

CHRIS HANI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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 2010 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2009/2010 financial period is set out in Directive 4 and Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2010 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	2010	2009
Surplus / (Deficit) before Appropriations	98 031 992	144 553 707
Surplus / (Deficit) at the end of the Year	550 229 704	354 637 226
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	22.04%	20.42%
Remuneration of Councillors	1.11%	1.54%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	0.00%	0.00%
Impairment Losses	1.46%	4.18%
Repairs and Maintenance	4.46%	5.32%
Interest Paid	0.10%	0.15%
Bulk Purchases	2.49%	0.00%
Contracted Services	7.22%	1.66%
Grants and Subsidies Paid	44.54%	43.19%
General Expenses	16.50%	23.53%
Current Ratio:		
Creditors Days	83	28

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 2010 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	77 215 538	45 751 861	68.77%	-	-
Operating income for the year	589 952 356	468 910 776	25.81%	587 515 221	0.41%
Appropriations for the year	(134 981 035)	(118 489 102)	13.92%	-	-
	532 186 859	396 173 534	34.33%	587 515 221	(9.42)%
Expenditure:					
Operating expenditure for the year	491 920 364	324 357 069	51.66%	587 515 221	(16.27)%
Sundry transfers	(97 560 487)	(5 399 072)	1706.99%	-	-
Closing surplus / (deficit)	137 826 981	77 215 538	78.50%	-	-
	532 186 859	396 173 534	34.33%	587 515 221	(9.42)%

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 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	536 512 365	468 910 776	14.42%	587 515 221	(8.68)%
Expenditure	232 998 396	248 365 889	(6.19)%	416 746 738	(44.09)%
Surplus / (Deficit)	303 513 969	220 544 887	37.62%	170 768 483	-
Surplus / (Deficit) as % of total income	56.57%	47.03%		29.07%	

3.2 Trading Services:

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

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	53 439 991	-	-	-	-
Expenditure	258 921 968	75 991 179	240.73%	170 768 483	51.62%
Surplus / (Deficit)	(205 481 977)	(75 991 179)	170.40%	(170 768 483)	-
Surplus / (Deficit) as % of total income	(384.51)%	-		-	

The services were recorded for the first time in the 2009/2010 financial records of the municipality.

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R158 114 677 (2008/09: R121 411 834). Full details of Property, Plant and Equipment are disclosed in Note 9 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R25 566 859 was financed as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Capital Replacement Reserve	26 566 821	7 690 112	245.47%	3 397 550	681.94%
Grants and Subsidies	131 547 856	113 465 721	15.94%	228 500 000	(42.43)%
Own Funds (Accumulated Surplus)	-	256 000	-	-	-
	158 114 677	121 411 834	30.23%	231 897 550	(31.82)%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2010	2009
Capital Replacement Reserve	16.80%	6.33%
Grants and Subsidies	83.20%	93.46%
Own Funds (Accumulated Surplus)	-	0.21%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	-
Revenue variances	2 437 135	7 640 422
Expenditure variances:		
Employee Related Costs	(7 579 380)	5 050 699
Remuneration of Councillors	162 943	286 549
Collection Costs	545 480	572 209
Depreciation and Amortisation	1 071 796	3 084 800
Impairment Losses	(7 194 127)	(13 573 358)
Repairs and Maintenance	(19 247 027)	18 286 180
Interest Paid	9 039	(15 245)
Bulk Purchases	(10 265 344)	-
Contracted Services	(35 180 740)	576 150
Grants and Subsidies Paid	196 832 192	108 901 148
General Expenses	(23 169 451)	13 762 092
Loss on disposal of Property, Plant and Equipment	(390 524)	(17 939)
Actual surplus before appropriations	98 031 992	144 553 707

DETAILS	2010	2009
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	-
Executive and Council	(194 465)	(834 295)
Finance and Administration	41 927 536	(10 980 528)
Planning and Development	223 180	207 134
Health	4 231 619	4 664 229
Community and Social Services	1 185 184	869 727
Public Safety	1 091 636	4 537 698
Environmental Protection	(1 341 384)	(1 382 220)
Roads and Transport	8 739 447	3 445 075
Water	(34 713 494)	31 060 462
Other	76 882 733	112 966 426
Actual surplus before appropriations	98 031 992	144 553 707

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)".

5.2 Capital Budget:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Variance actual 2009/10 / 2008/09 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive and Council	-	534 117	(534 117)	-	-
Finance and Administration	26 522 626	963 457	25 559 170	506 100	26 016 526
Planning and Development	99 774	710 011	(610 237)	228 450	(128 677)
Health	71 267	42 534	28 733	-	71 267
Community and Social Services	2 270 631	47 501	2 223 130	2 663 000	(392 369)
Housing	-	468	(468)	-	-
Public Safety	2 464 739	794 591	1 670 147	-	2 464 739
Sport and Recreation	-	346 036	(346 036)	-	-
Waste Management	39 270 821	35 233 923	4 036 898	72 214 811	(32 943 990)
Roads and Transport	-	7 330 597	(7 330 597)	-	-
Water	237 086 206	15 567 971	221 518 235	156 285 189	80 801 017
Electricity	-	6 372 543	(6 372 543)	-	-
Other	-	3 596 189	(3 596 189)	-	-
	307 786 064	71 539 938	236 246 126	231 897 550	75 888 514

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2010 amounted to R550 229 704 (30 June 2009: R354 637 226) and is made up as follows:

Capital Replacement Reserve	40 268 696
Government Grants Reserve	372 134 027
Accumulated Surplus	<u>137 826 981</u>
	<u>550 229 704</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 20 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2010 was R6 628 389 (30 June 2009: R7 652 081).

