-	-
Total Conditional Grants and Subsidies	138 693 336	132 531 809
See Appendix F for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.		
8 VAT		
Vat control account	(159 244)	(1 597 159)

Accrued Vat (refund from SARS)	(25 603 927)	(41 187 546)
Input tax	31 500 215	70 601 374
Output tax	(689 081)	(7 738 937)
	5 047 963	20 077 732

Vat is paid on the receivable basis.

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)**

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Intangible	Other	Total
	R	R	R		R	R
Carrying values at 1 July 2006	10 343 755	-	213 543	1 593 724	5 408 002	17 559 024
Cost	12 147 645	-	457 586	2 627 205	11 668 449	26 900 885
Accumulated depreciation	(1 803 890)	-	(244 043)	(1 033 481)	(6 260 447)	(9 341 861)
Acquisitions	6 086 106		-		4 075 785	10 161 891
Capital under Construction	-		-		-	-
Depreciation	(346 141)	-	(18 384)	(794 492)	(2 406 784)	(3 565 801)
- based on cost	(346 141)		(18 384)	(794 492)	(2 406 784)	(3 565 801)
Carrying value of disposals	-	-	-	-	72 384	72 384
Cost	-			81 553	408 141	489 694
Accumulated depreciation	-			(81 553)	(335 757)	(417 310)
Impairment losses	-					-
Other movements-cost	(1 030)		(113 465)	(91)	114 588	2
Other movements- accum. depreciation	199 815		86 615	792 754	178 592	1 257 776
Carrying values at 30 June 2007	16 282 505	-	168 309	1 591 895	7 297 799	25 340 508
Cost	18 232 721	-	344 121	2 545 561	15 450 681	36 573 084
Accumulated depreciation	(1 950 216)	-	(175 812)	(953 666)	(8 152 882)	(11 232 576)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

30 June 2006

Reconciliation of Carrying Value	Land and buildings	Infrastructure	Community	Intangible	Other	Total
	R	R	R		R	R
Carrying values at 1 July 2005	8 869 109	-	239 413	1 593 724	6 793 408	17 495 654
Cost	10 131 373	-	457 586	2 627 205	10 564 970	23 781 134
Accumulated depreciation	(1 262 264)	-	(218 173)	(1 033 481)	(3 771 562)	(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	489 692	-	-	-	-	489 692
Cost	489 692				26 658	516 350
Accumulated depreciation					(26 658)	(26 658)
Impairment losses						-
Other movements						-
Carrying values at 30 June 2006	10 343 755	-	213 543	1 593 724	5 408 002	17 559 024
Cost	12 147 645	-	457 586	2 627 205	11 668 449	26 900 885
Accumulated depreciation	(1 803 890)	-	(244 043)	(1 033 481)	(6 260 447)	(9 341 861)

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

	2007 R	2006 R
10 CALL INVESTMENT DEPOSITS		
There were no listed / unlisted investments on reporting date.		
Allocation of call investments		
Surplus cash is kept on Call Account until used for specific purposes.		
11 LONG-TERM RECEIVABLES		
Motor car loans	124 494	283 313
Study assistance-Council employees	50 651	-
	<hr/> 175 145	<hr/> 283 313
Less : Short-term portion transferred to current assets	(115 639)	(283 313)
Total Non-Current loans	<hr/> 59 506 <hr/>	<hr/> - <hr/>

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 2007 (Continued)**

	2007	2006
	R	R
13 CONSUMER DEBTORS		
Levies	5 580 325	4 253 871
Total	5 580 325	4 253 871
14 OTHER DEBTORS		
Health Subsidies	1 694 212	1 694 212
Roads & Works Recov. Expenditure.	255 422	484 197
Lukhanji Municipality (ESCOM Account)	3 389 476	3 389 476
Inxuba Yethemba Municipality (ESCOM Account)	15 461 634	-
Ambulance Service	2 225 189	2 215 798
Ambulance Subsidy Bisho	1 687 765	1 687 765
Intsika Yethu Subsidy	312 346	312 346
Roadwork's Subsidy	8 294 619	8 294 619
Subsidy National Health And Population Projects	3 358 645	3 358 645
	455 839	463 643
Elections Infrastructure	1 190 002	1 190 001
Hala upgrading of services (Special Fund)	3 117 120	3 117 120
Previous System Movements	2 772 534	6 272 499
Other Sundry Debtors	15 899 241	5 266 277
Sub-Total: Other Debtors	60 114 044	37 746 598
Provision for Bad Debts	(10 711 273)	(7 626 450)
Net: Other Debtors	49 402 771	30 120 148
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	142 950 373	112 173 947
Cashbook balance at the end of the year	179 771 949	142 950 373

