



2008/2009

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

CHRIS HANI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

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GENERAL INFORMATION

EXECUTIVE MAYOR

M.S Sigabi

SPEAKER

N. Pasha

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor

Speaker

Chief Whip

R. Shweni

Councillors: M. Koyo
L.G. Nkwentsha

N. Dzedzei
N. Mvana
M. Xuma

GRADING OF THE LOCAL AUTHORITY

Grade 5

AUDITORS

External – Auditor General

Internal – Internal Unit

PRIMARY BANKER

ABSA Bank Limited

REGISTERED OFFICE

15 Bells Road
Queenstown
5319

Private Bag X7121
Queenstown
5320

Telephone: (045) 808-4600

Facsimile: (045) 838-1556

E-Mail: webmaster@chrishanidmi.gov.za

Website: <http://www.chrishanidm.gov.za>

MUNICIPAL MANAGER

M. Mbambisa

CHIEF FINANCIAL OFFICER

P.T. Pambaniso (Acting)

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GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 8 to 98, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2009.

M MBAMBISA
MUNICIPAL MANAGER
31 August 2009

P T PAMBANISO (Acting)
CHIEF FINANCIAL OFFICER
31 August 2009

CHRIS HANI DISTRICT MUNICIPALITY
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MEMBERS OF THE COUNCIL

COUNCILLORS		PROPORTIONAL COUNCILLORS
M S Sigabi	ANC	
Mrs Pasha	ANC	
Z R Shweni	ANC	
N T Bikwana	ANC	
T E Bobo	ANC	
N C Dzedze	ANC	
M C Gobinca	ANC	Commencement: 01/04/2009
L Gunuza-Nkwentsha	ANC	
N C Koyo	ANC	
N P Makalima	ANC	
N Matswele	ANC	
N Mvana	ANC	Resignation Date: 28/02/2009
T P Nobongoza	ANC	
L E Noqha	ANC	
M S Rulument	ANC	
M R Xuma	ANC	
J F Van der Walt	DA	
A W Nkungwana	UDM	

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MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M MBAMBISA
MUNICIPAL MANAGER
31 August 2009

CHRIS HANI DISTRICT MUNICIPALITY
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FOREWORD

During the 2008 / 2009 financial year the municipality was under severe pressure to ensure compliance to various changes in legislation and continue with implementation of Generally Recognised Accounting Practice (GRAP) standards. The municipality was however able to meet the challenges set by a changing legislative and accounting environment.

The district municipality, as part of improving service delivery to the community, implemented proper communication channels through the local municipalities that have the Ward Committee and Community Development Workers systems at their disposal.

Although capital projects were limited to those financed from external grant funding the municipality has successfully implemented the projects identified in the Integrated Development Plan / Budget for 2008 / 2009 financial year. The municipality will continue in the 2009 / 2010 financial year to implement uncompleted projects for the previous financial year and those projects identified in the IDP / Budget for the current year.

Service delivery and the eradication of infrastructure backlogs remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of our people.

I hereby wish to thank the members of the Mayoral Committee and Council together with staff for their commitment during the year, ensuring that we meet the set targets for the year.

I thank you.

CLR M S SIGABI
EXECUTIVE MAYOR
31 August 2009

CHRIS HANI DISTRICT MUNICIPALITY
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AUDIT REPORT

The 2008/2009 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008, and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GAMAP 9	Paragraphs relating to Revenue from Non-exchange Transactions
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out above. The details of any resulting changes in accounting policy and comparative restatements are given in **Notes 31 and 32** to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy clause **9.2** on *Revenue from Exchange Transactions* and Accounting Policy clause **9.3** on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GAMAP 9 (*Revenue*) as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.2 Critical Judgements, Estimations and Assumptions (continued)

1.2.3 Impairment of Financial Assets

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Notes 2 and 8 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy clauses 2.3, 3.2 and 4.2, the municipality depreciates / amortises its Property, Plant and Equipment, Intangible Assets and Investment Property over the estimated useful lives of the assets, which is determined when the assets are brought into use. However, as mentioned in the said policies, the estimated useful life and the depreciation methods of the assets were not reviewed during the current or prior financial years. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5 Impairment: Write-down of PPE and Inventories

Significant estimates and judgements are made relating to PPE impairment tests and write down of Inventories to Nett Realisable Values.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 14 and 15.1 to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

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

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ♦ GRAP 18 Segment Reporting - issued March 2005
- ♦ GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- ♦ GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- ♦ GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- ♦ IAS 19 Employee Benefits - effective 1 January 2009
- ♦ IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- ♦ IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

See **Note 50** to the Annual Financial Statements for more detail.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, except for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Infrastructure		Other	
Roads and Paving	10 - 100	Buildings	25 - 30
Pedestrian Malls	15 - 30	Specialist Vehicles	10 - 15
Electricity	15 - 60	Other Vehicles	5 - 15
Water	15 - 100	Office Equipment	3 - 15
Sewerage	15 - 60	Furniture and Fittings	5 - 15
Housing	30	Watercraft	15 - 20
		Bins and Containers	5 - 15
Community		Specialised Plant and	
Improvements	25 - 30	Equipment	10 - 15
Recreational Facilities	15 - 30	Other Plant and	
Security	15 - 25	Equipment	2 - 15

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.3 Depreciation (continued)

Residual values, estimated useful lives and depreciation methods were not reviewed in the previous and current financial years as required by GRAP 17. The municipality applied ASB Directive 4 which states that the municipality need not comply with the measurement requirements of GRAP 17 for the years ending 30 June 2009 and 2010, but must comply with the measurement requirements for the year ending 30 June 2011. It must however identify and correctly classify all Property, Plant and Equipment on an asset register during the 2009 and 2010 years.

2.4 Land

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

2.5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

2.8 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.9 Derecognition of Property, Plant and Equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

2.10 Impairment

2.10.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 Impairment (continued)

2.10.1 Impairment of Cash Generating Assets (continued)

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.10.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ♦ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 Impairment (continued)

2.10.2 Impairment of Non-cash Generating Assets (continued)

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.11 Transitional Arrangements

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007. The estimated useful lives and depreciation methods have not been reviewed for the year ended 30 June 2009 in accordance with the transitional arrangements of ASB Directive 4.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has not been performed for the year ended 30 June 2009 in accordance with the transitional arrangements of ASB Directive 4.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has not been performed for the year ended 30 June 2009 in accordance with the transitional arrangements of ASB Directive 4.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;
- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / IAS 36.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

3. INTANGIBLE ASSETS (continued)

3.2 *Subsequent Measurement, Amortisation and Impairment*

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 *Derecognition*

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3.4 *Transitional Provisions*

Costs incurred on intangible assets (other than on computer software) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

4. INVESTMENT PROPERTY (continued)

4.1 Initial Recognition (continued)

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;
- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

4.2 Subsequent Measurement

Investment Property is measured using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.3 Transitional Provisions

Investment Properties were not recognised in the previous financial year as required by IAS 40 as these requirements were exempted in terms of General Notice 522 of 2007. Investment properties are recognised, and subsequently measured in accordance with the cost model, in terms of GRAP 16 and have been disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 4.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

5.1 Financial Assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or
- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available-for-sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.1 Financial Assets (continued)

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which 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, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.

5.2 Financial Liabilities – Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.2 Financial Liabilities – Classification (continued)

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as “Other Financial Liabilities”.

5.3 Initial and Subsequent Measurement

5.3.1 Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

5.3.2 Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

5.4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.4 Impairment of Financial Assets (continued)

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.5 *Derecognition of Financial Assets*

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.6 *Derecognition of Financial Liabilities*

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

5.7 *Transitional Provisions*

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial Instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- ◆ Each class of financial instrument is disclosed separately.
- ◆ Maximum exposure to credit risk not covered by collateral is specified.
- ◆ Financial instruments covered by collateral are specified.

Liquidity Risk

- ◆ A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- ◆ Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- ◆ A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in **Note 40.9** to the Annual Financial Statements.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IFRS 7 and GRAP 3.

7. INVENTORIES

7.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

7. INVENTORIES (continued)

7.1 Initial Recognition (continued)

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

7.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

7. INVENTORIES (continued)

7.3 Transitional Provisions

The recognition of immovable capital assets that meet the definition and recognition criteria of inventory, as inventories in accordance with the requirements of GAMAP 12 were exempted in the previous financial year in terms of General Notice 522 of 2007. Immovable capital assets that meet the definition and recognition criteria of inventory are recognised as inventories for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 12 and ASB Directive 4.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

8.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

8.3 Transitional Provisions

It was accounted for the disposal of Non-current Assets and Disposal Groups in the previous financial year in accordance with the requirements of GAMAP 17, IAS 38, IAS 40 or IAS 41, as appropriate, and not in accordance with the requirements of IFRS 5 as these requirements were exempted in terms of General Notice 522 of 2007. It is accounted for the disposal of Non-current Assets and Disposal Groups for the year ended 30 June 2009 (and not retrospectively) in accordance with the requirements of GRAP 100 and ASB Directive 4.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

9. REVENUE RECOGNITION

9.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

9.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

9.2.1 Service Charges

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

9. REVENUE RECOGNITION (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.2 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- ♦ Interest earned on Unutilised Conditional Grants is allocated directly to the Creditor: Unspent Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

9.2.4 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

9.2.5 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.2.6 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

9.2.7 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

9. REVENUE RECOGNITION (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.8 Sale of Goods

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.

9.3 Revenue from Non-exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.2 Other Donations and Contributions

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

**CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

9. REVENUE RECOGNITION (continued)

9.3 Revenue from Non-exchange Transactions (continued)

9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

9.4 Transitional Provisions

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006, which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

10. GOVERNMENT GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

10. GOVERNMENT GRANTS AND RECEIPTS (continued)

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20. Government grants and receipts is accounted for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 – .46 and ASB Directives 4 and 5.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - ◆ The business or part of a business concerned;
 - ◆ The principal locations affected;
 - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
 - ◆ The expenditures that will be undertaken; and
 - ◆ When the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

12. EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

12. EMPLOYEE BENEFITS (continued)

12.3 Defined Benefit Plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

12.3.1 Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance in the year in which they occur.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

12.3.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

12. EMPLOYEE BENEFITS (continued)

12.3.3 Exemption regarding defined benefit accounting in previous financial year

Defined benefit accounting in accordance with the requirements of IAS 19, as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information, has been exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality has applied defined benefit accounting to the defined benefit plans for the financial year ended 30 June 2009 in accordance with the requirements of IAS 19.

12.4 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to **Note 41** of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

13. LEASES

13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. 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.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

13. LEASES (continued)

13.1 The Municipality as Lessee (continued)

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13.2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

13.3 Transitional Provisions

The recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17 has been exempted in the previous financial year in terms of General Notice 522 of 2007 (provided that the municipality recognised the lease amounts on the basis of the cash flows in the lease agreement). The municipality recognised operating lease payments / receipts on a straight-line basis for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 13 and ASB Directive 4.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

14. BORROWING COSTS

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality 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 Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

17. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly 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.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

21. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GAMAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to **Note 31** for details of changes in accounting policies.

The retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality). The municipality applied changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to **Note 32** to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

CHRIS HANI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in **Notes 43 and 44** to the Annual Financial Statements.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in **Note 48** to the Annual Financial Statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27. COMPARATIVE INFORMATION

27.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

27.2 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
Parameters to be completed for Current Year

Name of Authority	CHRIS HANI DISTRICT MUNICIPALITY
Financial Year-end	30 JUNE 2009
End of Next Year	30 June 2010
End of Current Year	30 June 2009
End of Previous Year	30 June 2008
End of Base Year	30 June 2007
Current Year	2009
Previous Year	2008
Base Year	2007
Next Financial Year	2009/2010
Current Financial Year	2008/2009
Previous Financial Year	2007/2008
Comparative Financial Year	2008/09 / 2007/08
Start of Current Year	01 July 2008
Start of Previous Year	01 July 2007

CHRIS HANI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2009

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Chris Hani District Municipality at 30 June 2009 and the results of its operations and cash flows for the year then ended.

The Statement of Financial Position at 30 June 2009 indicates an increase in Net Assets, and an increase in Non-current Liabilities and in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of identifying, componentising and measuring immovable assets. The increase in Non-current Liabilities is primarily as a result of additional Long-term Loans being taken up for infrastructure expansion and refurbishment and an increase in Retirement Benefit Liabilities.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

Financial Statement Ratios:

INDICATOR	2009	2008
Surplus / (Deficit) before Appropriations	27 299 228	553 845
Surplus / (Deficit) at the end of the Year	126 900 126	93 902 463
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	15.09%	14.84%
Remuneration of Councillors	1.14%	1.01%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	0.68%	1.03%
Impairment Losses	3.09%	0.31%
Repairs and Maintenance	3.93%	0.21%
Interest Paid	0.11%	0.18%
Bulk Purchases	0.00%	0.00%
Contracted Services	1.23%	0.01%
Grants and Subsidies Paid	57.56%	58.56%
General Expenses	17.17%	23.85%
Current Ratio:		
Creditors Days	17	38

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Chris Hani District Municipality can generally be classified as General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2009 are as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	46 682 877	63 925 731	(26.97)%	-	-
Operating income for the year	466 106 992	460 858 668	1.14%	478 882 630	(2.67)%
Appropriations for the year	(1 612 547)	(10 189 754)	(84.17)%	-	-
	511 177 322	514 594 645	(0.66)%	478 882 630	6.74%
Expenditure:					
Operating expenditure for the year	438 807 764	460 304 823	(4.67)%	206 266 521	112.74%
Sundry transfers	(5 698 436)	7 606 946	(174.91)%	-	-
Closing surplus / (deficit)	78 067 993	46 682 877	67.23%	272 616 109	-
	511 177 322	514 594 645	(0.66)%	478 882 630	6.74%

3.1 General Services:

This entails the management of infrastructure and other grants, which are used primarily for infrastructure development, local economic development and tourism marketing and development.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	466 106 992	460 858 668	1.14%	-	-
Expenditure	362 816 585	375 642 209	(3.41)%	-	-
Surplus / (Deficit)	103 290 407	85 216 459	21.21%	-	-
Surplus / (Deficit) as % of total income	22.16%	18.49%		-	

3.2 Trading Services:

This entails the construction, operation and maintenance of all water schemes located within the area of jurisdiction of the municipality.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	75 991 179	84 662 614	(10.24)%	-	-
Surplus / (Deficit)	(75 991 179)	(84 662 614)	(10.24)%	-	-
Surplus / (Deficit) as % of total income	-	-		-	

4. RECONCILIATION OF BUDGET TO ACTUAL

4.1 Operating Budget:

DETAILS	2009	2008
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	272 616 109	262 506 964
Revenue variances	(12 775 638)	6 519 488
Expenditure variances:		
Employee Related Costs	5 050 699	(1 231 083)
Remuneration of Councillors	78 901	(18 830)
Collection Costs	550 201	213 321
Depreciation and Amortisation	(2 990 257)	(1 648 508)
Impairment Losses	(13 573 358)	(1 439 981)
Repairs and Maintenance	1 366 580	706 118
Interest Paid	2 914 502	(350 894)
Contracted Services	(3 376 757)	192 606
Grants and Subsidies Paid	(236 172 280)	(252 311 826)
General Expenses	13 610 526	(12 563 971)
Loss on disposal of Property, Plant and Equipment	-	(19 559)
Actual surplus before appropriations	27 299 228	553 845

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2009 amounted to R126 900 126 (30 June 2008: R93 902 463) and is made up as follows:

Capital Replacement Reserve	34 112 049
Government Grants Reserve	14 720 084
Accumulated Surplus	<u>78 067 993</u>
	<u>126 900 126</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Government Grants Reserves are utilised to offset the cost of depreciation of assets funded from Government Grants over the lifespan of such assets. Amounts equal to the cost of assets acquired from Government Grants are transferred to the reserve annually.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 16 and the Statement of Change in Net Assets for more detail.

6. DEFERRED REVENUE

Deferred Revenue has been restated to adhere to the provisions of GAMAP 9, Revenue (paragraphs 42 - 46, revenue from non-exchange transactions), in accounting for assets acquired from Government Grants. Refer to Note 31.1 on "Change in Accounting Policy" for details of the restatement.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2009 was R7 652 081 (30 June 2008: R8 626 446).

Refer to Note 13 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2009 was R17 770 499 (30 June 2008: R15 228 332).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 14 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R2 731 024 as at 30 June 2009 (30 June 2008: R2 597 771) and is made up as follows:

Provision for Long-term Service	2 731 024
	<u>2 731 024</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 15 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R157 814 880 as at 30 June 2009 (30 June 2008: R173 953 676) and is made up as follows:

Provisions	Note 9	5 938 709
Creditors	Note 10	20 113 158
Unspent Conditional Grants and Receipts	Note 11	130 780 776
Operating Lease Liabilities	Note 12	7 873
Current Portion of Long-term Liabilities	Note 13	974 365
		<u>157 814 880</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R27 827 761 as at 30 June 2009 (30 June 2008: R22 992 436).

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 as at 30 June 2009 (30 June 2008: R188).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 7 for more detail.

13. LONG-TERM RECEIVABLES

Long-term Receivables of R0 at 30 June 2009 (30 June 2008: R7 695) is made up as follows:

Officials: Car Loans	7 695
	<u>7 695</u>
Less: Short-term portion included in Current Assets	<u>7 695</u>
	<u>-</u>

Refer to Note 8 for more detail.

14. CURRENT ASSETS

Current Assets amounted R285 040 847 as at 30 June 2009 (30 June 2008: R271 361 607) and is made up as follows:

Other Debtors	Note 2	22 086 632
VAT Receivable	Note 3	7 793 944
Bank Balances and Cash	Note 4	255 152 576
Current Portion of Long-term Debtors	Note 8	<u>7 695</u>
		<u>285 040 847</u>

Refer to the indicated Notes for more detail.

16. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 10 and 27, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 57.

18. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format.

19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER (Acting)

31 August 2009

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current Assets		285 040 847	271 361 607
Other Debtors	2	22 086 632	41 809 813
VAT Receivable	3	7 793 944	6 493 750
Bank, Cash and Cash Equivalents	4	255 152 576	222 948 015
Current Portion of Long-term Receivables	8	7 695	110 029
Non-Current Assets		27 827 763	22 947 080
Property, Plant and Equipment	6	27 827 761	22 939 197
Intangible Assets	7	1	188
Long-term Receivables	8	-	7 695
Total Assets		312 868 610	294 308 687
LIABILITIES			
Current Liabilities		157 814 880	173 953 676
Provisions	9	5 938 709	4 871 497
Creditors	10	20 113 158	48 135 584
Unspent Conditional Grants and Receipts	11	130 780 776	120 016 096
Operating Lease Liabilities	12	7 873	3 084
Current Portion of Long-term Liabilities	13	974 365	927 415
Non-Current Liabilities		28 153 604	26 452 549
Long-term Liabilities	13	7 652 081	8 626 446
Retirement Benefit Liabilities	14	17 770 499	15 228 332
Non-current Provisions	15	2 731 024	2 597 771
Total Liabilities		185 968 484	200 406 225
Total Assets and Liabilities		126 900 126	93 902 463
NET ASSETS		126 900 126	93 902 463
Accumulated Surplus / (Deficit)	16	126 900 126	93 902 463
Total Net Assets		126 900 126	93 902 463

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Budget			Actual	
2008	2009		2009	2008
R	R		R	R
REVENUE				
5 500 000	-	Service Charges	19	-
72 000	-	Rental of Facilities and Equipment	18	101 312
8 000 000	-	Interest Earned - External Investments	19	24 884 124
100 000	-	Interest Earned - Outstanding Debtors	19	-
440 497 180	475 882 630	Government Grants and Subsidies Received	20	439 401 638
170 000	3 000 000	Other Income	21	1 333 716
-	-	Gains on Disposal of Property, Plant and Equipment		386 203
454 339 180	478 882 630	Total Revenue	466 106 992	460 858 668
EXPENDITURE				
67 067 596	71 270 545	Employee Related Costs	22	66 219 846
4 607 265	5 070 123	Remuneration of Councillors	23	4 991 222
220 000	550 201	Collection Costs		6 679
3 084 800	-	Depreciation and Amortisation	24	2 990 257
-	-	Impairment Losses	25	13 573 358
1 695 034	18 616 093	Repairs and Maintenance		17 249 513
481 000	3 401 038	Finance Costs	26	486 536
256 050	2 003 012	Contracted Services	27	5 379 769
17 224 399	16 410 258	Grants and Subsidies Paid	28	252 582 538
97 196 072	88 945 251	General Expenses	29	75 334 725
-	-	Loss on Disposal of Property, Plant and Equipment		19 559
191 832 216	206 266 521	Total Expenditure	438 807 764	460 304 823
262 506 964	272 616 109	SURPLUS / (DEFICIT) FOR THE YEAR	27 299 228	553 845
Refer to Appendix E(1) for explanation of budget variances				

The prior year's comparative figures for both Revenue and Expenditure Items have been restated due to the recording of changes in Accounting Policies and corrections of error. Please refer to notes 31.4 and 32 for detail of the restatements mentioned.

The prior year's comparative figure for Government Grants and Subsidies Received has been restated by an amount of R1 175 893 as a result of the reversal of IAS 20 implemented during 2007/2008. Please refer to Note 31.4 for detail of the restatement.

The prior year figure of Employee Related Costs has been restated with an amount of R2 709 555 to correctly record the expenditure incurred by the municipality in terms of IAS 19. Please refer to Note 31.4 for detail of the restatement.

The prior year figure of General Expenses has been restated with an amount of R9 904 to correctly record the expenditure incurred by the municipality in terms of GRAP 13. Please refer to Note 31.4 for detail of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
2008	R	R	R
Balance at 30 June 2007	-	98 518 512	98 518 512
Change in Accounting Policy (Note 27)		(15 967 618)	(15 967 618)
Correction of Error (Note 28)		10 797 723	10 797 723
Restated Balance	-	93 348 617	93 348 617
Surplus / (Deficit) for the year		553 845	553 845
Transfer to CRR		-	-
Property, Plant and Equipment purchased		-	-
Grants utilised to obtain PPE		-	-
Interest received		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2008	-	93 902 463	93 902 463
2009			
Change in Accounting Policy (Note 27)		-	-
Correction of Error (Note 28)		5 698 436	5 698 436
Restated Balance	-	99 600 898	99 600 898
Surplus / (Deficit) for the year		27 299 228	27 299 228
Transfer to CRR		-	-
Property, Plant and Equipment purchased		-	-
Grants utilised to obtain PPE		-	-
Interest received		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2009	-	126 900 126	126 900 126

Details on the movement of the Funds and Reserves are set out in Note 16.