Refer to Note 17 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2010 was R21 599 165 (30 June 2009: R17 770 499).

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 18 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R2 430 228 as at 30 June 2010 (30 June 2009: R2 731 024) and is made up as follows:

Provision for Long-term Service	<u>2 430 228</u>
	<u>2 430 228</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 19 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R300 746 711 as at 30 June 2010 (30 June 2009: R159 510 217) and is made up as follows:

Provisions	Note 13	6 874 998
Creditors	Note 14	112 279 671
Unspent Conditional Grants and Receipts	Note 15	179 234 769
Operating Lease Liabilities	Note 16	1 333 581
Current Portion of Long-term Liabilities	Note 17	<u>1 023 692</u>
		<u>300 746 711</u>

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 R412 592 586 as at 30 June 2010 (30 June 2009: R254 950 302).

Refer to Note 9 and Appendices "B, C and E (2)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R0 as at 30 June 2010 (30 June 2009: R190).

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 10 for more detail.

13. INVESTMENT PROPERTIES

The net value of Investment Properties were R100 as at 30 June 2010 (30 June 2009: R100).

Refer to Note 11 and Appendix "B" for more detail.

14. CURRENT ASSETS

Current Assets amounted R469 041 510 as at 30 June 2010 (30 June 2009: R287 350 454) and is made up as follows:

Inventory	Note 2	6 764 579
Consumer Debtors	Note 4	68 994 265
Other Debtors	Note 5	18 642 267
VAT Receivable	Note 6	32 555 598
Bank Balances and Cash	Note 7	<u>342 084 802</u>
		<u>469 041 510</u>

Refer to the indicated Notes for more detail.

15. 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 15 and 24, and Appendix "F" for more detail.

16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 54.

17. 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.

18. 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

03 September 2010

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	Actual	
		2010 R	2009 R
ASSETS			
Current Assets		469 041 510	287 350 454
Inventory	2	6 764 579	-
Consumer Debtors	4	68 994 265	-
Other Debtors	5	18 642 267	24 395 431
VAT Receivable	6	32 555 598	8 181 691
Bank, Cash and Cash Equivalents	7	342 084 802	254 765 637
Current Portion of Long-term Receivables	12	(0)	7 695
Non-Current Assets		412 592 686	254 950 592
Property, Plant and Equipment	9	412 592 586	254 950 302
Intangible Assets	10	(0)	190
Investment Property	11	100	100
Long-term Receivables	12	0	-
Total Assets		881 634 196	542 301 046
LIABILITIES			
Current Liabilities		300 746 711	159 510 217
Provisions	13	6 874 998	5 938 709
Creditors	14	112 279 671	24 437 997
Unspent Conditional Grants and Receipts	15	179 234 769	128 151 274
Operating Lease Liabilities	16	1 333 581	7 873
Current Portion of Long-term Liabilities	17	1 023 692	974 365
Non-Current Liabilities		30 657 781	28 153 604
Long-term Liabilities	17	6 628 389	7 652 081
Retirement Benefit Liabilities	18	21 599 165	17 770 499
Non-current Provisions	19	2 430 228	2 731 024
Total Liabilities		331 404 492	187 663 821
Total Assets and Liabilities		550 229 704	354 637 226
NET ASSETS		550 229 704	354 637 226
Accumulated Surplus / (Deficit)	20	550 229 704	354 637 226
Total Net Assets		550 229 704	354 637 226

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

Budget			Actual	
2009	2010		2010	2009
R	R	Note	R	R
REVENUE				
-	500 000			
72 000	72 000	21	53 165 385	-
3 300 000	16 154 091	22	149 491	367 810
11 224	12 000	23	21 052 602	25 340 104
457 737 130	570 277 130	23	-	-
-	-	23	-	-
150 000	500 000	24	513 779 361	441 845 289
-	-	25	50 000	-
-	-	26	1 755 518	999 917
-	-		-	357 655
461 270 354	587 515 221		589 952 356	468 910 776
EXPENDITURE				
71 270 545	100 826 819	27	108 406 199	66 219 846
5 277 771	5 622 993	28	5 460 050	4 991 222
572 209	545 480		-	-
3 084 800	1 071 796	29	-	-
-	-	30	7 194 127	13 573 358
35 535 851	2 704 475		21 951 502	17 249 671
471 291	493 470	31	484 431	486 536
-	2 000 000	32	12 265 344	-
5 962 569	318 818	33	35 499 558	5 386 419
249 005 146	415 915 001	34	219 082 809	140 103 998
90 090 172	58 016 369	35	81 185 820	76 328 080
-	-		390 524	17 939
461 270 354	587 515 221		491 920 364	324 357 069
-	-		98 031 992	144 553 707
SURPLUS / (DEFICIT) FOR THE YEAR				

Refer to Appendix E(1) for explanation of budget variances

CHRIS HANI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
2009			
Balance at 30 June 2008	-	93 685 252	93 685 252
Change in Accounting Policy (Note 37)		-	-
Correction of Error - Opening Balances(Note 38)	-	110 233 914	110 233 914
Correction of Error (Note 38)	-	6 164 352	6 164 352
Restated Balance	-	210 083 518	210 083 518
Surplus / (Deficit) for the year		144 553 707	144 553 707
Transfer to CRR		-	-
Property, Plant and Equipment purchased		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Interest received		-	-
Asset disposals		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2009	-	354 637 226	354 637 226
2010			
Change in Accounting Policy (Note 37)		-	-
Correction of Error (Note 38)		97 560 487	97 560 487
Restated Balance	-	452 197 713	452 197 713
Surplus / (Deficit) for the year		98 031 992	98 031 992
Transfer to CRR		-	-
Property, Plant and Equipment purchased		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Interest received		-	-
Asset disposals		-	-
Offsetting of Depreciation		-	-
Balance at 30 June 2010	-	550 229 704	550 229 704

Details on the movement of the Funds and Reserves are set out in Note 20.