Bank statement balance at the beginning of the year	163 090 445	139 005 883
Bank statement balance at the end of the year	193 535 616	163 090 445

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

	2007 R	2006 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	117 087 100	82 936 683
Provincial Grants and subsidies	12 128 670	
Total Government Grants	129 215 770	82 936 683
<u>National/Provincial conditional Government grant funding.</u>		
Funds transferred to Income for reimbursement of non capital expenditure	191 084 057	160 962 050
Funds transferred to Income for reimbursement of capital expenditure (See Appendix F for detail)	7 758 008	2 016 272
Total National/Provincial Government Grants reimbursements	198 842 065	162 978 322
Total Government Grants and Subsidies	328 057 835	245 915 005
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	205 259	973 108
Commission on Collection	53 420	-
Total Other Income	258 679	973 108

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

20 EMPLOYEE RELATED COSTS

	2007 R	2006 R
Salaries and wages	35 650 515	31 599 770
Contributions for UIF, Pensions ,Medical aids etc	8 900 598	7 341 793
Travel, motor car and other allowances	5 840 546	3 393 667
Housing benefits	369 543	349 892
Performance bonuses	501 313	341 245
Long-service awards	272 861	242 329
	51 535 376	43 268 696

Remuneration of the Municipal Manager

Annual Remuneration	460 493	351 998
Performance Bonuses	94 285	104 950
Car Allowance	81 000	159 174
Contributions to UIF, Medical and Pension funds	106 560	87 917
Total	742 338	704 039

Remuneration of the Director Finance

Annual Remuneration	429 192	328 553
Performance Bonuses	88 231	79 930
Car Allowance	82 630	148 350
Contributions to UIF, Medical and Pension funds	89 715	79 331
Total	689 768	636 164

Remuneration of the Director Corporate Services.

Annual Remuneration	429 192	328 553
Performance Bonuses	77 438	74 126
Car Allowance	81 000	148 350
Contributions to UIF, Medical and Pension funds	91 675	79 331
Total	679 305	630 360

Remuneration of the Director Integrated Planning & Economic Development.

Annual Remuneration	429 192	328 553
Performance Bonuses	80 451	82 239
Car Allowance	83 609	148 350
Contributions to UIF, Medical and Pension funds	96 585	79 331
Total	689 837	638 473

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

	2007	2006
	R	R
Remuneration of the Director of Health		
Annual Remuneration	429 192	328 553
Performance Bonuses	87 449	-
Car Allowance	82 146	148 350
Contributions to UIF, Medical and Pension funds	81 460	79 331
Total	680 247	556 234
Remuneration of the Director Infrastructure		
Annual Remuneration	429 192	277 915
Performance Bonuses	73 459	-
Car Allowance	81 000	123 625
Contributions to UIF, Medical and Pension funds	96 587	66 109
Total	680 238	467 649
Remuneration of the Strategic Manager (December 2006 - June 2007)		
Annual Remuneration	234 007	-
Performance Bonuses	-	-
Car Allowance	47 250	-
Contributions to UIF, Medical and Pension funds	58 714	-
Total	339 971	-
21 REMUNERATION OF COUNCILLORS		
Executive Mayor	338 514	226 918
Deputy Executive Mayor	-	-
Speaker	270 811	181 535
Mayoral Committee members	1 523 310	1 021 135

Councillors	1 032 565	1 039 191
Allowances	1 033 561	753 643
Adjustments	248 657	-
Total Councillors' Remuneration	4 447 418	3 222 422

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.