CHRIS HANI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		486 673 795	465 569 364
Cash paid to Suppliers and Employees		(470 557 004)	(428 707 833)
Cash generated from / (utilised in) Operations	33	16 116 791	36 861 531
Interest received	19	24 884 124	9 896 474
Interest paid	26	(486 536)	(831 894)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		40 514 379	45 926 111
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	6	(7 878 635)	(2 404 984)
Proceeds on Disposal of Property, Plant and Equipment		386 203	39 117
Decrease / (Increase) in Long-term Receivables	8	110 029	57 421
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(7 382 403)	(2 308 446)
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised	13	-	-
Loans repaid	13	(927 415)	(446 139)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(927 415)	(446 139)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4	32 204 561	43 171 526
Cash and Cash Equivalents at the beginning of the year		222 948 015	179 776 489
Cash and Cash Equivalents at the end of the year		255 152 576	222 948 015

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1. GENERAL INFORMATION		
Chris Hani District Municipality (the municipality) is a local government institution in Queenstown, Eastern Cape, and has 8 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.		
2. OTHER DEBTORS		
Payments made in Advance	-	1 161 443
Government Subsidy Claims	17 608 012	14 538 143
Projects	635 069	680 232
Recoverable Works	146 486	146 834
Short-term Loans	19 101 652	25 459 001
Sundry Deposits	808 590	666 899
Sundry Debtors	5 859 136	11 308 514
	<hr/>	<hr/>
	44 158 944	53 961 067
Less: Provision for Impairment	(22 072 312)	(12 151 254)
	<hr/>	<hr/>
Total Other Debtors	22 086 632	41 809 813

Other Debtors have been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

The average credit period for **Government Grants and Subsidies** is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Short-term Loans mainly comprise temporary advances made to local municipalities which are repayable within 12 months.

Included in **Sundry Deposits** is an amount of R646 299 (2008: R646 299) in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality. Included in the total is an amount of R1 628 419 (2008: R794 887) in respect of uncleared bank reconciliation items.

2.1 Reconciliation of Provision for Impairment

Balance at beginning of year	12 151 254	10 711 273
Impairment Losses recognised	13 573 358	1 439 981
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(3 652 300)	-
Amounts recovered	-	-
	<hr/>	<hr/>
Balance at end of year	22 072 312	12 151 254

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

The Provision for Impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The following loans and receivables are included in the total amount of the Provision for Impairment :		
Government Subsidy Claims	7 956 900	-
Recoverable Works	7 975 832	-
Short-term Loans	4 775 788	12 151 254
Sundry Debtors	1 363 792	-
Total Provision for Impairment on Other Debtors	22 072 312	12 151 254
3. VAT RECEIVABLE		
Vat Receivable	7 793 944	6 493 750
Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.		
4. BANK, CASH AND CASH EQUIVALENTS		
Bank, Cash and Cash Equivalents	255 152 576	222 948 015
Total Bank, Cash and Cash Equivalents	255 152 576	222 948 015
For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.		
4.1 Current Investment Deposits		
Call Deposits	115 060 738	-
Total Current Investment Deposits	115 060 738	-
Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5,90 % to 9,90 % per annum.		
Deposits of R115 060 738 (2008: R0) are attributable to Unspent Conditional Grants.		
4.2 Bank Accounts		
Cash in Bank	140 087 298	222 943 475
Total Bank Accounts	140 087 298	222 943 475
The Municipality has the following bank accounts:		
Primary Bank Account		
<i>First National Bank - Cathcart Road Branch, Queenstown - Account Number 620 0251 0693:</i>		
Cash book balance at beginning of year	222 943 475	179 771 949
Cash book balance at end of year	140 087 298	222 943 475
Bank statement balance at beginning of year	224 102 453	193 535 616
Bank statement balance at end of year	143 160 495	224 102 453
An amount of R15 720 039 (2008: R120 016 096) is attributable to Unspent Conditional Grants.		
An amount of R34 112 049 (2008: R31 812 136) is attributable to the Capital Replacement Reserve.		
Interest is earned at different rates per annum on favourable balances.		

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
4.3 Cash and Cash Equivalents		
Cash Floats and Advances	4 540	4 540
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>4 540</u>	<u>4 540</u>

5. OPERATING LEASE ASSETS / RECEIVABLES

The municipality had no long-term arrangements to be classified as operating lease agreements for the two financial years.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2009

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2008	15 909 079	-	164 130	-	6 865 988	22 939 197
Cost	18 351 226	-	358 571	-	17 451 742	36 161 539
- Completed Assets	18 351 226	-	358 571	-	17 451 742	36 161 539
- Under Construction	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Cost	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Revaluation	-	-	-	-	-	-
Acquisitions	-	-	-	-	7 878 635	7 878 635
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(488 927)	-	(15 345)	-	(2 485 799)	(2 990 070)
- Based on Cost	(488 927)	-	(15 345)	-	(2 485 799)	(2 990 070)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2009	15 420 152	-	148 785	-	12 258 824	27 827 761
Cost	18 351 226	-	358 571	-	25 330 377	44 040 174
- Completed Assets	18 351 226	-	358 571	-	25 330 377	44 040 174
- Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 931 073)	-	(209 787)	-	(13 071 552)	(16 212 412)
- Cost	(2 931 073)	-	(209 787)	-	(13 071 552)	(16 212 412)
- Revaluation	-	-	-	-	-	-

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2008

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2007	16 282 506	-	168 310	-	8 841 265	25 292 081
Cost	18 232 721	-	344 121	-	15 450 680	34 027 523
- Completed Assets	18 232 721	-	344 121	-	15 450 680	34 027 523
- Under Construction	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(1 950 215)	-	(175 811)	-	(6 609 416)	(8 735 442)
- Cost	(1 950 215)	-	(175 811)	-	(6 609 416)	(8 735 442)
- Revaluation	-	-	-	-	-	-
Acquisitions	118 505	-	14 450	-	2 272 029	2 404 984
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(491 932)	-	(18 604)	-	(3 431 154)	(3 941 691)
- Based on Cost	(491 932)	-	(18 604)	-	(3 431 154)	(3 941 691)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	(19 559)	(19 559)
- Cost	-	-	-	-	(285 595)	(285 595)
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	266 036	266 036
- Based on Cost	-	-	-	-	266 036	266 036
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	(0)	-	(26)	-	(796 593)	(796 619)
- Cost	(0)	-	-	-	14 627	14 626
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	(26)	-	(811 219)	(811 245)
- Based on Cost	-	-	(26)	-	(811 219)	(811 245)
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2008	15 909 079	-	164 130	-	6 865 988	22 939 197
Cost	18 351 226	-	358 571	-	17 451 742	36 161 539
- Completed Assets	18 351 226	-	358 571	-	17 451 742	36 161 539
- Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Cost	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Revaluation	-	-	-	-	-	-

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
6. PROPERTY, PLANT AND EQUIPMENT (Continued)		
6.1 Assets pledged as security:		
The municipality did not pledge any of its assets as security.		
6.2 Impairment of Property, Plant and Equipment:		
The municipality has not tested its items of Property, Plant and Equipment for any potential impairment losses on assets due to the exemptions granted for the measurement of assets in terms of ASB Directive 4, March 2009.		
6.3 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:		
No review of the useful lives or depreciation methods applied to items of Property, Plant and Equipment has been performed by the municipality due to the exemptions granted for the measurement of assets in terms of ASB Directive 4, March 2009.		
6.4 Land and Buildings carried at Fair Value:		
The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.		
7. INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>1</u>	<u>188</u>
The movement in Intangible Assets is reconciled as follows:		
	Computer Software	Total
Carrying values at 01 July 2008	188	188
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 373)
Acquisitions during the Year:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation during the Year:	-	(187)
Purchased	-	(187)
Internally Developed	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2009	188	1
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 560)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
	Computer Software	Total
Carrying values at 01 July 2007	48 426	48 426
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 497 136)	(2 497 136)
Acquisitions during the Year:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation during the Year:	(791 617)	(791 617)
Purchased	(791 617)	(791 617)
Internally Developed	-	-
Transfers during the Year:	743 380	743 380
At Cost	-	-
At Accumulated Amortisation	743 380	743 380
Carrying values at 30 June 2008	188	188
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 373)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 24).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

7.1 Intangible Assets with Indefinite Useful Lives:

There are no classes of Intangible Assets regarded as having indefinite useful lives and all Intangible Assets are amortised.

7.2 Impairment of Intangible Assets:

The municipality has not tested its items of Intangible Assets for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Intangible Assets has been performed. The afore-mentioned actions have not been carried out by the municipality due to the exemptions granted in terms of ASB Directive 4, March 2009.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8. LONG-TERM RECEIVABLES		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2009		
Car Loans	7 695	-
Study Loans	-	-
	<u>7 695</u>	<u>-</u>
Less: Current Portion transferred to Current Receivables:-		7 695
Car Loans		7 695
Study Loans		-
Total Long-term Receivables		<u>-</u>
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2008		
Car Loans	36 987	-
Study Loans	80 737	-
	<u>117 724</u>	<u>-</u>
Less: Current Portion transferred to Current Receivables:-		117 724
Car Loans		29 292
Study Loans		80 737
Total Long-term Receivables		<u>7 695</u>

CAR LOANS

In terms of the MFMA no Car Loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will continue until all loans have been repaid.

STUDY LOANS

In terms of the MFMA no Study Loans are granted to officials anymore. The outstanding amount is in respect of assistance granted to employees which are recovered / expensed in the following financial year.

Long-term Receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
9. PROVISIONS		
Performance Bonuses	498 462	-
Staff Leave	4 317 249	4 033 416
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 14 below)	689 568	534 484
Current Portion of Non-Current Provisions (See Note 15 below):	433 429	303 597
Long-term Service	433 429	303 597
Total Provisions	5 938 709	4 871 497

Provisions have been restated to correctly classify amounts now included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Current Provisions:

	Performance Bonuses R	Staff Leave R
30 June 2009		
Balance at beginning of year	-	4 033 416
Contributions to provision	498 462	283 833
Expenditure incurred	-	-
Balance at end of year	498 462	4 317 249

30 June 2008

Balance at beginning of year	-	3 299 130
Contributions to provision	-	734 286
Expenditure incurred	-	-
Balance at end of year	-	4 033 416

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2009		
Balance at beginning of year	303 597	534 484
Transfer from non-current	433 429	689 568
Expenditure incurred	(303 597)	(534 484)
Balance at end of year	433 429	689 568
30 June 2008		
Balance at beginning of year	362 416	486 181
Transfer from non-current	303 597	534 484
Expenditure incurred	(362 416)	(486 181)
Balance at end of year	303 597	534 484

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
10. CREDITORS		
Trade Creditors	12 697 530	37 367 631
Retentions	3 529 077	-
Staff Bonuses	1 578 152	1 541 442
Sundry Deposits	8 335	8 335
Other Creditors	2 300 063	9 218 176
Total Creditors	20 113 158	48 135 584

Creditors have been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Furthermore Creditors have been restated to correctly classify amounts held for Staff Bonuses included in Creditors. Refer to Note 32.4 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

11.1 Conditional Grants from Government

	130 780 776	120 016 096
National Government Grants	98 806 700	92 911 026
Provincial Government Grants	29 058 769	26 975 453
Other Spheres of Government	2 915 307	129 617
Total Conditional Grants and Receipts	130 780 776	120 016 096

Unspent Conditional Grants have been restated to correctly classify amounts now included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 20 for the reconciliation of Grants from Other Spheres of Government.

Refer to Appendix "F" for more detail on Conditional Grants.

12. OPERATING LEASE LIABILITIES / PAYABLES

Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

Balance at beginning of year	3 084	12 989
Operating Lease expenses recorded	(654 990)	(491 510)
Operating Lease payments effected	659 778	481 606
Total Operating Lease Liabilities	7 873	3 084

Operating Lease Liabilities have been restated to adhere to the disclosure provisions of GRAP 13. Refer to Note 31.1 on "Change in Accounting Policy" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009 **2008**
R **R**

12.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

12.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings:	278 411	499 866
Up to 1 year	278 411	283 855
2 to 5 years	-	216 011
More than 5 years	-	-
Other Equipment:	1 036 500	145 823
Up to 1 year	271 801	90 638
2 to 5 years	764 698	55 185
More than 5 years	-	-
Total Operating Lease Arrangements	1 314 911	645 689

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	659 778	481 606
Total Operating Lease Expenses	659 778	481 606

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Buildings
- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the rentor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the rentor upon termination of the agreement.

13. LONG-TERM LIABILITIES

Annuity Loans	8 626 446	9 553 861
Sub-total	8 626 446	9 553 861
Less: Current Portion transferred to Current Liabilities:-	974 365	927 415
Annuity Loans	974 365	927 415
Total Long-term Liabilities (Neither past due, nor impaired)	7 652 081	8 626 446

Long-term Liabilities have been restated to correctly classify amounts to be included in Long-term Liabilities. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R **2008**
R

13.1 Summary of Arrangements

The Annuity Loan is repaid over a period of 7 (2008: 8) years and at an interest rate of 5,00% (2008: 5,00%) per annum. The Annuity Loans is not secured.

Refer to Appendix "A" for more detail on Long-term Liabilities.

2009
R **2008**
R

14. RETIREMENT BENEFIT LIABILITIES

14.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	15 228 332	12 844 865
Contributions to Provision	3 231 735	2 917 951
Balance at end of Year	18 460 067	15 762 816
Transfer to Current Provisions	(689 568)	(534 484)
Total Post-retirement Health Care Benefits Liability	17 770 499	15 228 332

Retirement Benefit Liabilities have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 31.3 on "Change in Accounting Policy" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying 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 Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	206	203
Continuation Members (Retirees, widowers and orphans)	38	34
Total Members	244	237

The liability in respect of past service has been estimated as follows:

In-service Members	10 635 693	10 185 740
Continuation Members	7 824 374	5 577 076
Total Liability	18 460 067	15 762 816

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:		
- Bestmed		
- Bonitas		
- Discovery	(Retired since 30/06/2008)	
- Fed Health		
- Gen Health		
- GEMS	(Retired since 30/06/2008)	
- Keyhealth		
- LA Health		
- Medicovert	(New since 30/06/2008)	
- Resolution		
- Samwumed		
The Current-service Cost for the year ending 30 June 2009 is estimated to be R970 945, whereas the cost for the ensuing year is estimated to be R867 173 (2008: R789 358 and R970 945 respectively).		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.11%	10.71%
Health Care Cost Inflation Rate	7.78%	9.58%
Net Effective Discount Rate	1.23%	1.03%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	15 762 816	13 331 046
Current service costs	970 945	789 358
Interest cost	1 659 576	1 047 036
Benefits paid	(534 484)	(486 181)
Actuarial losses / (gains)	601 214	1 081 556
Present Value of Fund Obligation at the end of the Year	18 460 067	15 762 816
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	18 460 067	15 762 816
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	18 460 067	15 762 816
Unfunded Accrued Liability	18 460 067	15 762 816
Unrecognised Actuarial Gains / (Losses)	-	-
Total Benefit Liability	18 460 067	15 762 816
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	970 945	789 358
Interest cost	1 659 576	1 047 036
Actuarial losses / (gains)	601 214	1 081 556
Total Post-retirement Benefit included in Employee Related Costs (Note 22)	3 231 735	2 917 951

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The history of experienced adjustments is as follows:		
	2009 R	2008 R
Present Value of Defined Benefit Obligation	18 460 067	15 762 816
Deficit	18 460 067	15 762 816
Experienced adjustments on Plan Liabilities	(1 084 656)	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2009 R	2008 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	437 065	300 013
Effect on the defined benefit obligation	2 570 140	2 263 725
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(356 789)	(244 835)
Effect on the defined benefit obligation	(2 142 742)	(1 879 861)

The municipality expects to make a contribution of R2 956 million (2008: R2 631 million) to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2007.

Refer to Note 41 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

15. NON-CURRENT PROVISIONS

Provision for Long Service Awards	2 731 024	2 597 771
Total Non-current Provisions	2 731 024	2 597 771

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 31.3 on "Change in Accounting Policy" for details of the restatement.

The movement in Non-current Provisions are reconciled as follows:

Long-service Awards:		
Balance at beginning of year	2 597 771	2 261 167
Contributions to provision	566 682	640 201
	3 164 453	2 901 368
Transfer to current provisions	(433 429)	(303 597)
Balance at end of year	2 731 024	2 597 771

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009 **2008**
R **R**

15.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years thereafter, to 45 years of continuous service to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 390 (2008: N/A) employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2009 is estimated to be R408 041, whereas the cost for the ensuing year is estimated to be R499 171 (2008: N/A and N/A respectively).

2009 **2008**
R **R**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.04%	N/A
Cost Inflation Rate	6.62%	N/A
Net Effective Discount Rate	2.27%	N/A
Expected Retirement Age - Females	63	N/A
Expected Retirement Age - Males	63	N/A

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	2 901 368	2 623 583
Current service costs	408 041	390 206
Interest cost	302 305	207 083
Benefits paid	(303 597)	(362 416)
Actuarial losses / (gains)	(143 664)	42 912

Present Value of Fund Obligation at the end of the Year	3 164 453	2 901 368
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Actuarial losses / (gains) unrecognised	-	-
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Total Recognised Benefit Liability	3 164 453	2 901 368
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 164 453	2 901 368
Unfunded Accrued Liability	3 164 453	2 901 368
Actuarial gains / (losses) not recognised	-	-

Total Benefit Liability	3 164 453	2 901 368
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	408 041	390 206
Interest cost	302 305	207 083
Actuarial losses / (gains)	(143 664)	42 912

Total Post-retirement Benefit included in Employee Related Costs (Note 22)	566 682	640 201
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CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The history of experienced adjustments is as follows:		
	2009 R	2008 R
Present Value of Defined Benefit Obligation	3 164 453	2 901 368
	2 623 583	-
Deficit	3 164 453	2 901 368

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2009 R	2008 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	44 000	-
Effect on the defined benefit obligation	188 856	-
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(39 536)	-
Effect on the defined benefit obligation	(171 837)	-

The municipality expects to make a contribution of R2 043 million (2007: R1 742 million) to the defined benefit plans during the next financial year.

16. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	34 112 049	31 812 136
Government Grants Reserve	14 720 084	15 407 450
Accumulated Surplus / (Deficit) due to the results of Operations	78 067 993	46 682 877
Total Accumulated Surplus	126 900 126	93 902 463

Accumulated Surplus has been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Furthermore, Accumulated Surplus has been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), GRAP 13 and IAS 19 (*Revenue, Leases and Employee Benefits*). Refer to Note 31 on "Change in Accounting Policy" for details of the restatement.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

17. DEFERRED REVENUE

Deferred Revenue has been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), Revenue on revenue from non-exchange transactions, in accounting for assets acquired from Government Grants. Refer to Note 31.2 on "Change in Accounting Policy" and Note 32.3 on "Correction of Error" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
18. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	101 312	68 941
Total Rental of Facilities and Equipment	101 312	68 941

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

19. INTEREST EARNED

External Investments:

Investments	24 838 543	9 544 281
Other Interest	45 581	352 193
	24 884 124	9 896 474
Total Interest Earned	24 884 124	9 896 474

Interest Earned has been restated to correctly classify revenue to be included in categories of Interest Earned. Refer to Note 32.1 on "Correction of Error" for details of the restatement.

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	45 581	352 193
Held-to-Maturity Investments	24 838 543	9 544 281
Loans and Receivables	-	-
	24 884 124	9 896 474

20. GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	178 556 672	145 668 398
Provincial Health Subsidies	17 459 130	16 127 482
Other Subsidies	4 697 340	37 126 485
Operational Grants	200 713 141	198 922 365
Conditional Grants	238 688 497	251 621 236
National: Equitable Share	38 450 017	2 707 153
National: FMG	593 351	164 284
National: MIG	176 345 013	226 818 027
National: MSIG	1 855 189	2 726 076
National: DWAF	6 147 899	2 293 293
National: Sport and Development	5 936 287	297 299
Provincial: Treasury Grant	370 760	5 263
Provincial: DHLGTA Grant	6 375 672	16 436 568
Other Spheres of Government: Various Grants	2 614 310	173 273
Total Government Grants and Subsidies	439 401 638	450 543 600

Government Grants and Subsidies have been restated to correctly classify revenue to be included in category of Government Grants and Subsidies. Refer to Note 32.1 on "Correction of Error" for details of the restatement.

Furthermore, the comparative figures for Government Grants and Subsidies have been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), *Revenue* on revenue from non-exchange transactions. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
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Operational Grants:

20.1 National: Equitable Share	<u>178 556 672</u>	<u>145 668 398</u>
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In terms of the allocation made by DPLG the funds are also utilised for municipal health services, institutional reform and to enable the municipality to execute its functions as the district authority.

20.2 Provincial: Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	17 459 130	16 127 482
Conditions met - transferred to Revenue	<u>(17 459 130)</u>	<u>(16 127 482)</u>
Conditions still to be met - transferred to Current Assets (see Note 2)	<u>-</u>	<u>-</u>

This grant has been used to fund environmental health care services (included in Appendix "D"), which services are in a process of being transferred to Provincial Government. This grant will then fall away. No funds have been withheld.

Conditional Grants:

20.3 National: Equitable Share

Balance unspent at beginning of year	16 563 781	28 822 538
Current year receipts	38 594 500	-
Interest allocated	-	1 554 356
Conditions met - transferred to Revenue: Operating Expenses	-	(2 449 358)
Conditions met - transferred to Revenue: Capital Expenses	(38 450 017)	(257 795)
Other Transfers	<u>-</u>	<u>(11 105 961)</u>
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>16 708 263</u>	<u>16 563 781</u>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In terms of the allocation made by DPLG the funds are also utilised for municipal health services, institutional reform and to enable the municipality to execute its functions as the district authority.