CHRIS HANI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	Actual	
		2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		463 296 096	484 539 278
Cash paid to Suppliers and Employees		(237 545 814)	(355 868 331)
Cash generated from / (utilised in) Operations	39	225 750 282	128 670 947
Interest received	23	21 052 602	25 340 104
Interest paid	31	(484 431)	(486 536)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		246 318 452	153 524 515
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(158 114 677)	(121 411 834)
Proceeds on Disposal of Property, Plant and Equipment		81 870	522 327
Proceeds on Disposal of Intangible Assets		190	-
Decrease / (Increase) in Long-term Receivables	12	7 695	110 029
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(158 024 922)	(120 779 478)
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised	17	-	-
Loans repaid	17	(974 365)	(927 415)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(974 365)	(927 415)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	87 319 165	31 817 622
Cash and Cash Equivalents at the beginning of the year		254 765 637	222 948 015
Cash and Cash Equivalents at the end of the year		342 084 802	254 765 637

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R 2009
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.

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and had to comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

2. INVENTORY

Consumable Stores - at cost	10 232	-
Water - at cost	6 754 347	-
Total Inventory	6 764 579	-

Inventories were recognised the first time in the reporting year and originate from consumer services rendered by the local municipalities on behalf of the municipality. Refer to Note 38.4.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

The municipality had no property, plant and equipment to be classified as non-current assets held-for-sale for the two financial years.

4. CONSUMER DEBTORS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2010			
Service Debtors:	200 982 333	131 988 068	68 994 265
Sewerage	98 721 661	65 266 340	33 455 321
Water	102 260 671	66 721 728	35 538 944
Loan Instalments	-	-	-
Other Debtors	-	-	-
Total Consumer Debtors	200 982 333	131 988 068	68 994 265
As at 30 June 2009			
Service Debtors:	-	-	-
Sewerage	-	-	-
Water	-	-	-
Loan Instalments	-	-	-
Other Debtors	-	-	-
Total Consumer Debtors	-	-	-

Consumer Debtors were recognised the first time in the reporting year and originate from consumer services rendered by the local municipalities on behalf of the municipality. Refer to Note 38.5.

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

No Trade Receivables have been ceded as security.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
4.1 Ageing of Consumer Debtors		
Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	9 154 637	-
<u>Past Due:</u>		
31 - 60 Days	18 044 619	-
61 - 90 Days	4 056 153	-
91 - 120 Days	1 955 181	-
+ 120 Days	65 511 072	-
Total	98 721 661	-

Water: Ageing		
<u>Current:</u>		
0 - 30 days	11 857 900	-
<u>Past Due:</u>		
31 - 60 Days	17 953 241	-
61 - 90 Days	3 330 731	-
91 - 120 Days	3 426 659	-
+ 120 Days	65 692 139	-
Total	102 260 671	-

As at 30 June 2010 Consumer Debtors of R47 981 728 (2009: R0) were past due but not impaired. The age analysis of these Consumer Debtors is as follows:

31 - 60 Days	34 074 693	-
61 - 90 Days	87 114	-
+ 90 Days	60 448	-
+ 120 Days	13 759 473	-
Total	47 981 728	-

4.2 Summary of Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2010				
<u>Current:</u>				
0 - 30 days	1 837 393	2 142 639	17 032 505	-
<u>Past Due:</u>				
31 - 60 Days	4 081 462	2 026 318	29 890 081	-
61 - 90 Days	3 960 584	3 349 884	76 416	-
+ 90 Days	3 777 851	1 550 964	53 025	-
+ 120 Days	90 291 697	28 841 800	12 069 713	-
Sub-total	103 948 987	37 911 606	59 121 740	-
Less: Provision for Impairment	96 714 850	35 273 218	-	-
Total Debtors by Customer Classification	7 234 137	2 638 388	59 121 740	-

	2010 R	2009 R
4.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Impairment Losses recognised	131 988 068	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	131 988 068	-

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.		
4.4 Ageing of impaired Consumer Debtors		
<u>Current:</u>		
0 - 30 Days	-	-
<u>Past Due:</u>		
31 - 60 Days	1 923 168	-
61 - 90 Days	7 299 770	-
91 - 120 Days	5 321 392	-
+ 120 Days	117 443 738	-
Long-term Loan Debtors	-	-
Total	131 988 068	-

5. OTHER DEBTORS

Government Subsidy Claims	10 095 644	17 608 012
Projects	60 734	1 380 364
Recoverable Works	146 486	146 486
Short-term Loans	2 306 686	19 101 652
Sundry Deposits	907 732	808 590
Sundry Debtors	9 707 883	7 422 639
	23 225 165	46 467 743
Less: Provision for Impairment	(4 582 898)	(22 072 312)
Total Other Debtors	18 642 267	24 395 431

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 R887 132 (2009: R787 990) 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 R18 325 (2009: R708 041) in respect of uncleared bank reconciliation items.

The municipality does not hold deposits or other security for its Other Debtors.