CHRIS HANI DISTRICT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 R	2006 R
22 BAD DEBTS		
Contribution to the bad debt provision	3 084 822	7 626 451
Bad debt written off	-	-
Total Bad Debts	3 084 822	7 626 451
23 INTEREST PAID		
External loans	306 573	-
Finance leases	-	-
Bank overdrafts	-	-
Total interest on External Borrowings.	306 573	-
24 BULK PURCHASES		
Chris Hani District Municipality did not buy bulk services.		
25 GRANTS AND SUBSIDIES PAID		
Infrastructural Services	-	8 400 000
Problem Animal Control	30 000	31 000
Other	147 739	36 445
Total Grants and Subsidies paid	177 739	8 467 445

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:-

-	-
-	-
-	-
-	-
-	-

**CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007 (Continued)**

28 CASH GENERATED BY OPERATIONS

Net surplus for the year

2007 R	2006 R
-----------	-----------

Adjustment for:-

Previous years

Changes in accounting policy

Depreciation

Bad debts

Loss on disposal of property, plant and equipment

Contributions to provisions - non-current

Contributions to provisions - current

Contribution to Capital Replacement Reserve

Investment income

Interest paid

1. Audit fees, rent & interest provisions

Operating surplus before working capital changes:

(Increase)/Decrease in RSC Levy debtors

(Increase)/Decrease in other debtors

(Increase)/Decrease in VAT

17 204 589	3 730 568
-	(4 096 818)
-	-
3 565 801	3 083 179
3 084 822	-
(365)	-
463 511	1 200 000
17 378	-
11 831 941	10 749 525
(7 882 354)	(4 107 112)
306 573	-
(16 812)	-
28 591 895	10 559 342
(1 326 454)	(3 548 755)
(19 282 623)	20 248 911
15 029 769	14 445 183

Increase/(Decrease) in current portion long term loans	529 167	-
Increase/(Decrease) in conditional grants and receipts	6 161 527	(7 502 293)
Increase/(Decrease) in current provisions	17 378	-
Increase/(Decrease) in creditors	(3 271 534)	(4 838 956)
Cash generated by operations	26 449 125	29 363 432

29 CASH AND CASH EQUIVALENTS

Balance at the end of the year	179 776 491	142 953 313
Balance at the beginning of the year	142 953 313	112 177 237
Net (De-) / Increase in cash and cash equivalents	36 823 178	30 776 076

30 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

The DBSA loan funding was fully utilised on bucket eradication projects during the year.

CHRIS HANI DISTRICT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2007 R	2006 R
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance	-	-
- authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-

Irregular, fruitless and wasteful expenditure

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	-	-
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>32.1 Contributions to SALGA</u>		
Opening balance	-	(106 279)
Council subscriptions	(112 661)	106 279
Amount paid - current year	112 661	
Amount paid - next year		
Balance paid in advance (included in Debtors)	-	-

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

	2007	2006
	R	R
<u>32.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	1 179 983	1 612 271
Amount paid - current year	(1 179 983)	(1 612 271)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>32.3 VAT</u>		
Vat input receivables and VAT output payables are shown in note 8 . All Vat returns have been submitted by the due date throughout the year.		
<u>32.4 PAYE and UIF</u>		
Opening balance	(32 810)	-

Current year payroll deductions	7 896 837	6 184 514
Amount paid - current year	(7 864 027)	(6 217 324)
Amount paid - previous years	-	-
Balance undeducted (included in debtors)	-	(32 810)

32.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	11 802 588	9 905 490
Amount paid - current year	(11 802 588)	(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. These amounts would be paid during July 2007.

33 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 2007 (Continued)

34 CONTINGENT LIABILITIES

A security to the amount of R8,033,000 was signed to First National Bank to cover a bank overdraft.

Matters pending with Council attorneys based on estimated probable loss with costs

2007	2006
R	R
-	-
1 555 000	-
1 555 000	-

35 RETIREMENT BENEFIT INFORMATION

Post- Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

Pension and Retirement Fund Benefits

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.