20.4 National: FMG Grant

Balance unspent at beginning of year	1 880 587	1 373 804
Current year receipts	6 978 515	500 000
Interest allocated	-	171 067
Conditions met - transferred to Revenue: Operating Expenses	-	(164 284)
Conditions met - transferred to Revenue: Capital Expenses	(593 351)	-
Other Transfers	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>8 265 751</u>	<u>1 880 587</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.5 National: MIG Funds		
Balance unspent at beginning of year	44 408 779	59 098 914
Current year receipts	167 018 415	205 904 609
Interest allocated	-	6 223 283
Conditions met - transferred to Revenue: Operating Expenses	(176 345 013)	(226 818 027)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>35 082 180</u>	<u>44 408 779</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure; and eradicate bucket sanitation systems. No funds have been withheld.

20.6 National: MSIG Funds

Balance unspent at beginning of year	3 369 853	4 741 192
Current year receipts	1 435 000	1 000 000
Interest allocated	-	354 737
Conditions met - transferred to Revenue: Operating Expenses	-	(2 726 076)
Conditions met - transferred to Revenue: Capital Expenses	(1 855 189)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>2 949 664</u>	<u>3 369 853</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

20.7 National - Department Water Affairs and Forestry (DWAF)

Balance unspent at beginning of year	17 729 024	7 260 192
Current year receipts	15 210 000	11 910 000
Interest allocated	-	954 586
Conditions met - transferred to Revenue: Operating Expenses	-	(2 293 293)
Conditions met - transferred to Revenue: Capital Expenses	(6 147 899)	-
Other Transfers	-	(102 461)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>26 791 126</u>	<u>17 729 024</u>

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAF to the municipality and the payment of salaries of staff transferred from DWAF. No funds have been withheld.

20.8 National - Department Rural Development and Land Reform

Balance unspent at beginning of year	402 614	1 310 207
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(907 594)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>402 614</u>	<u>402 614</u>

Expenses were incurred to promote rural development and land reform. No funds have been transferred to the municipality.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.9 National - Department Public Works		
Balance unspent at beginning of year	337 766	337 766
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>337 766</u>	<u>337 766</u>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

20.10 National: Sport and Development

Balance unspent at beginning of year	8 218 623	5 218 886
Current year receipts	5 987 000	3 500 000
Interest allocated	-	347 325
Conditions met - transferred to Revenue: Operating Expenses	-	(251 975)
Conditions met - transferred to Revenue: Capital Expenses	(5 936 287)	(45 324)
Other Transfers	-	(550 289)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>8 269 336</u>	<u>8 218 623</u>

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

20.11 Provincial: Office of the Premier

Balance unspent at beginning of year	21 569	21 569
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>21 569</u>	<u>21 569</u>

This grant was allocated to assist the municipality on staging national events e.g. Woman's Day, Heritage Day, etc. No funds have been withheld.

20.12 Provincial: Treasury

Balance unspent at beginning of year	529 722	-
Current year receipts	-	497 789
Interest allocated	-	37 197
Conditions met - transferred to Revenue: Operating Expenses	-	(5 263)
Conditions met - transferred to Revenue: Capital Expenses	(370 760)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>158 962</u>	<u>529 722</u>

This grant was received to support the municipality in the improvement of its financial administration. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.13 Provincial: Department Agriculture		
Balance unspent at beginning of year	-	24 468
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(24 468)
Conditions still to be met - transferred to Liabilities (see Note 10)	-	-
	<u>-</u>	<u>-</u>

This grant was allocated for the soil conservation in different areas within the district. No funds have been withheld.

20.14 Provincial: Department Economic Affairs and Trade (DEAT)

Balance unspent at beginning of year	-	9 316
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(9 316)
Conditions still to be met - transferred to Liabilities (see Note 10)	-	-
	<u>-</u>	<u>-</u>

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

20.15 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)

Balance unspent at beginning of year	15 916 422	22 892 867
Current year receipts	1 341 759	11 298 334
Interest allocated	-	1 185 268
Conditions met - transferred to Revenue: Operating Expenses	-	(15 563 794)
Conditions met - transferred to Revenue: Capital Expenses	(6 375 672)	(872 775)
Other Transfers	(69 725)	(3 023 478)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>10 812 784</u>	<u>15 916 422</u>

This grant was allocated for the funding of various projects e.g. LED Strategy, IDP, PMS, PMS, etc to assist in the improvement of the performance of the municipality. No funds have been withheld.

20.16 Provincial - Department Health

Balance unspent at beginning of year	3 468 273	3 598 641
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(130 368)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>3 468 273</u>	<u>3 468 273</u>

This grant is a contribution towards addressing HIV/AIDS issues in the areas of the local municipalities in the district and was used for the purchase of drugs, home-based care kits, etc. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.17 Provincial - Department Transport		
Balance unspent at beginning of year	1 387 044	1 387 044
Current year receipts	4 100 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>5 487 044</u>	<u>1 387 044</u>

The Transport Grant was allocated for the maintenance of proclaimed roads in the jurisdiction area of the municipality. No funds have been withheld.

20.18 Local Government - Local Municipalities

Balance unspent at beginning of year	-	(18 558)
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	18 558
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>

The local municipalities contributed towards a project to develop job descriptions and evaluate post levels within the municipalities. No funds have been withheld.

20.19 Other Spheres of Government

Balance unspent at beginning of year	129 617	29
Current year receipts	5 400 000	289 775
Interest allocated	-	13 115
Conditions met - transferred to Revenue: Operating Expenses	-	(173 273)
Conditions met - transferred to Revenue: Capital Expenses	(2 614 310)	-
Other Transfers	-	(29)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>2 915 307</u>	<u>129 617</u>

The municipality receives grants from other spheres of government for various projects for social upliftment of the communities in the district. The grant was utilised for this purpose. No funds have been withheld.

20.20 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2009), government grant funding is expected to increase over the forthcoming three financial years.

21. OTHER REVENUE

Commission on Collections	80 550	80 264
Tender Documents	190 430	154 320
Other Income	1 062 736	115 069
Total Other Income	<u>1 333 716</u>	<u>349 653</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 18 to 20, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
22. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	51 047 005	48 876 251
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	10 623 108	9 982 974
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	5 265 019	4 621 793
Housing Benefits and Allowances	1 015 828	892 892
Performance Bonuses	-	366 618
Defined Benefit Plan Expense:	3 798 417	3 558 152
Current Service Cost	1 378 986	1 179 564
Interest Cost	1 961 881	1 254 119
Net Actuarial (gains)/losses recognised	457 550	1 124 468
Less: Employee Costs allocated to Property, Plant and Equipment	(5 529 531)	-
Total Employee Related Costs	66 219 846	68 298 679

Employee Related Costs have been restated to correctly classify expenditure to be included in category of Employee Related Costs. Refer to Note 32.2 on "Correction of Error" for details of the restatement.

Furthermore Employee Related Costs have been restated to correctly classify the expense for Staff Bonuses. Refer to Note 32.4 on "Correction of Error" for details of the restatement.

Furhermore, the comparative figures for Employee Realed Costs have been restated to adhere to the provisions of IAS 19, *Employee Benefits*. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

No advances were made to employees. Loans to employees are set out in Note 8.

Remuneration of the Municipal Manager

Annual Remuneration	450 450	409 500
Performance Bonus	-	60 721
Car and Other Allowances	173 356	157 596
Company Contributions to UIF, Medical and Pension Funds	120 588	109 194
Total	744 394	737 011

Remuneration of the Director: Finance (Acting)

Annual Remuneration	290 615	363 159
Acting Allowance	118 500	51 003
Performance Bonus	-	51 003
Car and Other Allowances	129 941	132 655
Company Contributions to UIF, Medical and Pension Funds	66 183	82 644
Total	605 239	680 463

Remuneration of the Director: Corporate Services

Annual Remuneration	418 990	304 955
Performance Bonus	-	57 765
Car and Other Allowances	172 181	124 546
Company Contributions to UIF, Medical and Pension Funds	103 292	42 942
Total	694 462	530 208

Remuneration of the Director: Integrated Planning and Development

Annual Remuneration	418 990	380 900
Performance Bonus	-	65 735
Car and Other Allowances	172 181	145 699
Company Contributions to UIF, Medical and Pension Funds	103 292	94 746
Total	694 462	687 080

CHRIS HANI DISTRICT MUNICIPALITY
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	2009 R	2008 R
Remuneration of the Director: Health Services		
Annual Remuneration	418 990	380 900
Performance Bonus	-	65 659
Car and Other Allowances	172 181	145 699
Company Contributions to UIF, Medical and Pension Funds	103 292	79 488
Total	694 462	671 746
Remuneration of the Director: Technical Services		
Annual Remuneration	418 990	380 900
Performance Bonus	-	65 735
Car and Other Allowances	172 181	156 529
Company Contributions to UIF, Medical and Pension Funds	103 292	101 273
Total	694 462	704 437
Remuneration of the Manager: Strategic Services		
Annual Remuneration	418 990	234 400
Performance Bonus	-	-
Car and Other Allowances	172 181	91 308
Company Contributions to UIF, Medical and Pension Funds	103 292	62 896
Total	694 462	388 604

The post was vacant as from 01 February 2008. An Acting Allowance was paid for the period 01 February 2008 to 30 June 2008.

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

23. REMUNERATION OF COUNCILLORS

Executive Mayor	403 932	363 903
Speaker	323 145	291 122
Mayoral Committee Members	1 716 711	1 637 562
Councillors	1 120 897	1 098 649
Sundry Allowances (Cellular Phones, etc)	1 426 537	1 323 504
Allowances allocated to Employee Related Costs in General Ledger	-	(88 645)
Total Councillors' Remuneration	4 991 222	4 626 095

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has use of Council owned vehicles for official duties.

24. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	2 990 070	3 941 691
Amortisation: Intangible Assets	187	791 617
Total Depreciation and Amortisation	2 990 257	4 733 308

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25. IMPAIRMENT LOSSES		
25.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	13 573 358	1 439 981
Other Debtors	<u>13 573 358</u>	<u>1 439 981</u>
Impairment Losses Reversed:	-	-
Other Debtors	<u>-</u>	<u>-</u>
	<u>13 573 358</u>	<u>1 439 981</u>
Total Impairment Losses	<u>13 573 358</u>	<u>1 439 981</u>

26. FINANCE COSTS		
Loans and Payables at amortised cost	454 730	500 587
Other Interest Paid	31 806	331 307
Total Interest Paid on External Borrowings	<u>486 536</u>	<u>831 894</u>

The weighted average capitalisation rate on funds borrowed generally is 5,27% per annum (2008: 5,24% per annum).

27. CONTRACTED SERVICES		
Cash-in-Transit Services	15 960	16 846
Consultants' Fees	5 257 928	-
Security Services	105 882	46 598
Total Contracted Services	<u>5 379 769</u>	<u>63 444</u>

Included in Consultants' Fees is an amount of R5 056 367 in respect of architectural and planning fees of a new administration office block. It was not sure at year-end whether the building project will realise.

28. GRANTS AND SUBSIDIES PAID		
Community Projects	235 722 773	250 445 343
Free Basic Services	16 670 553	18 933 412
Problem Animal Control	12 000	30 000
Tourism	80 775	84 223
Other	96 438	43 246
Total Grants and Subsidies	<u>252 582 538</u>	<u>269 536 225</u>

Grants and Subsidies Paid have been restated to correctly classify expenditure to be included in category of Grants and Subsidies Paid. Refer to Note 32.2 on "Correction of Error" for details of the restatement.

Furthermore, the comparative figures for Grants and Subsidies Paid have been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), *Revenue* on revenue from non-exchange transactions. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

Community Projects are in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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Free Basic Services are in respect of providing basic service levels to indigent/residential households.

Problem Animal Control is paid to enable farmers to prevent cruelty to animals. The grant is increased on an annual basis.

The **Tourism Grant** is paid annually in the municipality's aim to further local economic development of all communities.

The Executive Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

29. GENERAL EXPENSES

Included in General Expenses are the following:

Advertising	1 193 223	562 772
Audit Fees	2 850 452	1 846 190
Communication (Radio)	1 459 135	1 231 143
Electricity	2 863 067	1 929 774
Fuel and Oil	765 868	714 678
General Expenditure incurred from Equitable Share Grant	-	26 553 170
Printing and Stationery	1 090 122	1 069 711
Refurbishment of Water Schemes	29 131 133	55 285 022
Subsistence and Travelling	3 083 910	2 163 863
Systems Security and Software	1 146 390	531 875
Telephones	1 973 908	2 391 135
Twining Agreements	(240 254)	758 060
Other General Expenses	30 006 237	4 426 907
Inter-departmental Charges	11 534	10 295 744
Total General Expenses	75 334 725	109 760 043

General Expenses have been restated to correctly classify expenditure to be included in category of General Expenses. Refer to Note 32.2 on "Correction of Error" for details of the restatement.

Furthermore, General Expenses have been restated to adhere to the provisions of GRAP 13, *Leases*. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

29.1 Material Losses

	38 501	48 046
Theft	-	34 881
Vehicle Damages	38 501	13 165

30. DISCONTINUED OPERATIONS

No operations have been discontinued.

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

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31. CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2008/2009 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented as at 30 June 2009:

- GAMAP 9 Revenue (sections applicable to Non-exchange Transactions)
- GRAP 03 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 06 Consolidated and Separate Financial Statements
- GRAP 07 Investments in Associates
- GRAP 08 Interests in Joint Ventures
- GRAP 09 Revenue from Exchange Transactions
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IAS 14 Segment Reporting
- IAS 19 Employee Benefits
- IAS 39 Financial Instruments: Recognition and Measurement

GRAP 13 - Leases:

The Accounting Standard for *Leases* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2008 in terms of GRAP 13. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

31.1 Reclassification of Operating Lease Liabilities and Accumulated Surplus

The prior year figures of Operating Lease Liabilities and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of GRAP 13.

The effect of the Change in Accounting Policy is as follows:

	Operating Lease Liabilities	Accumulated Surplus (Ex Note 32.3)
Balances published as at 30 June 2007	-	63 925 731
Recognition of Operating Lease Liabilities	12 989	(12 989)
Restated Balances as at 30 June 2007	12 989	63 912 742
Transactions incurred for the Year 2007/2008:		
Actual Lease Expenditure Reversed	481 606	-
Recorded Lease Expenditure (Straightlining)	(491 510)	-
Restated Balances as at 30 June 2008	3 084	63 912 742

GAMAP 9 - Revenue:

Government Grants, previously recognised in terms of IAS 20 (*Accounting for Government Grants*), have now been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of GAMAP 9, *Revenue*, paragraphs 42 - 46 on revenue from non-exchange transactions. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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31.2 Reclassification of Reserves, Accumulated Surplus and Deferred Revenue

The prior year figures of Deferred Revenue and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of GAMAP 9.

Furthermore, since fund accounting is not allowed in terms of GRAP / GAAP, the municipality's internal funds and reserves should form part of the Accumulated Surplus and should not be disclosed, as in 2008, as separate reserves on the face of the Statement of Financial Position and Statement of Changes in Net Assets.

The effect of the Change in Accounting Policy is as follows:

	Reserves	Deferred Revenue	Accumulated Surplus (Ex Note 31.1)
Balances published as at 30 June 2007	21 019 029	13 573 751	63 912 742
Reclassify Capital Replacement Reserve	(21 019 029)		21 019 029
Reclassify Government Grant Reserve	-	(13 573 751)	13 573 751
Restated Balances as at 30 June 2007	-	-	98 505 523
Transactions incurred for the Year 2007/2008:			
Contribution to Capital Replacement Reserve	10 000 000	-	10 000 000
Interest allocated to Reserves	2 022 198	-	2 022 198
Assets obtained from Reserves	(1 229 091)	1 175 893	(53 198)
Appropriations from / (to) Reserves	-	(361 222)	(361 222)
Transfers to offset Depreciation	-	(1 779 246)	(1 779 246)
Transfer of Transactions to Accumulated Surplus	(10 793 107)	964 575	(9 828 532)
Restated Balances as at 30 June 2008	-	-	98 505 523

IAS 19 - Employee Benefits, paragraph 155 (a):

The transitional defined benefit liabilities for Post-employment Health Care Benefits and Long Service Allowances have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, 155 (a). Thus the full net liabilities as at 30 June 2007 has been recognised immediately in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

31.3 Reclassification of Provision for Post-retirement Benefits, Provision for Long-term Service and Accumulated Surplus

The prior year figures of Provision for Post-retirement Benefits, Provision for Long-term Service and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of IAS 19.

The effect of the Change in Accounting Policy is as follows:

	Provision Post-retirement Benefits	Provision Long-term Service	Current Provisions	Accumulated Surplus (Ex Note 31.2)
Balances published as at 30 June 2007	-	-	-	98 505 523
Recognition of Provisions	12 844 865	2 261 167	848 597	(15 954 629)
Restated Balances as at 30 June 2007	12 844 865	2 261 167	848 597	82 550 894
Transactions incurred for the Year 2007/2008:				
Contributions Received	2 917 951	640 201	-	-
Expenditure Incurred	-	-	(848 597)	-
Transfer Short-term Portion to Current Liabilities	(534 484)	(303 597)	838 081	-
Restated Balances as at 30 June 2008	15 228 332	2 597 771	838 081	82 550 894

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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31.4 Reclassification of Revenue and Expenditure:

The prior year figure of Government Grants and Subsidies (Note 20) has been restated to correctly classify the transactions related to Assets obtained from Government Grants (previously included in the Government Grant Reserve).

The prior year figure of Employee Related Costs (Note 22) has been restated to correctly classify the transactions related to expenditure incurred in terms of Defined Benefits.

The prior year figure of General expenses (Note 29) has been restated to correctly classify the transactions related to expenditure incurred in terms of Operating Leases.

The effect of the Change in Accounting Policy is as follows:

	Government Grants & Subsidies	Employee Related Costs	General Expenses	Surplus for the Year
	(Ex Note 32.1)	(Ex Note 32.4)	(Ex Note 32.2)	
Amount per AFS previously published for 2007/2008	449 367 707	65 589 125	110 999 039	848 511
Reclassification of Assets obtained from Grants	1 175 893	-	(1 229 091)	2 404 984
Implementation of IAS 19	-	2 709 555	-	(2 709 555)
Implementation of GRAP 13	-	-	(9 904)	9 904
Restated Amount currently disclosed for 2007/2008	450 543 600	68 298 679	109 760 043	553 845
			2009	2008
			R	R

The effect of the above-mentioned changes in Accounting Policies on the profit and loss is an increase of R1 064 675 in the surplus for the financial year 2007/2008 and the nature of the changes in the Accounting Policies is as follows:

- GAMAP 9	Revenue (sections applicable to Non-exchange Transactions)	-	(2 404 984)
- GRAP 13	Leases	-	(9 904)
- IAS 19	Employee Benefits	-	2 709 555
Total Decrease / (Increase) in Surplus as at 30 June		-	294 666

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2008, but the Accumulated Surplus as at 30 June 2007 has increased by R28 592 million.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
32. CORRECTION OF ERROR		
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.		
Details of the appropriations are as follows:		
Unappropriated Surplus Account:		
Corrections to Bank	(4 262 286)	(1 642 247)
Corrections to Creditors	7 721 811	1 525 191
Corrections to Debtors	(230 347)	(4 803 503)
Corrections to Suspense Control Accounts	-	(8 816 480)
Corrections to Unspent Conditional Grants	-	19 269 172
Corrections to VAT Receivable	4 798 914	4 420
Corrections to Expenditure	4 625	4 627 604
Corrections to Revenue	2 178	1 048 027
Adjustment of Government Grant Reserve	(2 336 460)	(2 798 273)
Property, Plant and Equipment		(53 239)
Increase / (Decrease) in Unappropriated Surplus Account	5 698 436	8 360 672
Government Grants Reserve:		
Interest reversed from Government Grant Reserve	-	2 437 051
Increase / (Decrease) in Government Grants Reserve		2 437 051
Increase / (Decrease) in Accumulated Surplus Account	5 698 436	10 797 723

32.1 Reclassification of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	2007/2008 Revenue	2008/2009 Revenue	Restated Amount
Interest Earned - External Investments	9 544 281	9 896 474	(352 193)
Interest Earned - Other	352 193	-	352 193
Income for Agency Services	31 830 356	-	31 830 356
Government Grants and Subsidies Received	139 383 160	449 367 707	(309 984 548)
Recovered from Non-conditional Grants	27 708 849	-	27 708 849
Recovered from Conditional Grants	250 445 343	-	250 445 343
	459 264 181	459 264 181	0

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

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32.2 Reclassification of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2007/2008 Expenditure	2008/2009 Expenditure	Restated Amount
Employee Related Costs	63 504 390	67 069 683	(3 565 293)
Grants and Subsidies Paid	135 290	269 536 225	(269 400 935)
General Expenses	101 677 220	110 999 039	(9 321 819)
Contributions to Provisions	4 060 442	-	4 060 442
Contribution to Asset Finance Reserve	1 229 091	-	1 229 091
General Expenses: Non-conditional Grants	26 553 170	-	26 553 170
General Expenses: Conditional Grants	250 445 343	-	250 445 343
	447 604 946	447 604 946	0

32.3 Reclassification of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

As at 30 June 2008		2007/2008 Fin Position	2008/2009 Fin Position	Restated Amount
Unappropriated Surplus/(Accumulated Deficit)	(See Note 31.2)	(65 492 009)	(111 142 412)	45 650 402
Capital Replacement Reserve	(See Note 31.2)	(33 041 227)	-	(33 041 227)
Deferred Income	(See Note 31.2)	(12 609 177)	-	(12 609 177)
Long-term Liabilities		(8 626 447)	(8 626 446)	(0)
Provisions		(7 055 416)	(4 033 416)	(3 022 000)
Creditors		(38 788 661)	(49 616 141)	10 827 481
Unspent Conditional Grants		(120 366 962)	(120 016 096)	(350 866)
Current Portion of Long-term Liabilities		(1 046 511)	(927 415)	(119 096)
Property, Plant and Equipment		20 680 401	22 992 436	(2 312 035)
Intangible Assets		2 312 225	188	2 312 037
Other Debtors		34 474 294	41 809 813	(7 335 519)
Cash		4 540	-	4 540
Bank, Cash and Cash Equivalents		222 943 475	222 948 015	(4 540)
		-6 611 475	-6 611 475	0

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

			2009 R	2008 R
As at 30 June 2007		2007/2008 Fin Position	2008/2009 Fin Position	Restated Amount
Unappropriated Surplus/(Accumulated Deficit)	(See Note 31.2)	(64 286 456)	(63 925 731)	(360 725)
Capital Replacement Reserve	(See Note 31.2)	(21 019 029)	(21 019 029)	(0)
Deferred Income	(See Note 31.2)	(13 212 530)	(13 573 751)	361 221
Long-term Liabilities		(9 553 861)	(9 553 861)	-
Provisions		(3 299 130)	(3 299 130)	-
Creditors		(14 729 694)	(28 223 258)	13 493 564
Unspent Conditional Grants		(138 693 336)	(138 342 499)	(350 836)
Current Portion of Long-term Liabilities		(529 167)	(446 139)	(83 028)
Property, Plant and Equipment		23 748 613	25 292 081	(1 543 468)
Intangible Assets		1 591 895	48 426	1 543 469
Consumer Debtors		5 580 325	3 823 922	1 756 403
Other Debtors		49 402 771	62 462 971	(13 060 199)
VAT Receivable		5 047 963	6 804 366	(1 756 402)
Cash		4 542	-	4 542
Bank, Cash and Cash Equivalents		179 771 949	179 776 489	(4 540)
		<u>-175 145</u>	<u>-175 145</u>	<u>0</u>

32.4 Reclassification of Employee Related Costs and Creditors:

The prior year figures of Employee Related Costs and Creditors have been restated to correctly classify the expense for Staff Service Bonuses of the municipality.