None of the Other Debtors have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Other Debtors

<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	1 092 233	2 273 492
+ 120 Days	17 550 034	22 121 939
Total	18 642 267	24 395 431

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
As at 30 June 2010 Other Debtors of R14 059 369 (2009: R2 323 119) were past due but not impaired. The age analysis of these Other Debtors is as follows:		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	2 273 492
+ 120 Days	14 059 369	49 628
Total	14 059 369	2 323 119

5.2 Reconciliation of Provision for Impairment

Balance at beginning of year	22 072 312	12 151 254
Impairment Losses recognised	-	13 573 358
Impairment Losses reversed	(17 489 414)	-
Amounts written off as uncollectable	-	(3 652 300)
Amounts recovered	-	-
Balance at end of year	4 582 898	22 072 312

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.

The following loans and receivables are included in the total amount of the Provision for Impairment :

Government Subsidy Claims	2 607 390	7 956 900
Projects	60 734	-
Recoverable Works	146 486	7 975 832
Short-term Loans	237 674	4 775 788
Sundry Debtors	1 530 613	1 363 792
Total Provision for Impairment on Other Debtors	4 582 898	22 072 312

5.3 Ageing of impaired Other Debtors

<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	1 092 233	-
+ 120 Days	3 490 665	22 072 312
Total	4 582 898	22 072 312

6. VAT RECEIVABLE

Vat Receivable	32 555 598	8 181 691
----------------	-------------------	------------------

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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
7. BANK, CASH AND CASH EQUIVALENTS		
Bank, Cash and Cash Equivalents	342 084 802	254 765 637
Total Bank, Cash and Cash Equivalents	342 084 802	254 765 637

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, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	112 040 643	115 060 738
Notice Deposits	-	-
Total Current Investment Deposits	112 040 643	115 060 738
	112 040 643	115 060 738

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6,20 % to 8,50 % (2009: 5,90% to 9,90%) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 6,42 % to 6,95 % (2009: 5,90% to 9,90%) per annum.

Deposits of R112 040 643 (2009: R115 060 738) are attributable to Unspent Conditional Grants.

7.2 Bank Accounts

Cash in Bank	230 039 619	139 700 359
Total Bank Accounts	230 039 619	139 700 359

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	139 700 359	222 943 475
Cash book balance at end of year	230 039 619	139 700 359
Bank statement balance at beginning of year	143 160 495	224 102 453
Bank statement balance at end of year	256 712 679	143 160 495

An amount of R67 194 126 (2009: R13 090 537) is attributable to Unspent Conditional Grants.

An amount of R40 268 696 (2009: R36 835 517) is attributable to the Capital Replacement Reserve.

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

7.3 Cash and Cash Equivalents

Cash Floats and Advances	4 540	4 540
Total Cash on hand in Cash Floats, Advances and Equivalents	4 540	4 540

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. 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 2010

9. PROPERTY, PLANT AND EQUIPMENT

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

- Land; and
- Componentised infrastructure assets.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the Annual Financial Statements;
- Review of the depreciation method applied to PPE recognised in the Annual Financial Statements;
- Review of residual values of item of PPE recognised in the Annual Financial Statements;
- Depreciation of assets;
- Impairment of non-cash generating assets; and
- Impairment of cash generating assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 Financial Statements. The municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011.

30 June 2010

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 2009	15 910 387	224 338 887	164 761	-	14 536 267	254 950 302
Cost	18 331 126	224 338 887	358 571	-	24 642 268	267 670 852
- Completed Assets	18 331 126	14 388 975	358 571	-	24 642 268	57 720 940
- Under Construction	-	209 949 912	-	-	-	209 949 912
Correction of error (Note 38)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 420 739)	-	(193 810)	-	(10 106 001)	(12 720 550)
- Cost	(2 420 739)	-	(193 810)	-	(10 106 001)	(12 720 550)
Acquisitions	72 600	-	-	-	31 356 436	31 429 037
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	126 685 641	-	-	-	126 685 641
- Cost	-	126 685 641	-	-	-	126 685 641
- Borrowing Costs Capitalised	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying value of Disposals:	-	-	(101 001)	-	(371 392)	(472 393)
- Cost	-	-	(168 341)	-	(1 233 113)	(1 401 453)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	67 339	-	861 721	929 060
- Based on Cost	-	-	67 339	-	861 721	929 060
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	(60 278 525)	-	-	-	(60 278 525)
Other Movements	-	60 278 525	-	-	-	60 278 525
- Cost	-	60 278 525	-	-	-	60 278 525
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying values at 30 June 2010	15 982 987	351 024 528	63 759	-	45 521 311	412 592 586
Cost	18 403 726	351 024 528	190 230	-	54 765 592	424 384 076
- Completed Assets	18 403 726	74 667 500	190 230	-	54 765 592	148 027 049
- Under Construction	-	276 357 027	-	-	-	276 357 027
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 420 739)	-	(126 471)	-	(9 244 280)	(11 791 490)
- Cost	(2 420 739)	-	(126 471)	-	(9 244 280)	(11 791 490)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