36 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations or assistance was done or provided in 2006/07

37 CORRECTIONS

During the year the following transactions were made in regard to the previous year and the comparative amounts have been restated:

Creditors	-	188 419
Accumulated depreciation	1 257 776	-
Capital Replacement Reserve	-	(497 007)
Conditional grant creditors	-	16 426 128
Net effect on surplus for the year	1 257 776	16 117 540

APPENDIX A
CHRIS HANI DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOAN			FINANCE COSTS CHARGED		FINANCE COSTS PAID		LIABILITIES			Closing Balance
	Opening Balance	Capital Advances	Interest	Other Costs	Interest	Other Costs	Capital Repaid	Capital	Interest	
DBSA LOAN	-	10 000 000	285 429	21 144	(202 401)	(21 144)	-	(446 139)	(83 028)	9 553 861
Total	-	10 000 000	285 429	21 144	(202 401)	(21 144)	-	(446 139)	(83 028)	9 553 861

APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost						Accumulated Depreciation					Carrying Value	Budget Additions 2007
	Opening Balance	2006 Additions Adjusted	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Backlog	Additions	Disposals	Closing Balance		
INFRASTRUCTURE ASSETS													
Total Infrastructure Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY ASSETS													
Buildings:													
Clinics and Hospitals	100 000					100 000	46 676		3 324		50 000	50 000	
Halls Recreation	168 341					168 341.00	56 160		5 596		61 756	106 585	
	268 341	-	-	-	-	268 341	102 836	-	8 920	-	111 756	156 585	-
Recreational Facilities:													
Fountains	11 471					11 471.00	4 777		2 288		7 065	4 406	
	11 471	-	-	-	-	11 471	4 777	-	2 288	-	7 065	4 406	-
Security Measures:													
Fencing	19 136					19 136	19 136				19 136	-	
Security Systems	45 173					45 173.00	30 679		7 176		37 855	7 318	
	64 309	-	-	-	-	64 309	49 815	-	7 176	-	56 991	7 318	-
Total Community Assets	344 121	-	-	-	-	344 121	157 428	-	18 384	-	175 812	168 309	-
OTHER ASSETS													
Buildings:													
Office Building	11 710 327	152 304	2 285 802	-		14 148 433	1 446 160	14	331 298		1 777 472	12 370 961	
Other	11 802					11 802	10 299		785		11 084	718	
Housing Council	422 486					422 486	147 616		14 044		161 660	260 826	
Land And Unused Buildings	2 000		3 648 000			3 650 000.00	-				-	3 650 000	
	12 146 615	152 304	5 933 802	-	-	18 232 721	1 604 075	14	346 127	-	1 950 216	16 282 505	-
Intangible Assets													
Computer Software	2 627 114				81 553	2 545 561	240 727		794 492	81 553	953 666	1 591 895	
	2 627 114	-	-	-	81 553	2 545 561	240 727	-	794 492	81 553	953 666	1 591 895	-
Office Equipment:													
Air Conditioners	356 890					356 890	252 038		60 345		312 383	44 507	
Computer Hardware	2 301 906		535 904		18 637	2 819 173	1 069 619		602 861	18 637	1 653 843	1 165 330	
Office Machines	429 740				255	429 485	294 374		62 657	255	356 776	72 709	
Miscellaneous	226 278		92 643		4 896	314 025	111 349		49 707	4 896	156 160	157 865	
	3 314 814	-	628 547	-	23 788	3 919 573	1 727 380	-	775 570	23 788	2 479 162	1 440 411	-