The effect of the Correction of Error is as follows:

	Employee Related Costs	Creditors
Balances as per AFS previously published for 2007/2008	67 069 683	(28 223 258)
Reclassification of expense for Staff Service Bonuses	(1 480 558)	1 480 558
Balances as at 30 June 2007 per AFS published for 2007/2008	<u>65 589 125</u>	<u>(26 742 700)</u>

32.5 Reclassification of Property, Plant & Equipment and Accumulated Surplus:

The prior year figures of Property, Plant & Equipment and Accumulated Surplus have been restated to correctly the assets held by the municipality.

The effect of the Correction of Error is as follows:

	Property, Plant and Equipment At Cost	Depreciation	Accumulated Surplus
Balances as per AFS previously published for 2007/2008	36 146 912	(13 154 502)	(111 142 412)
Reclassification of monies held to reflect the value of assets held	14 626	(67 840)	53 213
Balances as at 30 June 2007 per AFS published for 2007/2008	<u>36 161 539</u>	<u>(13 222 342)</u>	<u>(111 089 198)</u>

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

	2009 R	2008 R
33. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	27 299 228	553 845
Adjustment for:		
Correction of prior year Error	5 698 436	10 797 723
Depreciation and Amortisation	2 990 257	4 733 308
Gains on Disposal of Property, Plant and Equipment	(386 203)	(19 559)
Other Movement on Property, Plant and Equipment	-	796 619
Other Movement on Intangible Assets	-	(743 380)
Contribution to Retirement Benefit Liabilities	3 231 735	2 917 951
Expenditure incurred from Retirement Benefit Liabilities	(534 484)	(486 181)
Contribution to Provisions - Current	782 295	734 286
Contribution to Provisions - Non-current	566 682	640 201
Expenditure incurred from Provisions	(303 597)	(362 416)
Contribution to Impairment Provision	13 573 358	1 439 981
Bad Debts Written-off	(3 652 300)	-
Investment Income	(24 884 124)	(9 896 474)
Finance Costs	486 536	831 894
Operating surplus before working capital changes	24 867 820	11 937 799
Decrease/(Increase) in Consumer Debtors	-	3 823 922
Decrease/(Increase) in Other Debtors	9 802 123	19 213 177
Decrease/(Increase) in VAT Receivable	(1 300 194)	310 615
Increase/(Decrease) in Creditors	(28 022 426)	19 912 326
Increase/(Decrease) in Conditional Grants and Receipts	10 764 680	(18 326 403)
Increase/(Decrease) in Operating Lease Liabilities	4 788	(9 904)
Cash generated by / (utilised in) Operations	16 116 791	36 861 531

34. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2008/2009 financial year.

35. FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

36. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 13)	8 626 446	9 553 861
Used to finance Property, Plant and Equipment - at cost	(8 626 446)	(9 553 861)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 10 and 13)	-	-
Cash invested for Repayment of Long-term Liabilities	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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37. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance	8 171 766	-
Unauthorised Expenditure current year	-	8 171 766
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 44)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	<u>8 171 766</u>	<u>8 171 766</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted amounts exceeded:-</i>	<i>None</i>
-- Remuneration of Councillors - R18 830	
-- Depreciation - R1 600 000	
-- Interest Paid - R384 394	
-- Contribution to Provisions - 568 542	
-- General Expenses: Conditional Grants - R5 600 000	

37.2 Fruitless and Wasteful Expenditure

To management's best of knowledge instances of note indicating that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	-	4 003 797
Condoned or written off by Council	-	(350 866)
To be recovered – contingent asset (see Note 44)	-	-
Transfer to receivables for recovery (see Note 4)	-	(3 652 931)
Fruitless and Wasteful Expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Forbidden loan, with interest, made to Nyika - R3 652 300</i>	<i>None</i>
<i>Interest on late payemts - R331 307</i>	<i>None</i>
<i>Lost equipment (computer) - R19 559</i>	<i>None</i>
<i>Goods paid for, not received - R631</i>	<i>None</i>

37.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

38. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

38.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	426 851	179 734
Amount Paid - current year	(426 851)	(179 734)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
38.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	2 500 396	1 846 190
Amount Paid - current year	(2 500 396)	(1 846 190)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.3 VAT

VAT input payables and VAT output receivables are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.

38.4 PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	9 450 404	9 011 607
Amount Paid - current year	(9 450 404)	(9 011 607)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	16 089 764	13 949 181
Amount Paid - current year	(16 089 764)	(13 949 181)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

38.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

38.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Office of the Municipal Manager	July 2008	Africana Caterers & Décor	Catering for Youth Day event	36 000.00 Excluding VAT
Originally procured institution declined appointment at a very late stage				
Office of the Municipal Manager - Disaster Management	July 2008	Imvusa Trading 1298 CC	Replacement of windows damaged by hailstorm	20 083.52 Excluding VAT
Supply chain procedures could not be followed as the disaster experienced had to be managed as a matter of urgency				
Corporate Services	August 2008	Rhodes University	Government Media Course for 2 employees	11 600.00 Excluding VAT
The training was essential as it is specifically directed to government communicators, addressing issues that speak directly to them				
Office of the Municipal Manager	September 2008	Execu Clean Siyandisa Consulting	Liberation Heritage Route Research launch and gala event	294 616.14 198 000.00 Excluding VAT
The Heritage Route Council requested CHDM at a very late stage to procure the services - supply chain procedures could not be followed				

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

			2009 R	2008 R
Office of the Municipal Manager - Disaster Management	September 2008	M & T Suppliers Lukhola Pri & Prom The Business Zone 1234 CC	Purchase of ISDR promotional material	35 557.00 42 880.00 96 033.60
The work, amounting to R174 470.60 (excluding VAT), was spread between the 3 quotations requested				
Engineering Services	September 2008	Peter Allen Incorporated	Completion of works Nqumakala and Mtshanyana	129 829.00 Excluding VAT
The project, initiated by DWAF, was abandoned and consultants had to be appointed urgently for consistency and completion				
Environmental Health Services	October 2008	Wizzard Worms	60 Litre garden units	166 896.00 Excluding VAT
The only bidder that resounded on time				
Office of the Municipal Manager - Fire Services	January 2009	Rural Metro Emergency Services	Meals and transport to attend Fire Fighter 2 Course	46 930.00 Excluding VAT
Only one of 3 accredited training institutions that started the training on a date suitable to the municipality				
Integrated Planning & Economic Development	February 2009	Kagiso Exhibition & Events	Exhibition stand and tourism indaba for tourism SMME's	17 780.58 Excluding VAT
Indaba organised by South African Tourism (through Kagiso Events and Exhibitions) as one of the Designation Marketing Strategy				
Integrated Planning & Economic Development	February 2009	Queens Casino	Gala dinner	12 792.50 Excluding VAT
The only venue big enough to accommodate an event of this size				
Office of the Municipal Manager - Information & Communication Technology	March 2009	Du Preez Consulting	Microsoft Share Point course	39 550.00 Excluding VAT
The only institution that uses Microsoft Share Point as their intranet, making them the only vendor to be able to give practical training				
Corporate Services - Fleet Management	March 2009	Bell Equipment	Spare part for Bell crid roller	17 009.57 Excluding VAT
Sole supplier of Bell equipment and parts				
Corporate Services - Fleet Management	May 2009	Cradock Security CC	Security services	15 390.00 Excluding VAT
The sole supplier of security services in the Cradock area				
Office of the Municipal Manager - Disaster Management	June 2009	MX Print Design & Advertising	Embroidering of clothing items	17 811.36 Excluding VAT
The only bidder that resounded on time and the cheapest as well				
Office of the Municipal Manager - Supply Chain Management	June 2009	Tidy Files	5-Drawer quadro 4-rows cabinet	1 292.42 Excluding VAT
The only bidder that resounded on time				
Financial Services	June 2009	Thermodynamics Fluids & Design (TFD)	Compilation of Asset Register	60 000.00 Excluding VAT
Municipal assets already on the system of the supplier				
Financial Services	June 2009	Sobekwa-Groenewald-Van der Linde	Compile Budget on new format in terms of NT Regulations	40 000.00 Excluding VAT
Service provider appointed by Province has withdrawn from project before completion				

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
39. COMMITMENTS FOR EXPENDITURE			
39.1 Capital Commitments			
The municipality had no capital commitments at year-end.			
39.2 Lease Commitments			
Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 12 and 13.			
40. FINANCIAL INSTRUMENTS			
40.1 Classification			
FINANCIAL ASSETS:			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
	<u>Financial Assets</u>	<u>Classification</u>	
Long-term Receivables			
Car Loans	Loans and receivables	-	7 695
Other Debtors			
Payments made in Advance	Loans and receivables	-	1 161 443
Government Subsidy Claims	Loans and receivables	17 608 012	14 538 143
Projects	Loans and receivables	635 069	680 232
Recoverable Works	Loans and receivables	146 486	146 834
Short-term Loans	Loans and receivables	19 101 652	25 459 001
Sundry Deposits	Loans and receivables	808 590	666 899
Sundry Debtors	Loans and receivables	5 859 136	11 308 514
Bank,Cash and Cash Equivalents			
Call Deposits	Available for sale	115 060 738	-
Bank Balances	Available for sale	255 152 576	222 948 015
Current Portion of Long-term Receivables			
Car Loans	Loans and receivables	7 695	29 292
Study Loans	Loans and receivables	-	80 737

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
SUMMARY OF FINANCIAL ASSETS			
Loans and Receivables			
Long-term Receivables	Car Loans	-	7 695
Other Debtors	Payments made in Advance	-	1 161 443
Other Debtors	Government Subsidy Claims	17 608 012	14 538 143
Other Debtors	Projects	635 069	680 232
Other Debtors	Recoverable Works	146 486	146 834
Other Debtors	Short-term Loans	19 101 652	25 459 001
Other Debtors	Sundry Deposits	808 590	666 899
Other Debtors	Sundry Debtors	5 859 136	11 308 514
Current Portion of Long-term Receivables	Car Loans	7 695	29 292
Current Portion of Long-term Receivables	Study Loans	-	80 737
		<u>44 166 639</u>	<u>54 078 791</u>
Available for Sale:			
Bank,Cash and Cash Equivalents	Call Deposits	115 060 738	-
Bank,Cash and Cash Equivalents	Bank Balances	255 152 576	222 948 015
		<u>370 213 313</u>	<u>222 948 015</u>
Total Financial Assets		<u>414 379 953</u>	<u>277 026 806</u>

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	7 652 081	8 626 446
Creditors			
Trade Creditors	Financial liabilities at amortised cost	12 697 530	37 367 631
Retentions	Financial liabilities at amortised cost	3 529 077	-
Staff Bonuses	Financial liabilities at amortised cost	1 578 152	1 541 442
Sundry Deposits	Financial liabilities at amortised cost	8 335	8 335
Other Creditors	Financial liabilities at amortised cost	2 300 063	9 218 176
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	974 365	927 415

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Annuity Loans	7 652 081	8 626 446
Creditors	Trade Creditors	12 697 530	37 367 631
Creditors	Retentions	3 529 077	-
Creditors	Staff Bonuses	1 578 152	1 541 442
Creditors	Sundry Deposits	8 335	8 335
Creditors	Other Creditors	2 300 063	9 218 176
Current Portion of Long-term Liabilities	Annuity Loans	974 365	927 415
		<u>28 739 604</u>	<u>57 689 445</u>
Total Financial Liabilities		<u>28 739 604</u>	<u>57 689 445</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R **2008**
R

40.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

40.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

Gearing Ratio

2009
R **2008**
R

The gearing ratio at the year-end was as follows:

Debt	8 626 446	9 553 861
Bank, Cash and Cash Equivalents	(255 152 576)	(222 948 015)
Net Debt	<u>(246 526 130)</u>	<u>(213 394 154)</u>
Total Capital	<u>(119 626 004)</u>	<u>(119 491 691)</u>
Net debt to total capital ratio	<u>206.08%</u>	<u>178.58%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 13.

Total Capital includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

40.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

40.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

40.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 40.9 below). No formal policy exists to hedge volatilities in the interest rate market.

40.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

40.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

40. FINANCIAL INSTRUMENTS (Continued)

40.7 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Unsecured Bank Facilities	13		(8 626 446)	-	-	-	-	(8 626 446)
DBSA		5.00%	(8 626 446)	-	-	-	-	(8 626 446)
Total Fixed Rate Instruments			(8 626 446)	-	-	-	-	(8 626 446)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	4		115 060 738	115 060 738	-	-	-	-
Bank Balances and Cash	4		140 091 838	140 092 283	-	-	-	-
Total Fixed Rate Instruments			255 152 576	255 153 021	-	-	-	-

30 June 2008

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Unsecured Bank Facilities	13		(9 553 861)	-	-	-	-	(9 553 861)
DBSA		5.00%	(9 553 861)	-	-	-	-	(9 553 861)
Total Fixed Rate Instruments			(9 553 861)	-	-	-	-	(9 553 861)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	4		-	-	-	-	-	-
Bank Balances and Cash	4		222 948 015	222 948 015	-	-	-	-
Total Fixed Rate Instruments			222 948 015	222 948 015	-	-	-	-

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

40.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

40.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2009	#	%	R	R	R	R		R
Non-interest Bearing		0.00%	20 113 158	20 113 158	-	-	-	-
Fixed Interest Rate Instruments		5.00%	10 452 790	696 853	696 853	1 393 705	4 181 116	3 484 263
			30 565 947	20 810 010	696 853	1 393 705	4 181 116	3 484 263
30 June 2008								
Non-interest Bearing		0.00%	48 135 584	48 135 584	-	-	-	-
Fixed Interest Rate Instruments		5.00%	11 846 495	696 853	696 853	1 393 705	4 181 116	4 877 969
			59 982 079	48 832 436	696 853	1 393 705	4 181 116	4 877 969

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
40. FINANCIAL INSTRUMENTS (Continued)		
40.10 Credit Risk Management		
<p><i>Credit Risk</i> refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.</p>		
<p>Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.</p>		
<p>The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.</p>		
<p>In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p>		
<p>Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.</p>		
<p>The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for Sasol who has large investments in the municipal area and does not pose any risk. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.</p>		
	2009 R	2008 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	7 695	117 724
Other Debtors	22 086 632	41 809 813
Bank, Cash and Cash Equivalents	255 152 576	222 948 015
Maximum Credit and Interest Risk Exposure	277 246 903	264 875 552
Credit quality of Financial Assets:		
<p>The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:</p>		
Long-term Receivables		
Group 1	7 695	117 724
Total Long-term Receivables	7 695	117 724
Other Debtors		
Group 1	808 590	1 828 343
Group 3	45 611 130	52 132 724
Total Other Debtors	46 419 721	53 961 067
	2 260 776.61	

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Bank and Cash Balances		
ABSA Bank Ltd	255 148 481	222 943 475
Cash Equivalents	4 540	4 540
Total Bank and Cash Balances	<u><u>255 153 021</u></u>	<u><u>222 948 015</u></u>
	445.20	

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

41. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Chris Hani District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R6,2 million (2008: R5,9 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the fund had a surplus of 182,7 (30 June 2007: R200,2) million, with a funding level of 106,5% (30 June 2007: 107,2%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 31,04%.

Government Employees Pension Fund (GEPF):

No details could be provided for the fund and of any valuation performed.

A contribution rate is paid by the members (7,50%) and municipalities (13,00%).

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R **2008**
R

South African Local Authorities Pension Fund (SALA):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2007.

The statutory valuation performed as at 1 July 2007 revealed that the fund had a surplus of 558,4 (1 July 2006: R286,0) million, with a funding level of 110% (1 July 2006: 106%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is sufficient to fund the benefits accruing from the fund in the future.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the investment reserve of the fund amounted to R12 033 (30 June 2007: R20 220) million, with a funding level of 103,3% (30 June 2007: 105,3%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R6 675 (30 June 2007: R7 206) million, with funding levels of 101,1% and 112,2% (30 June 2007: 108,5% and 137,4%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a funding ratio of 106.5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Liberty Life Pension Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Annuity Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Retirement Fund:

No details could be provided for the fund and of any valuation performed.

None of the above mentioned plans are State Plans.

42. RELATED PARTY TRANSACTIONS

42.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Bobo T	Councillor	50% Membership in Ilinge Labatsha Development CC
Gobinca M	Councillor	50% Membership in Shine & Brilliant General Trading CC
Gunzuza NL	Councillor	Director in Lembede Strategic Investment
James L	Councillor	Director in EC Agric Co-op
James L	Councillor	33% Membership in Palgro CC
James L	Councillor	Director in Veronica Investments
Koyo MC	Councillor	100% Membership in MBK Consulting Services CC
Nobongoza TP	Councillor	Director in Sakhisizwe Multipurpose (Section 21 Company)
Pasha NM	Councillor	Director in Engcobo Housing Project (Ass Inc under Section 21)
Plata SD	Councillor	100% Membership in Daves Energy Distribution CC
Zenzile M	Councillor	Director in Cradock Masizame (Section 21 Company)
Mbambisa MS	Manager	100% Membership in Booi Mbambisa & Associates
Mbambisa MS	Manager	16.6% Membership in Mulepele Trading Enterprise
Mdleleni A	Manager	100% Membership in Ikhwezi Mediation & Development Services

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009 **2008**
R **R**

42.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

42.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 8 to the Annual Financial Statements.

42.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 22 and 23 respectively, to the Annual Financial Statements.

42.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

2009 **2008**
R **R**

43. CONTINGENT LIABILITIES

43.1 Court Proceedings:

3 780 662 **1 635 000**

(i) The Board of Trustees for Qamata Irrigation Scheme instituted interdict proceedings in the Development Tribunal, Bisho. The municipality cited as 3rd respondent. The defendant was successful in its defence and is taxing a bill of costs for taxation and recovery of costs. The cost of the case is estimated to be R200 000.

(ii) The Municipal Employees Pension Fund brought an action against the municipality for outstanding payment of contributions to the Fund in respect of councillors in the amount of R322 950. The cost of the case is estimated to be R35 000. The outcome of the action is still uncertain.

(iii) Reticulation Design Project Services was appointed by the municipality for the upgrading of streets and storm water drainage, and the building of VIP toilets. RDP Services has instituted action against the municipality for the recovery of payments to the amount of R2 501 000 allegedly not made. Legal cost is estimated to be R250 000. The outcome of the case is still uncertain.

(iv) The municipality was requested for payment of the amount of R11 601 for goods sold and delivered by East Cape Agricultural Cooperative Ltd. The claim is not disputed and the claimant was requested to provide proper invoices, which has allegedly been done. The amount of the invoices are still in dispute. The cost of the case is estimated to be R10 000. No summons for payment has been issued to date.

(v) The municipality has been sued by an individual for outstanding travelling cost in the amount of R4 693 due to him as a member of the Audit Committee, arising from extensive travelling between Butterworth and Queenstown to attend meetings. Since the municipality has proof that the claimant was paid in full, the claim is being defended and is now ready for trial. The cost of the case is estimated to be R15 000. The outcome of the case is still uncertain.

(vi) Sidi Parini (Pty) Ltd is claiming an amount of R330 418 from the municipality for fertilizer allegedly sold and delivered in terms of a verbal agreement. The claim is disputed. The cost of the case is estimated to be R100 000. No summons for payment has been issued to date.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44. CONTINGENT ASSETS		
44.1 Court Proceedings:	2 950 000	450 000
(i) The municipality is suing Thusano Construction for an amount of R450 000 in respect of an over-payment on the contract. The outcome of the legal processes is unknown at this stage.		
(ii) The municipality is suing Nyika Investments for an amount of approximately R2 500 000 in respect of a business plan and the development of commercial enterprises. Nothing resulted from the business plan and the contractor did not provide the services for which they were contracted. To date the debtor could not be located to identify any assets that can be attached. The outcome of the legal processes is unknown at this stage.		
45. IN-KIND DONATIONS AND ASSISTANCE		
The municipality did not receive any In-kind Donations and Assistance during the year under review.		
46. COMPARISON WITH THE BUDGET		
The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".		
47. PRIVATE PUBLIC PARTNERSHIPS		
The municipality was not a party to any Private Public Partnerships during the financial year 2008/2009.		
48. EVENTS AFTER THE REPORTING DATE		
No events having financial implications requiring disclosure occurred subsequent to 30 June 2008.		
49. COMPARATIVE FIGURES		
The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 31) and Prior Period Errors (Note 32).		
50. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED		
At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:		
- GRAP 18 Segment Reporting		
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)		
- GRAP 24 Presentation of Budget Information in Financial Statements		
- GRAP 103 Heritage Assets		
Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.		
Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.		