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	15 903 719	110 999 194	164 761	-	6 653 404	133 721 078
Cost	18 351 126	110 999 194	358 571	-	17 400 074	147 108 965
- Completed Assets	18 351 126	8 826 991	358 571	-	17 400 074	44 936 761
- Under Construction	-	102 172 204	-	-	-	102 172 204
Correction of error (Note 38)	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 447 407)	-	(193 810)	-	(10 746 669)	(13 387 887)
- Cost	(2 447 407)	-	(193 810)	-	(10 746 669)	(13 387 887)
Acquisitions	30 000	-	-	-	8 042 141	8 072 141
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	113 339 693	-	-	-	113 339 693
- Cost	-	113 339 693	-	-	-	113 339 693
- Borrowing Costs Capitalised	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying value of Disposals:	(23 332)	-	-	-	(159 278)	(182 610)
- Cost	(50 000)	-	-	-	(799 947)	(849 947)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	26 668	-	-	-	640 669	667 336
- Based on Cost	26 668	-	-	-	640 669	667 336
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	(5 561 984)	-	-	-	(5 561 984)
Other Movements	-	5 561 984	-	-	-	5 561 984
- Cost	-	5 561 984	-	-	-	5 561 984
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Carrying values at 30 June 2009	15 910 387	224 338 887	164 761	-	14 536 267	254 950 302
Cost	18 331 126	224 338 887	358 571	-	24 642 268	267 670 852
- Completed Assets	18 331 126	14 388 975	358 571	-	24 642 268	57 720 940
- Under Construction	-	209 949 912	-	-	-	209 949 912
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(2 420 739)	-	(193 810)	-	(10 106 001)	(12 720 550)
- Cost	(2 420 739)	-	(193 810)	-	(10 106 001)	(12 720 550)

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

The prior year figures of *Property, Plant & Equipment* have been restated to correctly the Investment Property held by the municipality, previously included in Property, Plant and Equipment. Refer to Note 38.3 on "Correction of Error" for details of the restatement.

Furthermore, the prior year figures of *Property, Plant & Equipment* have been restated to correctly disclose the assets held by the municipality, previously expensed as Grant Expenditure from the MIG Grant. Refer to Note 38.3 on "Correction of Error" for details of the restatement.

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 2010

	2010 R	2009 R
9. PROPERTY, PLANT AND EQUIPMENT (Continued)		
9.1 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal:		
No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.		
9.2 Assets pledged as security:		
The municipality did not pledge any of its assets as security.		
9.3 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.		
9.4 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.		
9.5 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.		
 10. INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>(0)</u>	<u>190</u>
The movement in Intangible Assets is reconciled as follows:		
	Computer Software	Total
Carrying values at 01 July 2009	190	190
Cost	2 597 229	2 597 229
Accumulated Amortisation	(2 597 039)	(2 597 039)
Acquisitions:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation:	-	-
Purchased	-	-
Internally Developed	-	-
Disposals:	(190)	(190)
At Cost	(154 607)	(154 607)
At Accumulated Amortisation	154 417	154 417
Transfers:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2010	(0)	(0)
Cost	2 442 622	2 442 622
Accumulated Amortisation	(2 442 622)	(2 442 622)

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
	Computer Software	Total
Carrying values at 01 July 2008	48 426	190
Cost	2 545 562	2 597 229
Accumulated Amortisation	(2 497 136)	(2 597 039)
Acquisitions:	-	-
Purchased	-	-
Internally Developed	-	-
Amortisation:	(791 617)	-
Purchased	(791 617)	-
Internally Developed	-	-
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Transfers:	743 382	-
At Cost	51 668	-
At Accumulated Amortisation	691 714	-
Carrying values at 30 June 2009	190	190
Cost	2 597 229	2 597 229
Accumulated Amortisation	(2 597 039)	(2 597 039)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

- Computer Software;

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

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.

10.1 Significant Intangible Assets:

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

- (i) Website Costs incurred during the last two financial years have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

10.2 Intangible Assets with Indefinite Useful Lives:

The municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

10.3 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 2010

	2010 R	2009 R
11. INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	<u>100</u>	<u>100</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	100	100
Cost	100	100
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year	-	-
Depreciation during the Year	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Carrying values at 30 June	100	100
Cost	100	100
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Estimated Fair Value of Investment Property at 30 June	<u>-</u>	<u>-</u>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Investment Properties.

The municipality is currently in a process of valuing all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Investment Property has been restated to adhere to the disclosure provisions for Investment Property. Refer to Note 38.3 on "Correction of Error" for details of the restatement.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value:

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

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R 2009
R

11.2 Impairment of Investment Property:

The municipality has not tested its items of Investment Property for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Investment Property 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.

12. LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2010			
Car Loans	-	-	-
Study Loans	-	-	-
	-	-	-
Less: Current Portion transferred to Current Receivables:-			(0)
Car Loans			(0)
Study Loans			-
Total Long-term Receivables			0
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2009			
Car Loans	7 695	-	7 695
Study Loans	-	-	-
	7 695	-	7 695
Less: Current Portion transferred to Current Receivables:-			7 695
Car Loans			7 695
Study Loans			-
Total Long-term Receivables			-

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.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
13. PROVISIONS		
Performance Bonuses	549 846	498 462
Staff Leave	5 034 267	4 317 249
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 18 below)	673 944	689 568
Current Portion of Non-Current Provisions (See Note 19 below):	616 941	433 429
Long-term Service	616 941	433 429
Total Provisions	6 874 998	5 938 709

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 2010		
Balance at beginning of year	498 462	4 317 249
Contributions to provision	236 945	717 018
Expenditure incurred	(185 561)	-
Balance at end of year	549 846	5 034 267

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

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2010		
Balance at beginning of year	433 429	689 568
Transfer from non-current	616 941	673 944
Expenditure incurred	(433 429)	(689 568)
Balance at end of year	616 941	673 944

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

2010	2009
R	R

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
14. CREDITORS		
Trade Creditors	40 482 646	14 822 737
Payments received in Advance	57 531	-
Retentions	3 319 227	3 529 077
Staff Bonuses	2 022 339	1 578 152
Sundry Deposits	8 335	8 335
Other Creditors	66 389 594	4 499 696
Total Creditors	112 279 671	24 437 997

Creditors have been restated to correctly disclose the municipality's liability for Workmen's Compensation not yet assessed for previous years. Refer to Note 38.2 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.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Conditional Grants from Government

	179 234 769	128 151 274
National Government Grants	133 480 061	96 177 198
Provincial Government Grants	43 829 211	29 058 769
Other Spheres of Government	1 925 497	2 915 307
Total Conditional Grants and Receipts	179 234 769	128 151 274

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 24 for the reconciliation of Grants from Government. The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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

16. 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	7 873	3 084
Operating Lease expenses recorded	660 704	(654 990)
Operating Lease payments effected	665 003	659 778
Total Operating Lease Liabilities	1 333 581	7 873

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010 **2009**
R **R**

16.1 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.