APPENDIX B (Continued)
CHRIS HANI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost						Accumulated Depreciation					Carrying Value	Budget Additions 2007
	Opening Balance		Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Backlog	Additions	Disposals	Closing Balance		
Plant And Equipment:													
Tractors	113 038	388 500	135 000			636 538	113 038	13 624	32 117		158 779	477 759	
Farm Equipment	-	62 239				62 239	-	7 196	12 504		19 700	42 539	
Trailers	3 251	127 452	9 156			139 859	3 251	4 470	8 474		16 195	123 664	
Lawnmowers	3 811		16 092			19 903	3 811	-	2 129		5 940	13 963	
Earth Moving Equipment	2 328 533					2 328 533	718 337	-	232 215		950 552	1 377 981	
Plant and Equipment General	-					-	-	-	-		-	-	
Radio Equipment	117 314				45 349	71 965	117 314	-	-	45 349	71 965	-	
General	17 980				9 650	8 330	17 980	-	-	9 650	8 330	-	
Other	-	3 193				3 193	-	-	-		-	3 193	
Satelite Tracking Equipment	113 465					113 465	86 749	180	637		87 566	25 899	
Ambulance /Clinic Equipment	53 053				9 760	43 293	53 053	-	7 503	9 760	50 796	-7 503	
Mobile Clinic	156 000					156 000.00	156 000	-	-		156 000	-	
	2 906 445	581 384	160 248	-	64 759	3 583 318	1 269 533	25 470	295 579	64 759	1 525 823	2 057 495	-
Furniture And Fittings:													
Cabinets and Cupboards	370 244		63 866		1 122	432 988	177 402	-	74 596	1 122	250 876	182 112	
Chairs	214 588		67 559		71	282 076	138 834	-	74 297	71	213 060	69 016	
Furniture & Fittings Other	396 742		13 167		139 023	270 886	318 377	-	25 644	139 023	204 998	65 888	
Kitchen Equipment	30 524		11 747		2 078	40 193	15 497	-	8 553	2 078	21 972	18 221	
Tables and Desks	314 434		81 168		28	395 574	138 753	-	62 755	28	201 480	194 094	
	1 326 532		237 507	-	142 322	1 421 717	788 863	-	245 845	142 322	892 386	529 331	-
Motor Vehicles:													
Buses	-					-	-	-	-		-	-	
Fire Engines	354 160					354 160	129 244	-	70 638		199 882	154 278	
Passenger vehicles	1 421 699	35 000	574 105			2 030 804	986 426	35 000	244 793		1 266 219	764 585	
Trucks / Bakkies	2 449 085	528 742	1 330 252		177 080	4 130 999.00	1 170 107	284 530	429 359	104 696	1 779 300	2 351 699	
	4 224 944	563 742	1 904 357	-	177 080	6 515 963	2 285 777	319 530	744 790	104 696	3 245 401	3 270 562	-
Emergency Equipment:													
Fire	6 185					6 185	6 185				6 185	-	
Fire Hoses	3 637					3 637	3 637				3 637	-	
Emergency Lights	288					288	288				288	-	
General	192				192	-	192			192	-	-	
	10 302	-	-	-	192	10 110	10 302	-	-	192	10 110	-	-
Total Other Assets	26 556 766	1 297 430	8 864 461	-	489 694	36 228 963	7 926 657	345 014	3 202 403	417 310	11 056 764	25 172 199	-
TOTAL	26 900 887	1 297 430	8 864 461	-	489 694	36 573 084	8 084 085	345 014	3 220 787	417 310	11 232 576	25 340 508	-

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT
30 JUNE 2007

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	5 344 885	1 397 556		28 720	6 713 721	2 705 120	915 994	28 720	3 592 393	3 121 328
Finance and Administration	15 935 607	6 547 148		210 875	22 271 880	3 019 758	1 682 921	210 875	4 491 803	17 780 077
Planning and Development	555 625	1 808 074		7 096	2 356 603	280 656	393 328	7 096	666 888	1 689 716
Health	1 331 896	28 214		28 846	1 331 264	1 077 407	144 971	28 846	1 193 532	137 732
Community and Social services	140 971	52 813		-	193 784	-	73 895	-	73 895	119 888
Public safety	2 965 618	289 413		214 156	3 040 875	997 070	338 785	141 772	1 194 083	1 846 792
Primary Health Care	619 736	-		-	619 736	4 075	-	-	4 075	615 661
Road Works	-	-		-	-	-	-	-	-	-
Special Accounts	-	-		-	-	-	-	-	-	-
PIMMS	6 549	-		-	6 549	-	2 177	-	2 177	4 372
Water	-	38 673		-	38 673	-	13 730	-	13 730	24 943
Other	-	-		-	-	-	-	-	-	-
TOTALS	26 900 887	10 161 891	-	489 694	36 573 084	8 084 085	3 565 801	417 310	11 232 576	25 340 508