APPENDIX A
CHRIS HANI DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2008	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2009
ANNUITY LOANS	R				R	R	R	R
DBSA	10 000 000	5.00%	101215/1	30/09/2016	9 553 861	-	927 415	8 626 446
Total Annuity Loans	10 000 000				9 553 861	-	927 415	8 626 446
TOTAL EXTERNAL LOANS	10 000 000				9 553 861	-	927 415	8 626 446

ANNUITY LOANS:

DBSA:

Structured unsecured 10 year loan for eradication of bucket system. Original loan capital of R10 000 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

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

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
Carports	11 802	-	-	-	-	11 802	11 799	-	-	-	11 799	2
Houses	422 486	-	-	-	-	422 486	175 743	14 044	-	-	189 787	232 699
Land	3 650 000	-	-	-	-	3 650 000	-	-	-	-	-	3 650 000
Office Buildings	14 148 433	-	-	-	-	14 148 433	2 253 062	467 415	-	-	2 720 477	11 427 956
Park Homes	118 505	-	-	-	-	118 505	1 542	7 467	-	-	9 010	109 495
	18 351 226	-	-	-	-	18 351 226	2 442 147	488 927	-	-	2 931 073	15 420 152
Community Assets			0.00									
<i>Recreational Facilities:</i>												
Fountains	11 471	-	-	-	-	11 471	9 365	2 099	-	-	11 465	6
<i>Other Facilities:</i>												
Clinics and Hospitals	100 000	-	-	-	-	100 000	53 333	3 324	-	-	56 658	43 342
Community Centres	168 341	-	-	-	-	168 341	67 367	5 596	-	-	72 963	95 378
Fencing	19 136	-	-	-	-	19 136	19 136	-	-	-	19 136	-
Security Systems	59 623	-	-	-	-	59 623	45 240	4 326	-	-	49 565	10 058
	358 571	-	-	-	-	358 571	194 441	15 345	-	-	209 787	148 785
Other Assets			0.00									
<i>Emergency Equipment:</i>												
Ambulance Equipment	43 293	-	-	-	-	43 293	43 293	-	-	-	43 293	-
Emergency Lights	288	-	-	-	-	288	288	-	-	-	288	-
Fire Equipment	20 582	-	-	-	-	20 582	8 493	5 188	-	-	13 681	6 901
Fire Hoses	21 237	-	-	-	-	21 237	5 786	5 669	-	-	11 456	9 781
<i>Furniture and Fittings:</i>												
Cabinets and Cupboards	583 874	1 747 317	-	-	-	2 331 191	309 699	151 490	-	-	461 188	1 870 002
Chairs	370 745	80 419	-	-	-	451 164	251 406	32 558	-	-	283 964	167 200
Kitchen Equipment	105 812	52 358	-	-	-	158 169	29 735	22 018	-	-	51 753	106 416
Other Furniture	307 137	78 366	-	-	-	385 503	240 307	23 983	-	-	264 289	121 214
Tables and Desks	429 617	74 977	-	-	-	504 594	256 348	54 737	-	-	311 085	193 509
<i>Motor Vehicles:</i>												
Fire Engines	354 160	-	-	-	-	354 160	270 714	70 638	-	-	341 352	12 808
Motor Cars	2 524 278	1 993 369	-	-	-	4 517 647	1 529 562	398 187	-	-	1 927 749	2 589 898
Trucks and Bakkies	4 514 173	3 469 228	-	-	-	7 983 401	2 312 296	866 541	-	-	3 178 837	4 804 564
<i>Office Equipment:</i>												
Air Conditioners	356 891	-	-	-	-	356 891	348 040	7 322	-	-	355 361	1 530
Computer Hardware	3 183 256	292 934	-	-	-	3 476 190	2 532 056	396 318	-	-	2 928 374	547 816
Office Machines	432 785	3 500	-	-	-	436 285	415 549	12 425	-	-	427 974	8 311
Other Office Equipment	417 652	86 166	-	-	-	503 818	226 334	69 232	-	-	295 567	208 252

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

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<i>Plant and Equipment:</i>												
Earthmoving Equipment	2 328 533	-	-	-	-	2 328 533	1 183 405	232 215	-	-	1 415 621	912 913
Farm Equipment	265 820	-	-	-	-	265 820	44 098	63 244	-	-	107 342	158 478
Lawnmowers	19 903	-	-	-	-	19 903	13 987	5 872	-	-	19 859	44
Mobile Clinics	156 000	-	-	-	-	156 000	156 000	-	-	-	156 000	-
Other Plant and Equipment	63 037	-	-	-	-	63 037	16 226	17 379	-	-	33 605	29 432
Radio Equipment	71 966	-	-	-	-	71 966	71 966	-	-	-	71 966	-
Satellite Tracking Equipment	113 465	-	-	-	-	113 465	101 797	7 503	-	-	109 301	4 164
Tractors	636 538	-	-	-	-	636 538	193 679	34 804	-	-	228 483	408 055
Trailers	130 703	-	-	-	-	130 703	24 690	8 474	-	-	33 164	97 539
	17 451 742	7 878 635	-	-	-	25 330 377	10 585 754	2 485 799	-	-	13 071 552	12 258 824
Total	36 161 539	7 878 635	-	-	-	44 040 174	13 222 342	2 990 070	-	-	16 212 412	27 827 761

CHRIS HANI DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2009

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets												
Computer Software	2 545 562	-	-	-	-	2 545 562	2 545 373	187	-	-	2 545 560	1
	2 545 562	-	-	-	-	2 545 562	2 545 373	187	-	-	2 545 560	1
Total Asset Register	38 707 100	7 878 635	-	-	-	46 585 735	15 767 715	2 990 257	-	-	18 757 972	27 827 763

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	6 943 789	-	-	-	-	6 943 789	4 170 626	535 683	-	-	4 706 309	2 237 480
Finance and Administration	22 571 447	7 694 216	-	-	-	30 265 663	7 418 238	840 003	-	-	8 258 241	22 007 422
Planning and Development	2 595 991	143 037	-	-	-	2 739 028	1 051 951	957 901	-	-	2 009 852	729 176
Health	2 307 720	8 379	-	-	-	2 316 099	1 462 478	128 804	-	-	1 591 282	724 818
Community and Social Services	193 784	33 003	-	-	-	226 786	123 663	32 664	-	-	156 326	70 460
Public Safety	3 947 003	-	-	-	-	3 947 003	1 514 025	493 679	-	-	2 007 704	1 939 299
Roads and Transport	108 694	-	-	-	-	108 694	6 221	-	-	-	6 221	102 473
Water	38 673	-	-	-	-	38 673	20 513	1 524	-	-	22 037	16 636
Total	38 707 100	7 878 635	-	-	-	46 585 735	15 767 715	2 990 257	-	-	18 757 972	27 827 763

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	Description	2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
-	18 445 789	(18 445 789)	Executive and Council	-	15 937 384	(15 937 384)
661 956	38 633 807	(37 971 851)	Finance and Administration	1 517 144	80 916 839	(79 399 696)
-	3 813 621	(3 813 621)	Planning and Development	-	4 944 782	(4 944 782)
-	9 342 195	(9 342 195)	Health	-	10 145 258	(10 145 258)
-	1 985 328	(1 985 328)	Community and Social Services	5 600	2 210 573	(2 204 973)
-	2 408 894	(2 408 894)	Public Safety	-	3 883 127	(3 883 127)
94 748	1 345 551	(1 250 803)	Environmental Protection	300 388	2 082 405	(1 782 017)
-	22 533 221	(22 533 221)	Roads and Transport	-	6 828 300	(6 828 300)
-	84 662 614	(84 662 614)	Water	-	75 991 179	(75 991 179)
460 101 964	277 133 803	182 968 161	Other	464 283 861	235 867 917	228 415 944
460 858 668	460 304 823	553 845	Sub-Total	466 106 992	438 807 764	27 299 228
460 858 668	460 304 823	553 845	Total	466 106 992	438 807 764	27 299 228

APPENDIX E(1)
CHRIS HANI DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009 Actual	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Rental of Facilities and Equipment	101 312	-	101 312	100.00	Revenue not budgeted for
Interest Earned - External investments	24 884 124	-	24 884 124	100.00	Revenue not budgeted for
Government Grants and Subsidies	439 401 638	475 882 630	(36 480 992)	(8.30)	
Other Income	1 333 716	3 000 000	(1 666 284)	(124.94)	Revenue budgeted for did not materialise
Gains on Disposal of Property, Plant and Equipment	386 203	-	386 203	0.00	
Total Revenue	466 106 992	478 882 630	(12 775 638)	(2.67)	
EXPENDITURE					
Employee Related Costs	66 219 846	71 270 545	(5 050 699)	(7.63)	
Remuneration of Councillors	4 991 222	5 070 123	(78 901)	(1.58)	
Collection Costs	-	550 201	(550 201)	0.00	
Depreciation	2 990 257	-	2 990 257	100.00	Expenditure not budgeted for
Impairment Losses	13 573 358	-	13 573 358	100.00	Expenditure not budgeted for
Repairs and Maintenance	17 249 513	18 616 093	(1 366 580)	(7.92)	
Interest Paid	486 536	3 401 038	(2 914 502)	(599.03)	Over-budgeted for expenditure
Contracted Services	5 379 769	2 003 012	3 376 757	62.77	Expenditure for new building project not budgeted for
Grants and Subsidies Paid	252 582 538	16 410 258	236 172 280	93.50	Community project expenditure not budgeted for
General Expenses	75 334 725	88 945 251	(13 610 526)	(18.07)	Savings on expenditure realised
Total Expenditure	438 807 764	206 266 521	232 541 243	112.74	
NET SURPLUS / (DEFICIT) FOR THE YEAR	27 299 228	272 616 109	(245 316 881)	89.99	

APPENDIX E(2)

CHRIS HANI DISTRICT MUNICIPALITY

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

Description	2008/2009 Actual	2008/2009 Total Additions	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	%	
Finance and Administration	7 694 216	7 694 216	-	7 694 216	0.00	
Planning and Development	143 037	143 037	-	143 037	0.00	
Health	8 379	8 379	-	8 379	0.00	
Community and Social Services	33 003	33 003	-	33 003	0.00	
Total	7 878 635	7 878 635	-	7 878 635	0.00	

APPENDIX F
CHRIS HANI DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
FMG	Nat Treasury	0	750 000	0	0	0	0	111 292	121 336	175 036	473 575	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	40 000 000	43 312 000	45 141 000	39 600 000	38 965 415	0	61 292 889	63 478 555	33 564 903	3 501 764	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	0	59 628 642	44 721 482	74 535 803	0	0	44 721 482	44 721 482	44 721 482	44 721 482	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Bulk Infrastructure Grant	DWAF	0	0	0	11 650 000	0	0	0	0	0	11 650 000	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	3 016 510	4 767 131	2 863 510	5 221 510	2 883 510	4 223 000	4 001 000	3 490 000	3 356 000	3 073 000	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Internodal Transport Program	Dept Transport			4 100 000			0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	Province	0	735 000	0	0	0	0	0	0	0	1 739 096	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		43 016 510	109 192 773	96 825 992	131 007 313	41 848 925	4 223 000	110 126 663	111 811 372	81 817 422	65 158 917	0	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																			

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1. GENERAL INFORMATION		
Chris Hani District Municipality (the municipality) is a local government institution in Queenstown, Eastern Cape, and has 8 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.		
2. OTHER DEBTORS		
Payments made in Advance	-	1 161 443
Government Subsidy Claims	17 608 012	14 538 143
Projects	635 069	680 232
Recoverable Works	146 486	146 834
Short-term Loans	19 101 652	25 459 001
Sundry Deposits	808 590	666 899
Sundry Debtors	5 859 136	11 308 514
	<hr/>	<hr/>
	44 158 944	53 961 067
Less: Provision for Impairment	(22 072 312)	(12 151 254)
	<hr/>	<hr/>
Total Other Debtors	22 086 632	41 809 813

Other Debtors have been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

The average credit period for **Government Grants and Subsidies** is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Short-term Loans mainly comprise temporary advances made to local municipalities which are repayable within 12 months.

Included in **Sundry Deposits** is an amount of R646 299 (2008: R646 299) in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality. Included in the total is an amount of R1 628 419 (2008: R794 887) in respect of uncleared bank reconciliation items.

2.1 Reconciliation of Provision for Impairment

Balance at beginning of year	12 151 254	10 711 273
Impairment Losses recognised	13 573 358	1 439 981
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(3 652 300)	-
Amounts recovered	-	-
	<hr/>	<hr/>
Balance at end of year	22 072 312	12 151 254

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

The Provision for Impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The following loans and receivables are included in the total amount of the Provision for Impairment :		
Government Subsidy Claims	7 956 900	-
Recoverable Works	7 975 832	-
Short-term Loans	4 775 788	12 151 254
Sundry Debtors	1 363 792	-
Total Provision for Impairment on Other Debtors	<u>22 072 312</u>	<u>12 151 254</u>

3. VAT RECEIVABLE

Vat Receivable	<u>7 793 944</u>	<u>6 493 750</u>
----------------	-------------------------	-------------------------

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

4. BANK, CASH AND CASH EQUIVALENTS

Bank, Cash and Cash Equivalents	255 152 576	222 948 015
Total Bank, Cash and Cash Equivalents	<u>255 152 576</u>	<u>222 948 015</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

4.1 Current Investment Deposits

Call Deposits	115 060 738	-
Total Current Investment Deposits	<u>115 060 738</u>	<u>-</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5,90 % to 9,90 % per annum.

Deposits of R115 060 738 (2008: R0) are attributable to Unspent Conditional Grants.

4.2 Bank Accounts

Cash in Bank	140 087 298	222 943 475
Total Bank Accounts	<u>140 087 298</u>	<u>222 943 475</u>

The Municipality has the following bank accounts:

Primary Bank Account

First National Bank - Cathcart Road Branch, Queenstown - Account Number 620 0251 0693:

Cash book balance at beginning of year	222 943 475	179 771 949
Cash book balance at end of year	<u>140 087 298</u>	<u>222 943 475</u>
Bank statement balance at beginning of year	224 102 453	193 535 616
Bank statement balance at end of year	<u>143 160 495</u>	<u>224 102 453</u>

An amount of R15 720 039 (2008: R120 016 096) is attributable to Unspent Conditional Grants.

An amount of R34 112 049 (2008: R31 812 136) is attributable to the Capital Replacement Reserve.

Interest is earned at different rates per annum on favourable balances.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
4.3 Cash and Cash Equivalents		
Cash Floats and Advances	4 540	4 540
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>4 540</u>	<u>4 540</u>

5. OPERATING LEASE ASSETS / RECEIVABLES

The municipality had no long-term arrangements to be classified as operating lease agreements for the two financial years.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2009

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2008	15 909 079	-	164 130	-	6 865 988	22 939 197
Cost	18 351 226	-	358 571	-	17 451 742	36 161 539
- Completed Assets	18 351 226	-	358 571	-	17 451 742	36 161 539
- Under Construction	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Cost	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Revaluation	-	-	-	-	-	-
Acquisitions	-	-	-	-	7 878 635	7 878 635
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(488 927)	-	(15 345)	-	(2 485 799)	(2 990 070)
- Based on Cost	(488 927)	-	(15 345)	-	(2 485 799)	(2 990 070)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2009	15 420 152	-	148 785	-	12 258 824	27 827 761
Cost	18 351 226	-	358 571	-	25 330 377	44 040 174
- Completed Assets	18 351 226	-	358 571	-	25 330 377	44 040 174
- Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 931 073)	-	(209 787)	-	(13 071 552)	(16 212 412)
- Cost	(2 931 073)	-	(209 787)	-	(13 071 552)	(16 212 412)
- Revaluation	-	-	-	-	-	-

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2008

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values at 01 July 2007	16 282 506	-	168 310	-	8 841 265	25 292 081
Cost	18 232 721	-	344 121	-	15 450 680	34 027 523
- Completed Assets	18 232 721	-	344 121	-	15 450 680	34 027 523
- Under Construction	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(1 950 215)	-	(175 811)	-	(6 609 416)	(8 735 442)
- Cost	(1 950 215)	-	(175 811)	-	(6 609 416)	(8 735 442)
- Revaluation	-	-	-	-	-	-
Acquisitions	118 505	-	14 450	-	2 272 029	2 404 984
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(491 932)	-	(18 604)	-	(3 431 154)	(3 941 691)
- Based on Cost	(491 932)	-	(18 604)	-	(3 431 154)	(3 941 691)
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	(19 559)	(19 559)
- Cost	-	-	-	-	(285 595)	(285 595)
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	266 036	266 036
- Based on Cost	-	-	-	-	266 036	266 036
- Based on Revaluation	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	(0)	-	(26)	-	(796 593)	(796 619)
- Cost	(0)	-	-	-	14 627	14 626
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	(26)	-	(811 219)	(811 245)
- Based on Cost	-	-	(26)	-	(811 219)	(811 245)
- Based on Revaluation	-	-	-	-	-	-
Carrying values at 30 June 2008	15 909 079	-	164 130	-	6 865 988	22 939 197
Cost	18 351 226	-	358 571	-	17 451 742	36 161 539
- Completed Assets	18 351 226	-	358 571	-	17 451 742	36 161 539
- Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Cost	(2 442 147)	-	(194 441)	-	(10 585 754)	(13 222 342)
- Revaluation	-	-	-	-	-	-

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Assets pledged as security:

The municipality did not pledge any of its assets as security.

6.2 Impairment of Property, Plant and Equipment:

The municipality has not tested its items of Property, Plant and Equipment for any potential impairment losses on assets due to the exemptions granted for the measurement of assets in terms of ASB Directive 4, March 2009.

6.3 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

No review of the useful lives or depreciation methods applied to items of Property, Plant and Equipment has been performed by the municipality due to the exemptions granted for the measurement of assets in terms of ASB Directive 4, March 2009.

6.4 Land and Buildings carried at Fair Value:

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

1

188

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2008	188	188
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 373)
Acquisitions during the Year:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation during the Year:	-	(187)
Purchased	-	(187)
Internally Developed	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2009	188	1
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 560)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
	Computer Software	Total
Carrying values at 01 July 2007	48 426	48 426
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 497 136)	(2 497 136)
Acquisitions during the Year:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation during the Year:	(791 617)	(791 617)
Purchased	(791 617)	(791 617)
Internally Developed	-	-
Transfers during the Year:	743 380	743 380
At Cost	-	-
At Accumulated Amortisation	743 380	743 380
Carrying values at 30 June 2008	188	188
Cost	2 545 562	2 545 562
Accumulated Amortisation	(2 545 373)	(2 545 373)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 24).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

7.1 Intangible Assets with Indefinite Useful Lives:

There are no classes of Intangible Assets regarded as having indefinite useful lives and all Intangible Assets are amortised.

7.2 Impairment of Intangible Assets:

The municipality has not tested its items of Intangible Assets for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Intangible Assets has been performed. The afore-mentioned actions have not been carried out by the municipality due to the exemptions granted in terms of ASB Directive 4, March 2009.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8. LONG-TERM RECEIVABLES		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2009		
Car Loans	7 695	-
Study Loans	-	-
	<u>7 695</u>	<u>7 695</u>
Less: Current Portion transferred to Current Receivables:-		7 695
Car Loans		7 695
Study Loans		-
Total Long-term Receivables		<u><u>-</u></u>
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2008		
Car Loans	36 987	-
Study Loans	80 737	-
	<u>117 724</u>	<u>117 724</u>
Less: Current Portion transferred to Current Receivables:-		110 029
Car Loans		29 292
Study Loans		80 737
Total Long-term Receivables		<u><u>7 695</u></u>

CAR LOANS

In terms of the MFMA no Car Loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will continue until all loans have been repaid.

STUDY LOANS

In terms of the MFMA no Study Loans are granted to officials anymore. The outstanding amount is in respect of assistance granted to employees which are recovered / expensed in the following financial year.

Long-term Receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
9. PROVISIONS		
Performance Bonuses	498 462	-
Staff Leave	4 317 249	4 033 416
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 14 below)	689 568	534 484
Current Portion of Non-Current Provisions (See Note 15 below):	433 429	303 597
Long-term Service	433 429	303 597
Total Provisions	5 938 709	4 871 497

Provisions have been restated to correctly classify amounts now included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Current Provisions:

	Performance Bonuses R	Staff Leave R
30 June 2009		
Balance at beginning of year	-	4 033 416
Contributions to provision	498 462	283 833
Expenditure incurred	-	-
Balance at end of year	498 462	4 317 249

30 June 2008

Balance at beginning of year	-	3 299 130
Contributions to provision	-	734 286
Expenditure incurred	-	-
Balance at end of year	-	4 033 416

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2009		
Balance at beginning of year	303 597	534 484
Transfer from non-current	433 429	689 568
Expenditure incurred	(303 597)	(534 484)
Balance at end of year	433 429	689 568

30 June 2008

Balance at beginning of year	362 416	486 181
Transfer from non-current	303 597	534 484
Expenditure incurred	(362 416)	(486 181)
Balance at end of year	303 597	534 484

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
10. CREDITORS		
Trade Creditors	12 697 530	37 367 631
Retentions	3 529 077	-
Staff Bonuses	1 578 152	1 541 442
Sundry Deposits	8 335	8 335
Other Creditors	2 300 063	9 218 176
Total Creditors	20 113 158	48 135 584

Creditors have been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Furthermore Creditors have been restated to correctly classify amounts held for Staff Bonuses included in Creditors. Refer to Note 32.4 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

11.1 Conditional Grants from Government

	130 780 776	120 016 096
National Government Grants	98 806 700	92 911 026
Provincial Government Grants	29 058 769	26 975 453
Other Spheres of Government	2 915 307	129 617
Total Conditional Grants and Receipts	130 780 776	120 016 096

Unspent Conditional Grants have been restated to correctly classify amounts now included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 20 for the reconciliation of Grants from Other Spheres of Government.

Refer to Appendix "F" for more detail on Conditional Grants.