16.2 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:

	460 497	278 411
Buildings:		
Up to 1 year	271 340	278 411
2 to 5 years	189 157	-
More than 5 years	-	-
Other Equipment:		
Up to 1 year	296 621	271 801
2 to 5 years	514 853	764 698
More than 5 years	-	-
Total Operating Lease Arrangements	1 271 970	1 314 911

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

Minimum lease payments	(660 704)	654 990
Total Operating Lease Expenses	(660 704)	654 990

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 lessor.
- (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 lessor upon termination of the agreement.
- (iii) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

17. LONG-TERM LIABILITIES

Annuity Loans	7 652 081	8 626 446
Sub-total	7 652 081	8 626 446
Less: Current Portion transferred to Current Liabilities:- Annuity Loans	1 023 692 1 023 692	974 365 974 365
Total Long-term Liabilities (Neither past due, nor impaired)	6 628 389	7 652 081

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010 **2009**
R **R**

17.1 Summary of Arrangements

The Annuity Loan is repaid over a period of 7 (2009: 8) years and at an interest rate of 5,00% (2009: 5,00%) per annum. The Annuity Loans is not secured.

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

17.2 Breach of Loan Agreement

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

2010 **2009**
R **R**

18. RETIREMENT BENEFIT LIABILITIES

18.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	17 770 499	15 228 332
Contributions to Provision	4 502 610	3 231 735
Balance at end of Year	22 273 109	18 460 067
Transfer to Current Provisions	(673 944)	(689 568)
Total Post-retirement Health Care Benefits Liability	21 599 165	17 770 499

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 2010 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)	280	206
In-service Non-members (Employees)	181	-
Continuation Members (Retirees, widowers and orphans)	36	38
Total Members	497	244

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

In-service Members	13 941 747	10 635 693
Continuation Members	8 331 362	7 824 374
Total Liability	22 273 109	18 460 067

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:		
- Bestmed		
- Bonitas		
- Fed Health		
- Gen Health		
- Keyhealth		
- LA Health		
- Medicovert		
- Resolution		
- Samwumed		
The Current-service Cost for the year ending 30 June 2010 is estimated to be R867 173, whereas the cost for the ensuing year is estimated to be R1 052 744 (2009: R970 945 and R867 173 respectively).		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.22%	9.11%
Health Care Cost Inflation Rate	7.27%	7.78%
Net Effective Discount Rate	1.82%	1.23%
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	18 460 067	15 762 816
Current service costs	867 173	970 945
Interest cost	1 650 709	1 659 576
Benefits paid	(689 568)	(534 484)
Actuarial losses / (gains)	1 984 728	601 214
Present Value of Fund Obligation at the end of the Year	22 273 109	18 460 067
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	22 273 109	18 460 067
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	22 273 109	18 460 067
Unfunded Accrued Liability	22 273 109	18 460 067
Unrecognised Actuarial Gains / (Losses)	-	-
Total Benefit Liability	22 273 109	18 460 067
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	867 173	970 945
Interest cost	1 650 709	1 659 576
Actuarial losses / (gains)	1 984 728	601 214
Total Post-retirement Benefit included in Employee Related Costs (Note 27)	4 502 610	3 231 735

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R	2008 R	2007 R	2006 R
The history of experienced adjustments is as follows:					
Present Value of Defined Benefit Obligation	22 273 109	18 460 067	15 762 816	13 331 046	-
Deficit	<u>22 273 109</u>	<u>18 460 067</u>	<u>15 762 816</u>	<u>13 331 046</u>	<u>-</u>
Experienced adjustments on Plan Liabilities	(2 610 116)	(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.

	2010 R	2009 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	417 300	437 065
Effect on the defined benefit obligation	3 362 592	2 570 140
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(340 700)	(356 789)
Effect on the defined benefit obligation	(2 721 536)	(2 142 742)

The municipality expects to make a contribution of R3 076 million (2009: R2 956 million) to the Defined Benefit Plans during the next financial year.

Refer to Note 47 "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.

19. NON-CURRENT PROVISIONS

Provision for Long Service Awards	2 430 228	2 731 024
Total Non-current Provisions	<u>2 430 228</u>	<u>2 731 024</u>

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

Long-service Awards:

Balance at beginning of year	2 731 024	2 597 771
Contributions to provision	316 145	566 682
	<u>3 047 169</u>	<u>3 164 453</u>
Transfer to current provisions	(616 941)	(433 429)
Balance at end of year	<u>2 430 228</u>	<u>2 731 024</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010 **2009**
R **R**

19.1 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 5 years (2009: 10 years) of continuous service, and every 5 years thereafter, to 25 years (2009: 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 2010 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, 434 (2009: 390) employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2010 is estimated to be R499 171, whereas the cost for the ensuing year is estimated to be R731 117 (2009: R408 041 and R499 171 respectively).