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
82 953 617	36 576 014	46 377 603	Executive and Council	117 087 100	16 076 916.72	101 010 183
33 805 227	13 356 469	20 448 758	Finance and Administration	5 461 760	30 776 333.98	(25 314 574)
162 978 322	220 709 059	(57 730 737)	Planning and Development	198 842 065	207 756 454.61	(8 914 390)
-	1 141 330	(1 141 330)	Environmental Health	6 454 050	4 965 401.42	1 488 649
-	2 079 253	(2 079 253)	Community and Social services	-	1 756 719.58	(1 756 720)
-	1 249 698	(1 249 698)	Public safety	3 000 000	1 209 807.36	1 790 193
7 796 580	7 796 580	-	Primary Health Care	6 465 184	9 166 794.63	(2 701 611)
15 003 791	15 003 791	-	Road Works	8 000 000	8 918 785.25	(918 785)
-	777 518	(777 518)	PIMMS	1 000 000	693 650.55	306 349
-	-	-	Water	2 874 620	51 334 869.30	(48 460 249)
-	117 257	(117 257)	Other	855 025	179 481.92	675 543
302 537 537	298 806 969	3 730 568	Sub Total	350 039 804	332 835 215	17 204 588
-	-	-	Less Inter-Departmental charges	0	-	-
302 537 537	298 806 969	3 730 568	TOTAL	350 039 804	332 835 215	17 204 588

APPENDIX E
CHRIS HANI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (OPERATIONAL) FOR THE YEAR ENDED
30 JUNE 2007

REVENUE	Actual 2007	Budget 2007	Variance R	Variance %	Explanation of Significant Variances Greater than 5 % versus Budget
Regional Services Levy- Turnover	3 650 635	3 000 000	(650 635)	22	Concerted effort made to collect all possible levies before the final daate for collection
Regional Services Levy- Remuneration	2 278 878	2 000 000	(278 878)	14	Concerted effort made to collect all possible levies before the final daate for collection
Rental	59 591	72 000	12 409	-17	Rental received less than market related due to poor condition of rental houses, needs to refurbished first.
Investment Interest	7 669 947	1 250 000	(6 419 947)	514	Increased interest due to slower spending on projects / other expenditure and unanticipated provincial grants.
Other Interest	212 406	180 000	(32 406)	18	Increased declaration of old outstanding levies accompanied with interest thereon.
Income for agency services	14 465 184	21 963 800	7 498 616	-34	Grants received from provincial state departments less than budgeted amounts.
Government grants and subsidies	129 215 770	122 966 800	(6 248 970)	5	Grants received from provincial state departments not included in the revenue budget.
Other income	258 679	128 000	(130 679)	102	Increase resulted from unanticipated levels of sundry income envisaged during budget process.
Gains on disposal of property, plant and equipment	365	-	(365)	100	Not foreseen to sell off any written off assets.
Sub- Total	157 811 456	151 560 600	(6 250 856)		
Recovered from Grants and subsidies i.r.o expenditure.	192 228 348	168 685 874	(23 542 474)		
Total Income	350 039 803	320 246 474	(29 793 329)		
EXPENDITURE					
Employee related costs	51 535 376	54 066 994	2 531 618	-5	Vacant posts that were budgeted for and not filled / filled beyond targeted dates.
Remuneration of Councillors	4 447 418	4 375 279	(72 139)	2	Increase resulted from previous year's back pay authorised and paid in the current financial year.
Bad debts	3 084 822	-	(3 084 822)	100	No budget provision due to Council's previous approach to outstanding Government Debt.
Collection costs	298 365	506 400	208 035	-41	Decreased collection cost due to decline rate of collection on outstanding levies.
Depreciation	3 565 801	2 825 000	(740 801)	26	Actual purchase dates preceeded the planned dates and corrected acquisition dates for previous years.
Repairs and maintenance	795 071	850 657	55 586	-7	
Interest paid	306 573	-	(306 573)		New loan taken with DBSA
Contracted services	39 991	129 400	89 409	-69	Services rendered internally.
Grants and Subsidies paid	177 739	252 200	74 461	-30	Compelling unforeseen expenditure in support of local tourism incurred.
General expenses-other	57 244 938	75 853 070	18 608 132	-25	
Contributions to provisions	12 497 056	12 701 600	204 544	-2	
Loss on disposal of property, plant and equipment	-	-	-		
Sub- Total	133 993 150	151 560 600	17 567 450		
General expenses-Conditional Grants	198 842 065	168 685 874	(30 156 191)	18	DBSA loan and grants received from provincial state departments not included in the capital budget.
Total Expenditure	332 835 215	320 246 474	(12 588 741)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	17 204 589	0	(17 204 588)		