12. OPERATING LEASE LIABILITIES / PAYABLES

Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

Balance at beginning of year	3 084	12 989
Operating Lease expenses recorded	(654 990)	(491 510)
Operating Lease payments effected	659 778	481 606
Total Operating Lease Liabilities	7 873	3 084

Operating Lease Liabilities have been restated to adhere to the disclosure provisions of GRAP 13. Refer to Note 31.1 on "Change in Accounting Policy" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

12.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

12.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings:	278 411	499 866
Up to 1 year	278 411	283 855
2 to 5 years	-	216 011
More than 5 years	-	-
Other Equipment:	1 036 500	145 823
Up to 1 year	271 801	90 638
2 to 5 years	764 698	55 185
More than 5 years	-	-
Total Operating Lease Arrangements	1 314 911	645 689

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	659 778	481 606
Total Operating Lease Expenses	659 778	481 606

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Buildings
- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the rentor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the rentor upon termination of the agreement.

13. LONG-TERM LIABILITIES

Annuity Loans	8 626 446	9 553 861
Sub-total	8 626 446	9 553 861
Less: Current Portion transferred to Current Liabilities:-	974 365	927 415
Annuity Loans	974 365	927 415
Total Long-term Liabilities (Neither past due, nor impaired)	7 652 081	8 626 446

Long-term Liabilities have been restated to correctly classify amounts to be included in Long-term Liabilities. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R **2008**
R

13.1 Summary of Arrangements

The Annuity Loan is repaid over a period of 7 (2008: 8) years and at an interest rate of 5,00% (2008: 5,00%) per annum. The Annuity Loans is not secured.

Refer to Appendix "A" for more detail on Long-term Liabilities.

2009
R **2008**
R

14. RETIREMENT BENEFIT LIABILITIES

14.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	15 228 332	12 844 865
Contributions to Provision	3 231 735	2 917 951
	<hr/>	<hr/>
Balance at end of Year	18 460 067	15 762 816
Transfer to Current Provisions	(689 568)	(534 484)
	<hr/>	<hr/>
Total Post-retirement Health Care Benefits Liability	17 770 499	15 228 332

Retirement Benefit Liabilities have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 31.3 on "Change in Accounting Policy" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying 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 Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	206	203
Continuation Members (Retirees, widowers and orphans)	38	34
	<hr/>	<hr/>
Total Members	244	237

The liability in respect of past service has been estimated as follows:

In-service Members	10 635 693	10 185 740
Continuation Members	7 824 374	5 577 076
	<hr/>	<hr/>
Total Liability	18 460 067	15 762 816

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:		
- Bestmed		
- Bonitas		
- Discovery	(Retired since 30/06/2008)	
- Fed Health		
- Gen Health		
- GEMS	(Retired since 30/06/2008)	
- Keyhealth		
- LA Health		
- Medicovert	(New since 30/06/2008)	
- Resolution		
- Samwumed		
The Current-service Cost for the year ending 30 June 2009 is estimated to be R970 945, whereas the cost for the ensuing year is estimated to be R867 173 (2008: R789 358 and R970 945 respectively).		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.11%	10.71%
Health Care Cost Inflation Rate	7.78%	9.58%
Net Effective Discount Rate	1.23%	1.03%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	15 762 816	13 331 046
Current service costs	970 945	789 358
Interest cost	1 659 576	1 047 036
Benefits paid	(534 484)	(486 181)
Actuarial losses / (gains)	601 214	1 081 556
Present Value of Fund Obligation at the end of the Year	18 460 067	15 762 816
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	18 460 067	15 762 816
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	18 460 067	15 762 816
Unfunded Accrued Liability	18 460 067	15 762 816
Unrecognised Actuarial Gains / (Losses)	-	-
Total Benefit Liability	18 460 067	15 762 816
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	970 945	789 358
Interest cost	1 659 576	1 047 036
Actuarial losses / (gains)	601 214	1 081 556
Total Post-retirement Benefit included in Employee Related Costs (Note 22)	3 231 735	2 917 951

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The history of experienced adjustments is as follows:		
	2009 R	2008 R
Present Value of Defined Benefit Obligation	18 460 067	15 762 816
	13 331 046	-
	-	-
Deficit	18 460 067	15 762 816
	13 331 046	-
	-	-
Experienced adjustments on Plan Liabilities	(1 084 656)	-
	-	-
	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2009 R	2008 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	437 065	300 013
Effect on the defined benefit obligation	2 570 140	2 263 725
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(356 789)	(244 835)
Effect on the defined benefit obligation	(2 142 742)	(1 879 861)

The municipality expects to make a contribution of R2 956 million (2008: R2 631 million) to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2007.

Refer to Note 41 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

15. NON-CURRENT PROVISIONS

Provision for Long Service Awards	2 731 024	2 597 771
Total Non-current Provisions	2 731 024	2 597 771

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 31.3 on "Change in Accounting Policy" for details of the restatement.

The movement in Non-current Provisions are reconciled as follows:

Long-service Awards:		
Balance at beginning of year	2 597 771	2 261 167
Contributions to provision	566 682	640 201
	3 164 453	2 901 368
Transfer to current provisions	(433 429)	(303 597)
Balance at end of year	2 731 024	2 597 771

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
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15.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years thereafter, to 45 years of continuous service to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 390 (2008: N/A) employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2009 is estimated to be R408 041, whereas the cost for the ensuing year is estimated to be R499 171 (2008: N/A and N/A respectively).

	2009 R	2008 R
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The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.04%	N/A
Cost Inflation Rate	6.62%	N/A
Net Effective Discount Rate	2.27%	N/A
Expected Retirement Age - Females	63	N/A
Expected Retirement Age - Males	63	N/A

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	2 901 368	2 623 583
Current service costs	408 041	390 206
Interest cost	302 305	207 083
Benefits paid	(303 597)	(362 416)
Actuarial losses / (gains)	(143 664)	42 912

Present Value of Fund Obligation at the end of the Year	3 164 453	2 901 368
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Actuarial losses / (gains) unrecognised	-	-
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Total Recognised Benefit Liability	3 164 453	2 901 368
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 164 453	2 901 368
Unfunded Accrued Liability	3 164 453	2 901 368
Actuarial gains / (losses) not recognised	-	-

Total Benefit Liability	3 164 453	2 901 368
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	408 041	390 206
Interest cost	302 305	207 083
Actuarial losses / (gains)	(143 664)	42 912

Total Post-retirement Benefit included in Employee Related Costs (Note 22)	566 682	640 201
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CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The history of experienced adjustments is as follows:		
	2009 R	2008 R
Present Value of Defined Benefit Obligation	3 164 453	2 901 368
	2 623 583	-
	-	-
Deficit	3 164 453	2 901 368
	2 623 583	-
	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

	2009 R	2008 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	44 000	-
Effect on the defined benefit obligation	188 856	-
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(39 536)	-
Effect on the defined benefit obligation	(171 837)	-

The municipality expects to make a contribution of R2 043 million (2007: R1 742 million) to the defined benefit plans during the next financial year.

16. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	34 112 049	31 812 136
Government Grants Reserve	14 720 084	15 407 450
Accumulated Surplus / (Deficit) due to the results of Operations	78 067 993	46 682 877
Total Accumulated Surplus	126 900 126	93 902 463

Accumulated Surplus has been restated to correctly classify amounts to be included in Creditors. Refer to Note 32.3 on "Correction of Error" for details of the restatement.

Furthermore, Accumulated Surplus has been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), GRAP 13 and IAS 19 (*Revenue, Leases and Employee Benefits*). Refer to Note 31 on "Change in Accounting Policy" for details of the restatement.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

17. DEFERRED REVENUE

Deferred Revenue has been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), Revenue on revenue from non-exchange transactions, in accounting for assets acquired from Government Grants. Refer to Note 31.2 on "Change in Accounting Policy" and Note 32.3 on "Correction of Error" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
18. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	101 312	68 941
Total Rental of Facilities and Equipment	101 312	68 941

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

19. INTEREST EARNED

External Investments:

Investments	24 838 543	9 544 281
Other Interest	45 581	352 193
	24 884 124	9 896 474
Total Interest Earned	24 884 124	9 896 474

Interest Earned has been restated to correctly classify revenue to be included in categories of Interest Earned. Refer to Note 32.1 on "Correction of Error" for details of the restatement.

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	45 581	352 193
Held-to-Maturity Investments	24 838 543	9 544 281
Loans and Receivables	-	-
	24 884 124	9 896 474

20. GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	178 556 672	145 668 398
Provincial Health Subsidies	17 459 130	16 127 482
Other Subsidies	4 697 340	37 126 485
Operational Grants	200 713 141	198 922 365
Conditional Grants	238 688 497	251 621 236
National: Equitable Share	38 450 017	2 707 153
National: FMG	593 351	164 284
National: MIG	176 345 013	226 818 027
National: MSIG	1 855 189	2 726 076
National: DWAF	6 147 899	2 293 293
National: Sport and Development	5 936 287	297 299
Provincial: Treasury Grant	370 760	5 263
Provincial: DHLGTA Grant	6 375 672	16 436 568
Other Spheres of Government: Various Grants	2 614 310	173 273
Total Government Grants and Subsidies	439 401 638	450 543 600

Government Grants and Subsidies have been restated to correctly classify revenue to be included in category of Government Grants and Subsidies. Refer to Note 32.1 on "Correction of Error" for details of the restatement.

Furthermore, the comparative figures for Government Grants and Subsidies have been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), *Revenue* on revenue from non-exchange transactions. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
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Operational Grants:

20.1 National: Equitable Share	<u>178 556 672</u>	<u>145 668 398</u>
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In terms of the allocation made by DPLG the funds are also utilised for municipal health services, institutional reform and to enable the municipality to execute its functions as the district authority.

20.2 Provincial: Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	17 459 130	16 127 482
Conditions met - transferred to Revenue	<u>(17 459 130)</u>	<u>(16 127 482)</u>
Conditions still to be met - transferred to Current Assets (see Note 2)	<u>-</u>	<u>-</u>

This grant has been used to fund environmental health care services (included in Appendix "D"), which services are in a process of being transferred to Provincial Government. This grant will then fall away. No funds have been withheld.

Conditional Grants:

20.3 National: Equitable Share

Balance unspent at beginning of year	16 563 781	28 822 538
Current year receipts	38 594 500	-
Interest allocated	-	1 554 356
Conditions met - transferred to Revenue: Operating Expenses	-	(2 449 358)
Conditions met - transferred to Revenue: Capital Expenses	(38 450 017)	(257 795)
Other Transfers	-	(11 105 961)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>16 708 263</u>	<u>16 563 781</u>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In terms of the allocation made by DPLG the funds are also utilised for municipal health services, institutional reform and to enable the municipality to execute its functions as the district authority.

20.4 National: FMG Grant

Balance unspent at beginning of year	1 880 587	1 373 804
Current year receipts	6 978 515	500 000
Interest allocated	-	171 067
Conditions met - transferred to Revenue: Operating Expenses	-	(164 284)
Conditions met - transferred to Revenue: Capital Expenses	(593 351)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>8 265 751</u>	<u>1 880 587</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.5 National: MIG Funds		
Balance unspent at beginning of year	44 408 779	59 098 914
Current year receipts	167 018 415	205 904 609
Interest allocated	-	6 223 283
Conditions met - transferred to Revenue: Operating Expenses	(176 345 013)	(226 818 027)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>35 082 180</u>	<u>44 408 779</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure; and eradicate bucket sanitation systems. No funds have been withheld.

20.6 National: MSIG Funds

Balance unspent at beginning of year	3 369 853	4 741 192
Current year receipts	1 435 000	1 000 000
Interest allocated	-	354 737
Conditions met - transferred to Revenue: Operating Expenses	-	(2 726 076)
Conditions met - transferred to Revenue: Capital Expenses	(1 855 189)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>2 949 664</u>	<u>3 369 853</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

20.7 National - Department Water Affairs and Forestry (DWAF)

Balance unspent at beginning of year	17 729 024	7 260 192
Current year receipts	15 210 000	11 910 000
Interest allocated	-	954 586
Conditions met - transferred to Revenue: Operating Expenses	-	(2 293 293)
Conditions met - transferred to Revenue: Capital Expenses	(6 147 899)	-
Other Transfers	-	(102 461)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>26 791 126</u>	<u>17 729 024</u>

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWAF to the municipality and the payment of salaries of staff transferred from DWAF. No funds have been withheld.

20.8 National - Department Rural Development and Land Reform

Balance unspent at beginning of year	402 614	1 310 207
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(907 594)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>402 614</u>	<u>402 614</u>

Expenses were incurred to promote rural development and land reform. No funds have been transferred to the municipality.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.9 National - Department Public Works		
Balance unspent at beginning of year	337 766	337 766
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>337 766</u>	<u>337 766</u>

This grant was utilised for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

20.10 National: Sport and Development

Balance unspent at beginning of year	8 218 623	5 218 886
Current year receipts	5 987 000	3 500 000
Interest allocated	-	347 325
Conditions met - transferred to Revenue: Operating Expenses	-	(251 975)
Conditions met - transferred to Revenue: Capital Expenses	(5 936 287)	(45 324)
Other Transfers	-	(550 289)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>8 269 336</u>	<u>8 218 623</u>

This grant was received for the building and maintenance of libraries in the district. No funds have been withheld.

20.11 Provincial: Office of the Premier

Balance unspent at beginning of year	21 569	21 569
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>21 569</u>	<u>21 569</u>

This grant was allocated to assist the municipality on staging national events e.g. Woman's Day, Heritage Day, etc. No funds have been withheld.

20.12 Provincial: Treasury

Balance unspent at beginning of year	529 722	-
Current year receipts	-	497 789
Interest allocated	-	37 197
Conditions met - transferred to Revenue: Operating Expenses	-	(5 263)
Conditions met - transferred to Revenue: Capital Expenses	(370 760)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>158 962</u>	<u>529 722</u>

This grant was received to support the municipality in the improvement of its financial administration. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.13 Provincial: Department Agriculture		
Balance unspent at beginning of year	-	24 468
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(24 468)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>

This grant was allocated for the soil conservation in different areas within the district. No funds have been withheld.

20.14 Provincial: Department Economic Affairs and Trade (DEAT)

Balance unspent at beginning of year	-	9 316
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(9 316)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

20.15 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)

Balance unspent at beginning of year	15 916 422	22 892 867
Current year receipts	1 341 759	11 298 334
Interest allocated	-	1 185 268
Conditions met - transferred to Revenue: Operating Expenses	-	(15 563 794)
Conditions met - transferred to Revenue: Capital Expenses	(6 375 672)	(872 775)
Other Transfers	(69 725)	(3 023 478)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>10 812 784</u>	<u>15 916 422</u>

This grant was allocated for the funding of various projects e.g. LED Strategy, IDP, PMS, PMS, etc to assist in the improvement of the performance of the municipality. No funds have been withheld.

20.16 Provincial - Department Health

Balance unspent at beginning of year	3 468 273	3 598 641
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(130 368)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>3 468 273</u>	<u>3 468 273</u>

This grant is a contribution towards addressing HIV/AIDS issues in the areas of the local municipalities in the district and was used for the purchase of drugs, home-based care kits, etc. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20.17 Provincial - Department Transport		
Balance unspent at beginning of year	1 387 044	1 387 044
Current year receipts	4 100 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>5 487 044</u>	<u>1 387 044</u>

The Transport Grant was allocated for the maintenance of proclaimed roads in the jurisdiction area of the municipality. No funds have been withheld.

20.18 Local Government - Local Municipalities

Balance unspent at beginning of year	-	(18 558)
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	18 558
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>

The local municipalities contributed towards a project to develop job descriptions and evaluate post levels within the municipalities. No funds have been withheld.

20.19 Other Spheres of Government

Balance unspent at beginning of year	129 617	29
Current year receipts	5 400 000	289 775
Interest allocated	-	13 115
Conditions met - transferred to Revenue: Operating Expenses	-	(173 273)
Conditions met - transferred to Revenue: Capital Expenses	(2 614 310)	-
Other Transfers	-	(29)
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>2 915 307</u>	<u>129 617</u>

The municipality receives grants from other spheres of government for various projects for social upliftment of the communities in the district. The grant was utilised for this purpose. No funds have been withheld.

20.20 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2009), government grant funding is expected to increase over the forthcoming three financial years.

21. OTHER REVENUE

Commission on Collections	80 550	80 264
Tender Documents	190 430	154 320
Other Income	1 062 736	115 069
Total Other Income	<u>1 333 716</u>	<u>349 653</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 18 to 20, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
22. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	51 047 005	48 876 251
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	10 623 108	9 982 974
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	5 265 019	4 621 793
Housing Benefits and Allowances	1 015 828	892 892
Performance Bonuses	-	366 618
Defined Benefit Plan Expense:	3 798 417	3 558 152
Current Service Cost	1 378 986	1 179 564
Interest Cost	1 961 881	1 254 119
Net Actuarial (gains)/losses recognised	457 550	1 124 468
Less: Employee Costs allocated to Property, Plant and Equipment	(5 529 531)	-
Total Employee Related Costs	66 219 846	68 298 679
Employee Related Costs have been restated to correctly classify expenditure to be included in category of Employee Related Costs. Refer to Note 32.2 on "Correction of Error" for details of the restatement.		
Furthermore Employee Related Costs have been restated to correctly classify the expense for Staff Bonuses. Refer to Note 32.4 on "Correction of Error" for details of the restatement.		
Furthermore, the comparative figures for Employee Related Costs have been restated to adhere to the provisions of IAS 19, <i>Employee Benefits</i> . Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.		
No advances were made to employees. Loans to employees are set out in Note 8.		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	450 450	409 500
Performance Bonus	-	60 721
Car and Other Allowances	173 356	157 596
Company Contributions to UIF, Medical and Pension Funds	120 588	109 194
Total	744 394	737 011
<i>Remuneration of the Director: Finance (Acting)</i>		
Annual Remuneration	290 615	363 159
Acting Allowance	118 500	51 003
Performance Bonus	-	51 003
Car and Other Allowances	129 941	132 655
Company Contributions to UIF, Medical and Pension Funds	66 183	82 644
Total	605 239	680 463
<i>Remuneration of the Director: Corporate Services</i>		
Annual Remuneration	418 990	304 955
Performance Bonus	-	57 765
Car and Other Allowances	172 181	124 546
Company Contributions to UIF, Medical and Pension Funds	103 292	42 942
Total	694 462	530 208
<i>Remuneration of the Director: Integrated Planning and Development</i>		
Annual Remuneration	418 990	380 900
Performance Bonus	-	65 735
Car and Other Allowances	172 181	145 699
Company Contributions to UIF, Medical and Pension Funds	103 292	94 746
Total	694 462	687 080

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<i>Remuneration of the Director: Health Services</i>		
Annual Remuneration	418 990	380 900
Performance Bonus	-	65 659
Car and Other Allowances	172 181	145 699
Company Contributions to UIF, Medical and Pension Funds	103 292	79 488
Total	694 462	671 746
<i>Remuneration of the Director: Technical Services</i>		
Annual Remuneration	418 990	380 900
Performance Bonus	-	65 735
Car and Other Allowances	172 181	156 529
Company Contributions to UIF, Medical and Pension Funds	103 292	101 273
Total	694 462	704 437
<i>Remuneration of the Manager: Strategic Services</i>		
Annual Remuneration	418 990	234 400
Performance Bonus	-	-
Car and Other Allowances	172 181	91 308
Company Contributions to UIF, Medical and Pension Funds	103 292	62 896
Total	694 462	388 604

The post was vacant as from 01 February 2008. An Acting Allowance was paid for the period 01 February 2008 to 30 June 2008.

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

23. REMUNERATION OF COUNCILLORS

Executive Mayor	403 932	363 903
Speaker	323 145	291 122
Mayoral Committee Members	1 716 711	1 637 562
Councillors	1 120 897	1 098 649
Sundry Allowances (Cellular Phones, etc)	1 426 537	1 323 504
Allowances allocated to Employee Related Costs in General Ledger	-	(88 645)
Total Councillors' Remuneration	4 991 222	4 626 095

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has use of Council owned vehicles for official duties.

24. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	2 990 070	3 941 691
Amortisation: Intangible Assets	187	791 617
Total Depreciation and Amortisation	2 990 257	4 733 308

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25. IMPAIRMENT LOSSES		
<i>25.1 Impairment Losses on Financial Assets</i>		
Impairment Losses Recognised:	13 573 358	1 439 981
Other Debtors	13 573 358	1 439 981
Impairment Losses Reversed:	-	-
Other Debtors	-	-
	13 573 358	1 439 981
Total Impairment Losses	13 573 358	1 439 981

26. FINANCE COSTS

Loans and Payables at amortised cost	454 730	500 587
Other Interest Paid	31 806	331 307
Total Interest Paid on External Borrowings	486 536	831 894

The weighted average capitalisation rate on funds borrowed generally is 5,27% per annum (2008: 5,24% per annum).

27. CONTRACTED SERVICES

Cash-in-Transit Services	15 960	16 846
Consultants' Fees	5 257 928	-
Security Services	105 882	46 598
Total Contracted Services	5 379 769	63 444

Included in Consultants' Fees is an amount of R5 056 367 in respect of architectural and planning fees of a new administration office block. It was not sure at year-end whether the building project will realise.

28. GRANTS AND SUBSIDIES PAID

Community Projects	235 722 773	250 445 343
Free Basic Services	16 670 553	18 933 412
Problem Animal Control	12 000	30 000
Tourism	80 775	84 223
Other	96 438	43 246
Total Grants and Subsidies	252 582 538	269 536 225

Grants and Subsidies Paid have been restated to correctly classify expenditure to be included in category of Grants and Subsidies Paid. Refer to Note 32.2 on "Correction of Error" for details of the restatement.

Furthermore, the comparative figures for Grants and Subsidies Paid have been restated to adhere to the provisions of GAMAP 9 (paragraphs 42 - 46), *Revenue* on revenue from non-exchange transactions. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

Community Projects are in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

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

	2009 R	2008 R
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Free Basic Services are in respect of providing basic service levels to indigent/residential households.

Problem Animal Control is paid to enable farmers to prevent cruelty to animals. The grant is increased on an annual basis.

The **Tourism Grant** is paid annually in the municipality's aim to further local economic development of all communities.