2010 **2009**
R **R**

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

Discount Rate	9.01%	9.04%
Cost Inflation Rate	5.60%	6.62%
Net Effective Discount Rate	3.22%	2.27%
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	3 164 453	2 901 368
Current service costs	499 171	408 041
Interest cost	266 824	302 305
Benefits paid	(433 429)	(303 597)
Actuarial losses / (gains)	(257 242)	(143 664)
Losses / (gains) on curtailments	(192 608)	-

Present Value of Fund Obligation at the end of the Year

3 047 169 **3 164 453**

Actuarial losses / (gains) unrecognised

- -

Total Recognised Benefit Liability

3 047 169 **3 164 453**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 047 169	3 164 453
Unfunded Accrued Liability	3 047 169	3 164 453
Actuarial gains / (losses) not recognised	-	-

Total Benefit Liability

3 047 169 **3 164 453**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	499 171	408 041
Interest cost	266 824	302 305
Actuarial losses / (gains)	(257 242)	(143 664)
Losses / (Gains) arising from curtailments or settlements	(192 608)	-

Total Post-retirement Benefit included in Employee Related Costs (Note 27)

316 145 **566 682**

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R	2008 R	2007 R	2006 R
The history of experienced adjustments is as follows:					
Present Value of Defined Benefit Obligation	3 047 169	3 164 453	2 901 368	2 623 583	-
Deficit	<u>3 047 169</u>	<u>3 164 453</u>	<u>2 901 368</u>	<u>2 623 583</u>	<u>-</u>
Experienced adjustments on Plan Liabilities	(124 535)	-	-	-	-

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.

	2010 R	2009 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	44 268	44 000
Effect on the defined benefit obligation	134 789	188 856
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(39 646)	(39 536)
Effect on the defined benefit obligation	(124 955)	(171 837)

The municipality expects to make a contribution of R978 424 (2009: R765 995) to the defined benefit plans during the next financial year.

20. ACCUMULATED SURPLUS

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

Capital Replacement Reserve (CRR)	40 268 696	36 835 517
Government Grants Reserve	372 134 027	240 586 171
Accumulated Surplus / (Deficit) due to the results of Operations	137 826 981	77 215 538
Total Accumulated Surplus	<u>550 229 704</u>	<u>354 637 226</u>

Accumulated Surplus has been restated to correctly classify amounts to be included in Creditors. Refer to Notes 38.1 and 38.2 on "Correction of Error" for details of the restatement.

Furthermore, *Accumulated Surplus* has been restated to adhere to correctly disclose the assets held by the municipality, previously expensed as Grant Expenditure from the MIG Grant. Refer to Notes 38.1 and 38.3 on "Correction of Error" 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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
21. SERVICE CHARGES		
Availability Charges	112 091	-
Sewerage and Water Charges	53 053 294	-
Total Service Charges	53 165 385	-

Service Charges were recognised the first time in the reporting year and originate from consumer services rendered by the local municipalities on behalf of the municipality. Refer to Note 38.5.

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	79 640	101 312
Rental Revenue from Equipment	69 851	266 498
Total Rental of Facilities and Equipment	149 491	367 810

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

23. INTEREST EARNED		
External Investments:		
Investments	20 994 786	25 294 524
Other Interest	57 815	45 581
	21 052 602	25 340 104
Total Interest Earned	21 052 602	25 340 104

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

Available-for-Sale Financial Assets	57 815	45 581
Held-to-Maturity Investments	20 994 786	25 294 524
Loans and Receivables	-	-
	21 052 602	25 340 104

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
24. GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	195 763 613	140 291 427
Provincial Health Subsidies	13 996 135	17 459 130
Provincial Road Subsidies	21 967 623	24 862 509
Other Subsidies	21 976 967	18 614 224
Operational Grants	253 704 337	201 227 291
Conditional Grants	260 075 024	240 617 999
National: Equitable Share	45 068 746	38 450 017
National: FMG	1 610 876	593 351
National: MIG	137 880 629	178 274 515
National: MSIG	1 004 718	1 855 189
National: DWAF	61 315 879	6 147 899
National: Public Works Grant	36 803	-
National: Sport and Development	405 555	5 936 287
Provincial: Treasury Grant	-	370 760
Provincial: Agriculture Grant	5 763 106	-
Provincial: DHLGTA Grant	476 050	6 375 672
Provincial: Transport Grant	5 077 852	-
Other Spheres of Government: Various Grants	1 434 810	2 614 310
Total Government Grants and Subsidies	513 779 361	441 845 289

Operational Grants:

24.1 National: Equitable Share	195 763 613	140 291 427
---------------------------------------	--------------------	--------------------

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.

24.2 Provincial: Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	13 996 135	17 459 130
Conditions met - transferred to Revenue	(13 996 135)	(17 459 130)
Conditions still to be met - transferred to Current Assets (see Note 5)	-	-

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

Conditional Grants:

24.3 National: Equitable Share

Balance unspent at beginning of year	16 708 263	16 563 781
Current year receipts	28 360 483	38 594 500
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(45 067 146)	-
Conditions met - transferred to Revenue: Capital Expenses	(1 600)	(38 450 017)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	(0)	16 708 263

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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
24.4 National: FMG Grant		
Balance unspent at beginning of year	8 265 751	1 880 587
Current year receipts	750 000	6 978 515
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 608 248)	-
Conditions met - transferred to Revenue: Capital Expenses	(2 629)	(593 351)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>7 404 875</u>	<u>8 265 751</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.

24.5 National: MIG Funds

Balance unspent at beginning of year	33 152 678	44 408 779
Current year receipts	187 341 140	167 018 415
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(11 194 988)	(39 948 364)
Conditions met - transferred to Revenue: Capital Expenses	(126 685 641)	(138 326 151)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>82 613 189</u>	<u>33 152 678</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.