APPENDIX F
CHRIS HANI DISTRICT MUNICIPALITY
CONDITIONAL GRANTS : RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED JUNE 2007

PROJECT DESCRIPTION	UNSPENT BALANCE 1/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
EQUITABLE SHARE PROJECTS	2 787 236.53	7 505 000.00		-11 544 140.97	-5 466 311.02	6 718 215.46	
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	46 202.15		2 875.12				49 077.27
SPORTS FACILITY:COFIMVABA PHASE 3	178 168.82		11 087.30				189 256.12
SPORTS FACILITY:WHITTLESEA	3 717.77		-236.19	-10 246.53			-6 764.95
SPORTS FACILITY:HOFMEYER	11 248.65		699.99				11 948.64
SPORTS FACILITY:LINGELIHLE	96 819.79		5 444.16	-10 218.61			92 045.34
SPORTS FACILITY:STERKSTROOM MASAKHE	192 952.54		8 683.01	-53 601.74			148 033.81
I.D.T. WATER PROJECT	42 131.38		2 621.80				44 753.18
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	91 985.32		5 608.67				97 593.99
DEPART.TRANSPORT TAXI RANKS	1 307 331.72		79 712.63				1 387 044.35
LAND TENURE RIGHTS (LESSEYTON SURVEY)	27 618.08		353.41				27 971.49
ILINGE PILOT HOUSING	77 430.42		1 293.56				78 723.98
MULTI PURPOSE YOUTH CENTRE	-34 763.75		-229.49				-34 993.24
ILINGE CADASTRAL SURVEY PROGRAMME	12 006.12		732.06				12 738.18
ILINGE:T/SHIP PROJECTS H & LOC.GOVERNMENT	-10 155.64		-619.23				-10 774.87
IMVANI PROJECT	5 469.67						5 469.67
CBPWP POVERTY RELIEF 4	311 338.25		26 427.77				337 766.02
DWAF: WSDP	-336 456.92						-336 456.92
SOCIAL PLAN GRANT	1 905.43		118.57				2 024.00
MULTI-PURPOSE SPORT LADY FRERE	131 863.67		8 205.77				140 069.44
MULTI-PURPOSE SPORT ENGCOBO	24 867.94		1 547.51				26 415.45
EMALAHLENI YOUTH DEVELOPMENT	664 867.47		39 536.22	-80 196.68			624 207.01
EMALAHLENI BUILDINGS	772 234.94		48 055.57				820 290.51
ISRDP PROGRAMME-SUMMARY	20 471 937.84	950 000.00	1 167 786.10	-4 718 191.31	-154 955.00		17 716 577.63
REGIONAL AUTHORITIES FUND	96 458.33		6 002.53				102 460.86
MIG	61 921 060.23	154 889 662.60	2 828 550.81	-160 540 360.04			59 098 913.60
DEV OF INTER-GOVERNMENTAL RELATIONS	211 788.63		13 179.44				224 968.07
MSIG	3 712 778.78	1 000 000.00	261 530.43	-233 117.01			4 741 192.20
SURVEY OF WAVERLY	162 826.23		10 132.55				172 958.78
COFIMVABA SPORTS FACILITY	-180 422.51		-11 227.55				-191 650.06
STERKSTROOM SPORTS FACILITY	6 594.78						6 594.78
LADY FRERE SPORTS FACILITY	107 754.79		6 705.49				114 460.28
ENGCOBO SPORTS FACILITY	127 624.82		7 941.99				135 566.81
CRADOCK SPORTS FACILITY	-92 401.84		-5 750.09				-98 151.93
CALA SPORTS FACILITY	73 374.85		4 566.06				77 940.91
FINANCE MANAGEMENT GRANT	1 367 877.37	500 000.00	86 071.97	-580 145.76			1 373 803.58
LED PROJECTS		419 166.00					419 166.00
Balance carried forward	105 919 060.63	165 263 828.60	4 617 407.94	-177 770 218.65	-5 621 266.02	6 718 215.46	99 127 027.96