The Executive Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

29. GENERAL EXPENSES

Included in General Expenses are the following:

Advertising	1 193 223	562 772
Audit Fees	2 850 452	1 846 190
Communication (Radio)	1 459 135	1 231 143
Electricity	2 863 067	1 929 774
Fuel and Oil	765 868	714 678
General Expenditure incurred from Equitable Share Grant	-	26 553 170
Printing and Stationery	1 090 122	1 069 711
Refurbishment of Water Schemes	29 131 133	55 285 022
Subsistence and Travelling	3 083 910	2 163 863
Systems Security and Software	1 146 390	531 875
Telephones	1 973 908	2 391 135
Twining Agreements	(240 254)	758 060
Other General Expenses	30 006 237	4 426 907
Inter-departmental Charges	11 534	10 295 744
Total General Expenses	75 334 725	109 760 043

General Expenses have been restated to correctly classify expenditure to be included in category of General Expenses. Refer to Note 32.2 on "Correction of Error" for details of the restatement.

Furthermore, General Expenses have been restated to adhere to the provisions of GRAP 13, *Leases*. Refer to Note 31.4 on "Change in Accounting Policy" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

29.1 Material Losses

	38 501	48 046
Theft	-	34 881
Vehicle Damages	38 501	13 165

30. DISCONTINUED OPERATIONS

No operations have been discontinued.

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

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31. CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2008/2009 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented as at 30 June 2009:

- GAMAP 9 Revenue (sections applicable to Non-exchange Transactions)
- GRAP 03 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 06 Consolidated and Separate Financial Statements
- GRAP 07 Investments in Associates
- GRAP 08 Interests in Joint Ventures
- GRAP 09 Revenue from Exchange Transactions
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IAS 14 Segment Reporting
- IAS 19 Employee Benefits
- IAS 39 Financial Instruments: Recognition and Measurement

GRAP 13 - Leases:

The Accounting Standard for *Leases* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2008 in terms of GRAP 13. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

31.1 Reclassification of Operating Lease Liabilities and Accumulated Surplus

The prior year figures of Operating Lease Liabilities and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of GRAP 13.

The effect of the Change in Accounting Policy is as follows:

	Operating Lease Liabilities	Accumulated Surplus (Ex Note 32.3)
Balances published as at 30 June 2007	-	63 925 731
Recognition of Operating Lease Liabilities	12 989	(12 989)
Restated Balances as at 30 June 2007	12 989	63 912 742
Transactions incurred for the Year 2007/2008:		
Actual Lease Expenditure Reversed	481 606	-
Recorded Lease Expenditure (Straightlining)	(491 510)	-
Restated Balances as at 30 June 2008	3 084	63 912 742

GAMAP 9 - Revenue:

Government Grants, previously recognised in terms of IAS 20 (*Accounting for Government Grants*), have now been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of GAMAP 9, *Revenue*, paragraphs 42 - 46 on revenue from non-exchange transactions. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

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

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31.2 Reclassification of Reserves, Accumulated Surplus and Deferred Revenue

The prior year figures of Deferred Revenue and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of GAMAP 9.

Furthermore, since fund accounting is not allowed in terms of GRAP / GAAP, the municipality's internal funds and reserves should form part of the Accumulated Surplus and should not be disclosed, as in 2008, as separate reserves on the face of the Statement of Financial Position and Statement of Changes in Net Assets.

The effect of the Change in Accounting Policy is as follows:

	Reserves	Deferred Revenue	Accumulated Surplus (Ex Note 31.1)
Balances published as at 30 June 2007	21 019 029	13 573 751	63 912 742
Reclassify Capital Replacement Reserve	(21 019 029)		21 019 029
Reclassify Government Grant Reserve	-	(13 573 751)	13 573 751
Restated Balances as at 30 June 2007	-	-	98 505 523
Transactions incurred for the Year 2007/2008:			
Contribution to Capital Replacement Reserve	10 000 000	-	10 000 000
Interest allocated to Reserves	2 022 198	-	2 022 198
Assets obtained from Reserves	(1 229 091)	1 175 893	(53 198)
Appropriations from / (to) Reserves	-	(361 222)	(361 222)
Transfers to offset Depreciation	-	(1 779 246)	(1 779 246)
Transfer of Transactions to Accumulated Surplus	(10 793 107)	964 575	(9 828 532)
Restated Balances as at 30 June 2008	-	-	98 505 523

IAS 19 - Employee Benefits, paragraph 155 (a):

The transitional defined benefit liabilities for Post-employment Health Care Benefits and Long Service Allowances have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, 155 (a). Thus the full net liabilities as at 30 June 2007 has been recognised immediately in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

31.3 Reclassification of Provision for Post-retirement Benefits, Provision for Long-term Service and Accumulated Surplus

The prior year figures of Provision for Post-retirement Benefits, Provision for Long-term Service and Accumulated Surplus have been restated to correctly disclose the monies held by the municipality in terms of IAS 19.

The effect of the Change in Accounting Policy is as follows:

	Provision Post-retirement Benefits	Provision Long-term Service	Current Provisions	Accumulated Surplus (Ex Note 31.2)
Balances published as at 30 June 2007	-	-	-	98 505 523
Recognition of Provisions	12 844 865	2 261 167	848 597	(15 954 629)
Restated Balances as at 30 June 2007	12 844 865	2 261 167	848 597	82 550 894
Transactions incurred for the Year 2007/2008:				
Contributions Received	2 917 951	640 201	-	-
Expenditure Incurred	-	-	(848 597)	-
Transfer Short-term Portion to Current Liabilities	(534 484)	(303 597)	838 081	-
Restated Balances as at 30 June 2008	15 228 332	2 597 771	838 081	82 550 894

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

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31.4 Reclassification of Revenue and Expenditure:

The prior year figure of Government Grants and Subsidies (Note 20) has been restated to correctly classify the transactions related to Assets obtained from Government Grants (previously included in the Government Grant Reserve).

The prior year figure of Employee Related Costs (Note 22) has been restated to correctly classify the transactions related to expenditure incurred in terms of Defined Benefits.

The prior year figure of General expenses (Note 29) has been restated to correctly classify the transactions related to expenditure incurred in terms of Operating Leases.

The effect of the Change in Accounting Policy is as follows:

	Government Grants & Subsidies (Ex Note 32.1)	Employee Related Costs (Ex Note 32.4)	General Expenses (Ex Note 32.2)	Surplus for the Year
Amount per AFS previously published for 2007/2008	449 367 707	65 589 125	110 999 039	848 511
Reclassification of Assets obtained from Grants	1 175 893	-	(1 229 091)	2 404 984
Implementation of IAS 19	-	2 709 555	-	(2 709 555)
Implementation of GRAP 13	-	-	(9 904)	9 904
Restated Amount currently disclosed for 2007/2008	450 543 600	68 298 679	109 760 043	553 845
			2009 R	2008 R

The effect of the above-mentioned changes in Accounting Policies on the profit and loss is an increase of R1 064 675 in the surplus for the financial year 2007/2008 and the nature of the changes in the Accounting Policies is as follows:

- GAMAP 9	Revenue (sections applicable to Non-exchange Transactions)	-	(2 404 984)
- GRAP 13	Leases	-	(9 904)
- IAS 19	Employee Benefits	-	2 709 555
Total Decrease / (Increase) in Surplus as at 30 June		-	294 666

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2008, but the Accumulated Surplus as at 30 June 2007 has increased by R28 592 million.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
32. CORRECTION OF ERROR		
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.		
Details of the appropriations are as follows:		
Unappropriated Surplus Account:		
Corrections to Bank	(4 262 286)	(1 642 247)
Corrections to Creditors	7 721 811	1 525 191
Corrections to Debtors	(230 347)	(4 803 503)
Corrections to Suspense Control Accounts	-	(8 816 480)
Corrections to Unspent Conditional Grants	-	19 269 172
Corrections to VAT Receivable	4 798 914	4 420
Corrections to Expenditure	4 625	4 627 604
Corrections to Revenue	2 178	1 048 027
Adjustment of Government Grant Reserve	(2 336 460)	(2 798 273)
Property, Plant and Equipment		(53 239)
Increase / (Decrease) in Unappropriated Surplus Account	5 698 436	8 360 672
Government Grants Reserve:		
Interest reversed from Government Grant Reserve	-	2 437 051
Increase / (Decrease) in Government Grants Reserve		2 437 051
Increase / (Decrease) in Accumulated Surplus Account	5 698 436	10 797 723

32.1 Reclassification of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	2007/2008 Revenue	2008/2009 Revenue	Restated Amount
Interest Earned - External Investments	9 544 281	9 896 474	(352 193)
Interest Earned - Other	352 193	-	352 193
Income for Agency Services	31 830 356	-	31 830 356
Government Grants and Subsidies Received	139 383 160	449 367 707	(309 984 548)
Recovered from Non-conditional Grants	27 708 849	-	27 708 849
Recovered from Conditional Grants	250 445 343	-	250 445 343
	459 264 181	459 264 181	0

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32.2 Reclassification of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2007/2008 Expenditure	2008/2009 Expenditure	Restated Amount
Employee Related Costs	63 504 390	67 069 683	(3 565 293)
Grants and Subsidies Paid	135 290	269 536 225	(269 400 935)
General Expenses	101 677 220	110 999 039	(9 321 819)
Contributions to Provisions	4 060 442	-	4 060 442
Contribution to Asset Finance Reserve	1 229 091	-	1 229 091
General Expenses: Non-conditional Grants	26 553 170	-	26 553 170
General Expenses: Conditional Grants	250 445 343	-	250 445 343
	447 604 946	447 604 946	0

32.3 Reclassification of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

As at 30 June 2008		2007/2008 Fin Position	2008/2009 Fin Position	Restated Amount
Unappropriated Surplus/(Accumulated Deficit)	(See Note 31.2)	(65 492 009)	(111 142 412)	45 650 402
Capital Replacement Reserve	(See Note 31.2)	(33 041 227)	-	(33 041 227)
Deferred Income	(See Note 31.2)	(12 609 177)	-	(12 609 177)
Long-term Liabilities		(8 626 447)	(8 626 446)	(0)
Provisions		(7 055 416)	(4 033 416)	(3 022 000)
Creditors		(38 788 661)	(49 616 141)	10 827 481
Unspent Conditional Grants		(120 366 962)	(120 016 096)	(350 866)
Current Portion of Long-term Liabilities		(1 046 511)	(927 415)	(119 096)
Property, Plant and Equipment		20 680 401	22 992 436	(2 312 035)
Intangible Assets		2 312 225	188	2 312 037
Other Debtors		34 474 294	41 809 813	(7 335 519)
Cash		4 540	-	4 540
Bank, Cash and Cash Equivalents		222 943 475	222 948 015	(4 540)
		(6 611 475)	(6 611 475)	0

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

			2009 R	2008 R
As at 30 June 2007		2007/2008 Fin Position	2008/2009 Fin Position	Restated Amount
Unappropriated Surplus/(Accumulated Deficit)	(See Note 31.2)	(64 286 456)	(63 925 731)	(360 725)
Capital Replacement Reserve	(See Note 31.2)	(21 019 029)	(21 019 029)	(0)
Deferred Income	(See Note 31.2)	(13 212 530)	(13 573 751)	361 221
Long-term Liabilities		(9 553 861)	(9 553 861)	-
Provisions		(3 299 130)	(3 299 130)	-
Creditors		(14 729 694)	(28 223 258)	13 493 564
Unspent Conditional Grants		(138 693 336)	(138 342 499)	(350 836)
Current Portion of Long-term Liabilities		(529 167)	(446 139)	(83 028)
Property, Plant and Equipment		23 748 613	25 292 081	(1 543 468)
Intangible Assets		1 591 895	48 426	1 543 469
Consumer Debtors		5 580 325	3 823 922	1 756 403
Other Debtors		49 402 771	62 462 971	(13 060 199)
VAT Receivable		5 047 963	6 804 366	(1 756 402)
Cash		4 542	-	4 542
Bank, Cash and Cash Equivalents		179 771 949	179 776 489	(4 540)
		<u>(175 145)</u>	<u>(175 145)</u>	<u>0</u>

32.4 Reclassification of Employee Related Costs and Creditors:

The prior year figures of Employee Related Costs and Creditors have been restated to correctly classify the expense for Staff Service Bonuses of the municipality.

The effect of the Correction of Error is as follows:

	Employee Related Costs	Creditors
Balances as per AFS previously published for 2007/2008	67 069 683	(28 223 258)
Reclassification of expense for Staff Service Bonuses	(1 480 558)	1 480 558
Balances as at 30 June 2007 per AFS published for 2007/2008	<u>65 589 125</u>	<u>(26 742 700)</u>

32.5 Reclassification of Property, Plant & Equipment and Accumulated Surplus:

The prior year figures of Property, Plant & Equipment and Accumulated Surplus have been restated to correctly the assets held by the municipality.

The effect of the Correction of Error is as follows:

	Property, Plant and Equipment At Cost	Depreciation	Accumulated Surplus
Balances as per AFS previously published for 2007/2008	36 146 912	(13 154 502)	(111 142 412)
Reclassification of monies held to reflect the value of assets held	14 626	(67 840)	53 213
Balances as at 30 June 2007 per AFS published for 2007/2008	<u>36 161 539</u>	<u>(13 222 342)</u>	<u>(111 089 198)</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
33. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	27 299 228	553 845
Adjustment for:		
Correction of prior year Error	5 698 436	10 797 723
Depreciation and Amortisation	2 990 257	4 733 308
Gains on Disposal of Property, Plant and Equipment	(386 203)	(19 559)
Other Movement on Property, Plant and Equipment	-	796 619
Other Movement on Intangible Assets	-	(743 380)
Contribution to Retirement Benefit Liabilities	3 231 735	2 917 951
Expenditure incurred from Retirement Benefit Liabilities	(534 484)	(486 181)
Contribution to Provisions - Current	782 295	734 286
Contribution to Provisions - Non-current	566 682	640 201
Expenditure incurred from Provisions	(303 597)	(362 416)
Contribution to Impairment Provision	13 573 358	1 439 981
Bad Debts Written-off	(3 652 300)	-
Investment Income	(24 884 124)	(9 896 474)
Finance Costs	486 536	831 894
Operating surplus before working capital changes	24 867 820	11 937 799
Decrease/(Increase) in Consumer Debtors	-	3 823 922
Decrease/(Increase) in Other Debtors	9 802 123	19 213 177
Decrease/(Increase) in VAT Receivable	(1 300 194)	310 615
Increase/(Decrease) in Creditors	(28 022 426)	19 912 326
Increase/(Decrease) in Conditional Grants and Receipts	10 764 680	(18 326 403)
Increase/(Decrease) in Operating Lease Liabilities	4 788	(9 904)
Cash generated by / (utilised in) Operations	16 116 791	36 861 531

34. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2008/2009 financial year.

35. FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

36. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 13)	8 626 446	9 553 861
Used to finance Property, Plant and Equipment - at cost	(8 626 446)	(9 553 861)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 10 and 13)	-	-
Cash invested for Repayment of Long-term Liabilities	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

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37. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance	8 171 766	-
Unauthorised Expenditure current year	-	8 171 766
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 44)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	<u>8 171 766</u>	<u>8 171 766</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted amounts exceeded:-</i>	<i>None</i>
-- Remuneration of Councillors - R18 830	
-- Depreciation - R1 600 000	
-- Interest Paid - R384 394	
-- Contribution to Provisions - 568 542	
-- General Expenses: Conditional Grants - R5 600 000	

37.2 Fruitless and Wasteful Expenditure

To management's best of knowledge instances of note indicating that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	-	4 003 797
Condoned or written off by Council	-	(350 866)
To be recovered – contingent asset (see Note 44)	-	-
Transfer to receivables for recovery (see Note 4)	-	(3 652 931)
Fruitless and Wasteful Expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Forbidden loan, with interest, made to Nyika - R3 652 300</i>	<i>None</i>
<i>Interest on late payemts - R331 307</i>	<i>None</i>
<i>Lost equipment (computer) - R19 559</i>	<i>None</i>
<i>Goods paid for, not received - R631</i>	<i>None</i>

37.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

38. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

38.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	426 851	179 734
Amount Paid - current year	(426 851)	(179 734)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

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	2009 R	2008 R
38.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	2 500 396	1 846 190
Amount Paid - current year	(2 500 396)	(1 846 190)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.3 VAT

VAT input payables and VAT output receivables are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.

38.4 PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	9 450 404	9 011 607
Amount Paid - current year	(9 450 404)	(9 011 607)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	16 089 764	13 949 181
Amount Paid - current year	(16 089 764)	(13 949 181)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

38.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

38.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Office of the Municipal Manager	July 2008	Africana Caterers & Décor	Catering for Youth Day event	36 000.00 Excluding VAT
Originally procured institution declined appointment at a very late stage				
Office of the Municipal Manager - Disaster Management	July 2008	Imvusa Trading 1298 CC	Replacement of windows damaged by hailstorm	20 083.52 Excluding VAT
Supply chain procedures could not be followed as the disaster experienced had to be managed as a matter of urgency				
Corporate Services	August 2008	Rhodes University	Government Media Course for 2 employees	11 600.00 Excluding VAT
The training was essential as it is specifically directed to government communicators, addressing issues that speak directly to them				
Office of the Municipal Manager	September 2008	Execu Clean Siyandisa Consulting	Liberation Heritage Route Research launch and gala event	294 616.14 198 000.00 Excluding VAT
The Heritage Route Council requested CHDM at a very late stage to procure the services - supply chain procedures could not be followed				

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

			2009 R	2008 R
Office of the Municipal Manager - Disaster Management	September 2008	M & T Suppliers Lukholo Pri & Prom The Business Zone 1234 CC	Purchase of ISDR promotional material	35 557.00 42 880.00 96 033.60
<i>The work, amounting to R174 470.60 (excluding VAT), was spread between the 3 quotations requested</i>				
Engineering Services	September 2008	Peter Allen Incorporated	Completion of works Nqumakala and Mtshanyana	129 829.00 Excluding VAT
<i>The project, initiated by DWAF, was abandoned and consultants had to be appointed urgently for consistency and completion</i>				
Environmental Health Services	October 2008	Wizzard Worms	60 Litre garden units	166 896.00 Excluding VAT
<i>The only bidder that resounded on time</i>				
Office of the Municipal Manager - Fire Services	January 2009	Rural Metro Emergency Services	Meals and transport to attend Fire Fighter 2 Course	46 930.00 Excluding VAT
<i>Only one of 3 accredited training institutions that started the training on a date suitable to the municipality</i>				
Integrated Planning & Economic Development	February 2009	Kagiso Exhibition & Events	Exhibition stand and tourism indaba for tourism SMME's	17 780.58 Excluding VAT
<i>Indaba organised by South African Tourism (through Kagiso Events and Exhibitions) as one of the Designation Marketing Strategy</i>				
Integrated Planning & Economic Development	February 2009	Queens Casino	Gala dinner	12 792.50 Excluding VAT
<i>The only venue big enough to accommodate an event of this size</i>				
Office of the Municipal Manager - Information & Communication Technology	March 2009	Du Preez Consulting	Microsoft Share Point course	39 550.00 Excluding VAT
<i>The only institution that uses Microsoft Share Point as their intranet, making them the only vendor to be able to give practical training</i>				
Corporate Services - Fleet Management	March 2009	Bell Equipment	Spare part for Bell crid roller	17 009.57 Excluding VAT
<i>Sole supplier of Bell equipment and parts</i>				
Corporate Services - Fleet Management	May 2009	Cradock Security CC	Security services	15 390.00 Excluding VAT
<i>The sole supplier of security services in the Cradock area</i>				
Office of the Municipal Manager - Disaster Management	June 2009	MX Print Design & Advertising	Embroidering of clothing items	17 811.36 Excluding VAT
<i>The only bidder that resounded on time and the cheapest as well</i>				
Office of the Municipal Manager - Supply Chain Management	June 2009	Tidy Files	5-Drawer quadro 4-rows cabinet	1 292.42 Excluding VAT
<i>The only bidder that resounded on time</i>				
Financial Services	June 2009	Thermodynamics Fluids & Design (TFD)	Compilation of Asset Register	60 000.00 Excluding VAT
<i>Municipal assets already on the system of the supplier</i>				
Financial Services	June 2009	Sobekwa-Groenewald-Van der Linde	Compile Budget on new format in terms of NT Regulations	40 000.00 Excluding VAT
<i>Service provider appointed by Province has withdrawn from project before completion</i>				

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

39. COMMITMENTS FOR EXPENDITURE

39.1 Capital Commitments

The municipality had no capital commitments at year-end.

39.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 12 and 13.

40. FINANCIAL INSTRUMENTS

40.1 Classification

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Car Loans	Loans and receivables	-	7 695
Other Debtors			
Payments made in Advance	Loans and receivables	-	1 161 443
Government Subsidy Claims	Loans and receivables	17 608 012	14 538 143
Projects	Loans and receivables	635 069	680 232
Recoverable Works	Loans and receivables	146 486	146 834
Short-term Loans	Loans and receivables	19 101 652	25 459 001
Sundry Deposits	Loans and receivables	808 590	666 899
Sundry Debtors	Loans and receivables	5 859 136	11 308 514
Bank, Cash and Cash Equivalents			
Call Deposits	Available for sale	115 060 738	-
Bank Balances	Available for sale	255 152 576	222 948 015
Current Portion of Long-term Receivables			
Car Loans	Loans and receivables	7 695	29 292
Study Loans	Loans and receivables	-	80 737

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
SUMMARY OF FINANCIAL ASSETS			
Loans and Receivables			
Long-term Receivables	Car Loans	-	7 695
Other Debtors	Payments made in Advance	-	1 161 443
Other Debtors	Government Subsidy Claims	17 608 012	14 538 143
Other Debtors	Projects	635 069	680 232
Other Debtors	Recoverable Works	146 486	146 834
Other Debtors	Short-term Loans	19 101 652	25 459 001
Other Debtors	Sundry Deposits	808 590	666 899
Other Debtors	Sundry Debtors	5 859 136	11 308 514
Current Portion of Long-term Receivables	Car Loans	7 695	29 292
Current Portion of Long-term Receivables	Study Loans	-	80 737
		<u>44 166 639</u>	<u>54 078 791</u>
Available for Sale:			
Bank,Cash and Cash Equivalents	Call Deposits	115 060 738	-
Bank,Cash and Cash Equivalents	Bank Balances	255 152 576	222 948 015
		<u>370 213 313</u>	<u>222 948 015</u>
Total Financial Assets		<u>414 379 953</u>	<u>277 026 806</u>

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows
(FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	7 652 081	8 626 446
Creditors			
Trade Creditors	Financial liabilities at amortised cost	12 697 530	37 367 631
Retentions	Financial liabilities at amortised cost	3 529 077	-
Staff Bonuses	Financial liabilities at amortised cost	1 578 152	1 541 442
Sundry Deposits	Financial liabilities at amortised cost	8 335	8 335
Other Creditors	Financial liabilities at amortised cost	2 300 063	9 218 176
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	974 365	927 415

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Annuity Loans	7 652 081	8 626 446
Creditors	Trade Creditors	12 697 530	37 367 631
Creditors	Retentions	3 529 077	-
Creditors	Staff Bonuses	1 578 152	1 541 442
Creditors	Sundry Deposits	8 335	8 335
Creditors	Other Creditors	2 300 063	9 218 176
Current Portion of Long-term Liabilities	Annuity Loans	974 365	927 415
		<u>28 739 604</u>	<u>57 689 445</u>
Total Financial Liabilities		<u>28 739 604</u>	<u>57 689 445</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R **2008**
R

40.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

40.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

Gearing Ratio

2009
R **2008**
R

The gearing ratio at the year-end was as follows:

Debt	8 626 446	9 553 861
Bank, Cash and Cash Equivalents	(255 152 576)	(222 948 015)
Net Debt	<u>(246 526 130)</u>	<u>(213 394 154)</u>
Total Capital	<u>(119 626 004)</u>	<u>(119 491 691)</u>
Net debt to total capital ratio	<u>206.08%</u>	<u>178.58%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 13.

Total Capital includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

40.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

40.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

40.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 40.9 below). No formal policy exists to hedge volatilities in the interest rate market.

40.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

40.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

40. FINANCIAL INSTRUMENTS (Continued)

40.7 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Unsecured Bank Facilities	13	5.00%	(8 626 446)	-	-	-	-	(8 626 446)
DBSA			(8 626 446)	-	-	-	-	(8 626 446)
Total Fixed Rate Instruments			(8 626 446)	-	-	-	-	(8 626 446)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	4		115 060 738	115 060 738	-	-	-	-
Bank Balances and Cash	4		140 091 838	140 092 283	-	-	-	-
Total Fixed Rate Instruments			255 152 576	255 153 021	-	-	-	-

30 June 2008

30 June 2008									
Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years	
FIXED RATE INSTRUMENTS		5.00%	R	R	R	R		R	
Unsecured Bank Facilities	13		(9 553 861)	-	-	-	-	-	(9 553 861)
DBSA			(9 553 861)	-	-	-	-	-	(9 553 861)
			(9 553 861)	-	-				(9 553 861)
Total Fixed Rate Instruments									
VARIABLE RATE INSTRUMENTS									
Short-term Investment Deposits	4		-	-	-	-	-	-	
Bank Balances and Cash	4		222 948 015	222 948 015	-	-	-	-	
			222 948 015	222 948 015	-	-	-	-	
Total Fixed Rate Instruments									

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

40.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

40.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R	R	R
30 June 2009								
Non-interest Bearing		0.00%	20 113 158	20 113 158	-	-	-	-
Fixed Interest Rate Instruments		5.00%	10 452 790	696 853	696 853	1 393 705	4 181 116	3 484 263
			30 565 947	20 810 010	696 853	1 393 705	4 181 116	3 484 263
30 June 2008								
Non-interest Bearing		0.00%	48 135 584	48 135 584	-	-	-	-
Fixed Interest Rate Instruments		5.00%	11 846 495	696 853	696 853	1 393 705	4 181 116	4 877 969
			59 982 079	48 832 436	696 853	1 393 705	4 181 116	4 877 969

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
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40. FINANCIAL INSTRUMENTS (Continued)

40.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for Sasol who has large investments in the municipal area and does not pose any risk. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2009 R	2008 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	7 695	117 724
Other Debtors	22 086 632	41 809 813
Bank, Cash and Cash Equivalents	255 152 576	222 948 015
Maximum Credit and Interest Risk Exposure	<u>277 246 903</u>	<u>264 875 552</u>

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Group 1	7 695	117 724
Total Long-term Receivables	<u>7 695</u>	<u>117 724</u>

Other Debtors

Group 1	808 590	1 828 343
Group 3	45 611 130	52 132 724
Total Other Debtors	<u>46 419 721</u>	<u>53 961 067</u>
	2 260 776.61	

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Bank and Cash Balances		
ABSA Bank Ltd	255 148 481	222 943 475
Cash Equivalents	4 540	4 540
Total Bank and Cash Balances	<u><u>255 153 021</u></u>	<u><u>222 948 015</u></u>
	445.20	

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

41. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Chris Hani District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R6,2 million (2008: R5,9 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the fund had a surplus of 182,7 (30 June 2007: R200,2) million, with a funding level of 106,5% (30 June 2007: 107,2%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 31,04%.

Government Employees Pension Fund (GEPF):

No details could be provided for the fund and of any valuation performed.

A contribution rate is paid by the members (7,50%) and municipalities (13,00%).

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

South African Local Authorities Pension Fund (SALA):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2007.

The statutory valuation performed as at 1 July 2007 revealed that the fund had a surplus of 558,4 (1 July 2006: R286,0) million, with a funding level of 110% (1 July 2006: 106%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is sufficient to fund the benefits accruing from the fund in the future.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the investment reserve of the fund amounted to R12 033 (30 June 2007: R20 220) million, with a funding level of 103,3% (30 June 2007: 105,3%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R6 675 (30 June 2007: R7 206) million, with funding levels of 101,1% and 112,2% (30 June 2007: 108,5% and 137,4%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a funding ratio of 106,5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Liberty Life Pension Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Annuity Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Retirement Fund:

No details could be provided for the fund and of any valuation performed.

None of the above mentioned plans are State Plans.

42. RELATED PARTY TRANSACTIONS

42.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Bobo T	Councillor	50% Membership in Ilinge Labatsha Development CC
Gobinca M	Councillor	50% Membership in Shine & Brilliant General Trading CC
Gunzuza NL	Councillor	Director in Lembede Strategic Investment
James L	Councillor	Director in EC Agric Co-op
James L	Councillor	33% Membership in Palgro CC
James L	Councillor	Director in Veronica Investments
Koyo MC	Councillor	100% Membership in MBK Consulting Services CC
Nobongoza TP	Councillor	Director in Sakhisizwe Multipurpose (Section 21 Company)
Pasha NM	Councillor	Director in Engcobo Housing Project (Ass Inc under Section 21)
Plata SD	Councillor	100% Membership in Daves Energy Distribution CC
Zenzile M	Councillor	Director in Cradock Masizame (Section 21 Company)
Mbambisa MS	Manager	100% Membership in Booi Mbambisa & Associates
Mbambisa MS	Manager	16.6% Membership in Mulepele Trading Enterprise
Mdleleni A	Manager	100% Membership in Ikhwezi Mediation & Development Services

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

42.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

42.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 8 to the Annual Financial Statements.

42.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 22 and 23 respectively, to the Annual Financial Statements.

42.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

2009	2008
R	R

43. CONTINGENT LIABILITIES

43.1 Court Proceedings:

3 780 662	1 635 000
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(i) The Board of Trustees for Qamata Irrigation Scheme instituted interdict proceedings in the Development Tribunal, Bisho. The municipality cited as 3rd respondent. The defendant was successful in its defence and is taxing a bill of costs for taxation and recovery of costs. The cost of the case is estimated to be R200 000.

(ii) The Municipal Employees Pension Fund brought an action against the municipality for outstanding payment of contributions to the Fund in respect of councillors in the amount of R322 950. The cost of the case is estimated to be R35 000. The outcome of the action is still uncertain.

(iii) Reticulation Design Project Services was appointed by the municipality for the upgrading of streets and storm water drainage, and the building of VIP toilets. RDP Services has instituted action against the municipality for the recovery of payments to the amount of R2 501 000 allegedly not made. Legal cost is estimated to be R250 000. The outcome of the case is still uncertain.

(iv) The municipality was requested for payment of the amount of R11 601 for goods sold and delivered by East Cape Agricultural Cooperative Ltd. The claim is not disputed and the claimant was requested to provide proper invoices, which has allegedly been done. The amount of the invoices are still in dispute. The cost of the case is estimated to be R10 000. No summons for payment has been issued to date.

(v) The municipality has been sued by an individual for outstanding travelling cost in the amount of R4 693 due to him as a member of the Audit Committee, arising from extensive travelling between Butterworth and Queenstown to attend meetings. Since the municipality has proof that the claimant was paid in full, the claim is being defended and is now ready for trial. The cost of the case is estimated to be R15 000. The outcome of the case is still uncertain.

(vi) Sidi Parini (Pty) Ltd is claiming an amount of R330 418 from the municipality for fertilizer allegedly sold and delivered in terms of a verbal agreement. The claim is disputed. The cost of the case is estimated to be R100 000. No summons for payment has been issued to date.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44. CONTINGENT ASSETS		
44.1 Court Proceedings:	2 950 000	450 000
(i) The municipality is suing Thusano Construction for an amount of R450 000 in respect of an over-payment on the contract. The outcome of the legal processes is unknown at this stage.		
(ii) The municipality is suing Nyika Investments for an amount of approximately R2 500 000 in respect of a business plan and the development of commercial enterprises. Nothing resulted from the business plan and the contractor did not provide the services for which they were contracted. To date the debtor could not be located to identify any assets that can be attached. The outcome of the legal processes is unknown at this stage.		
45. IN-KIND DONATIONS AND ASSISTANCE		
The municipality did not receive any In-kind Donations and Assistance during the year under review.		
46. COMPARISON WITH THE BUDGET		
The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".		
47. PRIVATE PUBLIC PARTNERSHIPS		
The municipality was not a party to any Private Public Partnerships during the financial year 2008/2009.		
48. EVENTS AFTER THE REPORTING DATE		
No events having financial implications requiring disclosure occurred subsequent to 30 June 2008.		
49. COMPARATIVE FIGURES		
The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 31) and Prior Period Errors (Note 32).		
50. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED		
At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:		
- GRAP 18 Segment Reporting		
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)		
- GRAP 24 Presentation of Budget Information in Financial Statements		
- GRAP 103 Heritage Assets		
Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.		
Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.		

APPENDIX A
CHRIS HANI DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2008	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2009
ANNUITY LOANS DBSA	R				R	R	R	R
	10 000 000	5.00%	101215/1	30/09/2016	9 553 861	-	927 415	8 626 446
	10 000 000				9 553 861	-	927 415	8 626 446
Total Annuity Loans								
TOTAL EXTERNAL LOANS	10 000 000				9 553 861	-	927 415	8 626 446

ANNUITY LOANS:

DBSA:

Structured unsecured 10 year loan for eradication of bucket system. Original loan capital of R10 000 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Description	Opening Balance		Additions		Cost / Revaluation Under Construction		Transfers		Disposals		Closing Balance		Accumulated Depreciation / Impairment				Carrying Value	
	R		R		R		R		R		R		R		R		R	
Land and Buildings																		
Carports	11 802	-	-	-	-	-	-	-	-	-	11 802	-	-	-	-	-	11 799	2
Houses	422 486	-	-	-	-	-	-	-	-	-	422 486	-	-	-	-	-	189 787	232 699
Land	3 650 000	-	-	-	-	-	-	-	-	-	3 650 000	-	-	-	-	-	-	3 650 000
Office Buildings	14 148 433	-	-	-	-	-	-	-	-	-	14 148 433	-	-	-	-	-	2 720 477	11 427 956
Park Homes	118 505	-	-	-	-	-	-	-	-	-	118 505	-	-	-	-	-	9 010	109 495
	18 351 226	-	-	-	-	-	-	-	-	-	18 351 226	-	-	-	-	-	2 931 073	15 420 152
Community Assets																		
<i>Recreational Facilities:</i>																		
Fountains	11 471	-	-	-	-	-	-	-	-	-	11 471	-	-	-	-	-	11 465	6
<i>Other Facilities:</i>																		
Clinics and Hospitals	100 000	-	-	-	-	-	-	-	-	-	100 000	-	-	-	-	-	56 658	43 342
Community Centres	168 341	-	-	-	-	-	-	-	-	-	168 341	-	-	-	-	-	72 963	95 378
Fencing	19 136	-	-	-	-	-	-	-	-	-	19 136	-	-	-	-	-	19 136	-
Security Systems	59 623	-	-	-	-	-	-	-	-	-	59 623	-	-	-	-	-	49 565	10 058
	358 571	-	-	-	-	-	-	-	-	-	358 571	-	-	-	-	-	209 787	148 785
Other Assets																		
<i>Emergency Equipment:</i>																		
Ambulance Equipment	43 293	-	-	-	-	-	-	-	-	-	43 293	-	-	-	-	-	43 293	-
Emergency Lights	288	-	-	-	-	-	-	-	-	-	288	-	-	-	-	-	288	-
Fire Equipment	20 582	-	-	-	-	-	-	-	-	-	20 582	-	-	-	-	-	13 681	6 901
Fire Hoses	21 237	-	-	-	-	-	-	-	-	-	21 237	-	-	-	-	-	11 456	9 781
<i>Furniture and Fittings:</i>																		
Cabinets and Cupboards	583 874	1 747 317	-	-	-	-	-	-	-	-	2 331 191	-	-	-	-	-	461 188	1 870 002
Chairs	370 745	80 419	-	-	-	-	-	-	-	-	451 164	-	-	-	-	-	283 964	167 200
Kitchen Equipment	105 812	52 358	-	-	-	-	-	-	-	-	158 169	-	-	-	-	-	51 753	106 416
Other Furniture	307 137	78 366	-	-	-	-	-	-	-	-	385 503	-	-	-	-	-	264 289	121 214
Tables and Desks	429 617	74 977	-	-	-	-	-	-	-	-	504 594	-	-	-	-	-	311 085	193 509
<i>Motor Vehicles:</i>																		
Fire Engines	354 160	-	-	-	-	-	-	-	-	-	354 160	-	-	-	-	-	341 352	12 808
Motor Cars	2 524 278	1 993 369	-	-	-	-	-	-	-	-	4 517 647	-	-	-	-	-	1 927 749	2 589 898
Trucks and Bakkies	4 514 173	3 469 228	-	-	-	-	-	-	-	-	7 983 401	-	-	-	-	-	3 178 837	4 804 564
<i>Office Equipment:</i>																		
Air Conditioners	356 891	-	-	-	-	-	-	-	-	-	356 891	-	-	-	-	-	355 361	1 530
Computer Hardware	3 183 256	292 934	-	-	-	-	-	-	-	-	3 476 190	-	-	-	-	-	2 928 374	547 816
Office Machines	432 785	3 500	-	-	-	-	-	-	-	-	436 285	-	-	-	-	-	427 974	8 311
Other Office Equipment	417 652	86 166	-	-	-	-	-	-	-	-	503 818	-	-	-	-	-	295 567	208 252

APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Plant and Equipment:												
Earthmoving Equipment	2 328 533	-	-	-	-	2 328 533	1 183 405	232 215	-	-	-	1 415 621
Farm Equipment	265 820	-	-	-	-	265 820	44 098	63 244	-	-	-	107 342
Lawnmowers	19 903	-	-	-	-	19 903	13 987	5 872	-	-	-	19 859
Mobile Clinics	156 000	-	-	-	-	156 000	156 000	-	-	-	-	156 000
Other Plant and Equipment	63 037	-	-	-	-	63 037	16 226	17 379	-	-	-	33 605
Radio Equipment	71 966	-	-	-	-	71 966	71 966	-	-	-	-	71 966
Satellite Tracking Equipment	113 465	-	-	-	-	113 465	101 797	7 503	-	-	-	109 301
Tractors	636 538	-	-	-	-	636 538	193 679	34 804	-	-	-	228 483
Trailers	130 703	-	-	-	-	130 703	24 690	8 474	-	-	-	33 164
	17 451 742	7 878 635	-	-	-	25 330 377	10 585 754	2 485 799	-	-	-	13 071 552
			0.00									
	36 161 539	7 878 635	-	-	-	44 040 174	13 222 342	2 990 070	-	-	-	16 212 412
			0.00									
Total												

CHRIS HANI DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2009

Description	Cost / Revaluation						Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	
Intangible Assets Computer Software	R		R	R	R	R	R	R	R	R	R
	2 545 562	-	-	-	-	2 545 562	2 545 373	187	-	-	2 545 560
	2 545 562	-	-	-	-	2 545 562	2 545 373	187	-	-	2 545 560
Total Asset Register											
	38 707 100	7 878 635	-	-	-	46 585 735	15 767 715	2 990 257	-	-	18 757 972
											27 827 763

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		
	R	R	R	R	R	R	R	R	R	R	R	
Executive and Council	6 943 789	-	-	-	-	6 943 789	4 170 626	535 683	-	-	4 706 309	2 237 480
Finance and Administration	22 571 447	7 694 216	-	-	-	30 265 663	7 418 238	840 003	-	-	8 258 241	22 007 422
Planning and Development	2 595 991	143 037	-	-	-	2 739 028	1 051 951	957 901	-	-	2 009 852	729 176
Health	2 307 720	8 379	-	-	-	2 316 099	1 462 478	128 804	-	-	1 591 282	724 818
Community and Social Services	193 784	33 003	-	-	-	226 786	123 663	32 664	-	-	156 326	70 460
Public Safety	3 947 003	-	-	-	-	3 947 003	1 514 025	493 679	-	-	2 007 704	1 939 299
Roads and Transport	108 694	-	-	-	-	108 694	6 221	-	-	-	6 221	102 473
Water	38 673	-	-	-	-	38 673	20 513	1 524	-	-	22 037	16 636
Total	38 707 100	7 878 635	-	-	-	46 585 735	15 767 715	2 990 257	-	-	18 757 972	27 827 763

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	Description	2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
-	18 445 789	(18 445 789)	Executive and Council	-	15 937 384	(15 937 384)
661 956	38 633 807	(37 971 851)	Finance and Administration	1 517 144	80 916 839	(79 399 696)
-	3 813 621	(3 813 621)	Planning and Development	-	4 944 782	(4 944 782)
-	9 342 195	(9 342 195)	Health	-	10 145 258	(10 145 258)
-	1 985 328	(1 985 328)	Community and Social Services	5 600	2 210 573	(2 204 973)
-	2 408 894	(2 408 894)	Public Safety	-	3 883 127	(3 883 127)
94 748	1 345 551	(1 250 803)	Environmental Protection	300 388	2 082 405	(1 782 017)
-	22 533 221	(22 533 221)	Roads and Transport	-	6 828 300	(6 828 300)
-	84 662 614	(84 662 614)	Water	-	75 991 179	(75 991 179)
460 101 964	277 133 803	182 968 161	Other	464 283 861	235 867 917	228 415 944
460 858 668	460 304 823	553 845	Sub-Total	466 106 992	438 807 764	27 299 228
460 858 668	460 304 823	553 845	Total	466 106 992	438 807 764	27 299 228

APPENDIX E(1)
CHRIS HANI DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009 Actual	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE						
Rental of Facilities and Equipment	101 312	-	-	101 312	100.00	Revenue not budgeted for
Interest Earned - External investments	24 884 124	-	-	24 884 124	100.00	Revenue not budgeted for
Government Grants and Subsidies	439 401 638	475 882 630		(36 480 992)	(8.30)	
Other Income	1 333 716	3 000 000		(1 666 284)	(124.94)	Revenue budgeted for did not materialise
Gains on Disposal of Property, Plant and Equipment	386 203	-		386 203	0.00	
Total Revenue	466 106 992	478 882 630		(12 775 638)	(2.67)	
EXPENDITURE						
Employee Related Costs	66 219 846	71 270 545		(5 050 699)	(7.63)	
Remuneration of Councillors	4 991 222	5 070 123		(78 901)	(1.58)	
Collection Costs	-	550 201		(550 201)	0.00	
Depreciation	2 990 257	-		2 990 257	100.00	Expenditure not budgeted for
Impairment Losses	13 573 358	-		13 573 358	100.00	Expenditure not budgeted for
Repairs and Maintenance	17 249 513	18 616 093		(1 366 580)	(7.92)	
Interest Paid	486 536	3 401 038		(2 914 502)	(599.03)	Over-budgeted for expenditure
Contracted Services	5 379 769	2 003 012		3 376 757	62.77	Expenditure for new building project not budgeted for
Grants and Subsidies Paid	252 582 538	16 410 258		236 172 280	93.50	Community project expenditure not budgeted for
General Expenses	75 334 725	88 945 251		(13 610 526)	(18.07)	Savings on expenditure realised
Total Expenditure	438 807 764	206 266 521		232 541 243	112.74	
NET SURPLUS / (DEFICIT) FOR THE YEAR	27 299 228	272 616 109		(245 316 881)	89.99	

APPENDIX F
CHRIS HANI DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies Delayed / Withheld						Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*)	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June	
FMG	Nat Treasury	0	750 000	0	0	0	0	111 292	121 336	175 036	473 575	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
M/G Projects	M/G	40 000 000	43 312 000	45 141 000	39 600 000	38 965 415	0	61 292 889	63 478 555	33 564 903	3 501 764	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	0	59 628 642	44 721 482	74 535 803	0	0	44 721 482	44 721 482	44 721 482	44 721 482	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Bulk Infrastructure Grant	DWAF	0	0	0	11 650 000	0	0	0	0	0	11 650 000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	3 016 510	4 767 131	2 863 510	5 221 510	2 863 510	0	4 001 000	3 490 000	3 356 000	3 073 000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Intermodal Transport Program	Dept Transport	0	735 000	4 100 000	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MS/G	Province	0	0	0	0	0	0	0	0	0	1 739 096	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		43 016 510	109 192 773	96 825 992	131 007 313	41 848 925	4 223 000	110 126 663	111 811 372	81 817 422	65 158 917	0	0	0	0	0	0	0	0	0		
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																						