24.6 National: MSIG Funds

Balance unspent at beginning of year	2 249 664	3 369 853
Current year receipts	735 000	735 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 004 718)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(1 855 189)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1 979 946</u>	<u>2 249 664</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.

24.7 National - Department Water Affairs and Forestry (DWAF)

Balance unspent at beginning of year	26 791 126	17 729 024
Current year receipts	53 720 446	15 210 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(61 315 879)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(6 147 899)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>19 195 692</u>	<u>26 791 126</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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
24.8 National - Department Rural Development and Land Reform		
Balance unspent at beginning of year	402 614	402 614
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 15)	402 614	402 614

This grant was used to promote rural development and land reform. No funds have been transferred to the municipality.

24.9 National - Department Public Works

Balance unspent at beginning of year	337 766	337 766
Current year receipts	5 732 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(36 803)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	6 032 964	337 766

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

24.10 National: Sport and Development

Balance unspent at beginning of year	8 269 336	8 218 623
Current year receipts	7 987 000	5 987 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(405 555)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(5 936 287)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	15 850 781	8 269 336

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

24.11 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 15)	21 569	21 569

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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
24.12 Provincial: Treasury		
Balance unspent at beginning of year	158 962	529 722
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(370 760)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	158 962	158 962

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

24.13 Provincial: Department Agriculture

Balance unspent at beginning of year	-	-
Current year receipts	17 100 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(905 119)	-
Conditions met - transferred to Revenue: Capital Expenses	(4 857 987)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	11 336 894	-

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

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

Balance unspent at beginning of year	10 812 784	15 916 422
Current year receipts	2 655 723	1 341 759
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(476 050)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(6 375 672)
Other Transfers	-	(69 725)
Conditions still to be met - transferred to Liabilities (see Note 15)	12 992 457	10 812 784

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

24.15 Provincial - Department Economic Affairs

Balance unspent at beginning of year	9 110 136	5 652 423
Current year receipts	-	3 457 713
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 15)	9 110 136	9 110 136

This grant was received to assist in local economic development. No funds have been withheld.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
24.16 Provincial - Department Health		
Balance unspent at beginning of year	3 468 273	3 468 273
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	(3 468 273)	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</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.

24.17 Provincial - Department Transport

Balance unspent at beginning of year	5 487 044	1 387 044
Current year receipts	9 800 000	4 100 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(5 077 852)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>10 209 192</u>	<u>5 487 044</u>

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

24.18 Other Spheres of Government

Balance unspent at beginning of year	2 915 307	129 617
Current year receipts	445 000	5 400 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 434 810)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(2 614 310)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1 925 497</u>	<u>2 915 307</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.

24.19 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2010), government grant funding is expected to increase over the forthcoming three financial years.

25. PUBLIC CONTRIBUTIONS AND DONATIONS

Other Donations	50 000	-
Total Public Contributions and Donations	<u>50 000</u>	<u>-</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
26. OTHER REVENUE		
Commission on Collections	81 473	80 550
Tender Documents	283 800	190 430
Other Income	1 390 244	728 937
Total Other Income	1 755 518	999 917

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 21 to 22, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

27. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	79 014 308	45 517 474
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	15 894 653	10 623 108
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	7 528 991	5 265 019
Housing Benefits and Allowances	963 931	1 015 828
Performance Bonuses	185 561	-
Defined Benefit Plan Expense:	4 818 755	3 798 417
Current Service Cost	1 366 344	1 378 986
Interest Cost	1 917 533	1 961 881
Net Actuarial (gains)/losses recognised	1 534 878	457 550
Vested Past Service Cost	-	-
Total Employee Related Costs	108 406 199	66 219 846

No advances were made to employees. Loans to employees are set out in Note 12.

Remuneration of the Municipal Manager

Annual Remuneration	497 747	450 450
Performance Bonus	45 232	-
Car and Other Allowances	191 558	173 356
Contributions to UIF, Medical and Pension Funds	143 723	120 588
Total	878 261	744 394

Remuneration of the Director: Finance

Annual Remuneration	183 695	290 615
Acting Allowance	252 113	118 500
Performance Bonus	-	-
Car and Other Allowances	140 750	129 941
Contributions to UIF, Medical and Pension Funds	66 183	66 183
Total	642 741	605 239

The post was vacant as from 01 June 2008 until 31 October 2009. An Acting Allowance was paid for the period 01 June 2008 to 31 October 2009.

Remuneration of the Director: Corporate Services

Annual Remuneration	462 984	418 990
Performance Bonus	35 082	-
Car and Other Allowances	190 260	172 181
Contributions to UIF, Medical and Pension Funds	122 072	103 292
Total	810 398	694 462

Remuneration of the Director: Health Services

Annual Remuneration	462 984	418 990
Performance Bonus	35 082	-
Car and Other Allowances	190 260	172 181
Contributions to UIF, Medical and Pension Funds	122 072	103 292
Total	810 398	694 462

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Remuneration of the Director: Integrated Planning and Development		
Annual Remuneration	462 984	418 990
Performance Bonus	35 082	-
Car and Other Allowances	190 260	172 181
Contributions to UIF, Medical and Pension Funds	122 072	103 292
Total	810 398	694 462

Remuneration of the Director: Technical Services		
Annual Remuneration	462 984	418 990
Performance Bonus	35 082	-
Car and Other Allowances	190 260	172 181
Contributions to UIF, Medical and Pension Funds	122 072	103 292
Total	810 398	694 462

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

Staff Leave Benefits:-		
Municipal Manager	27 330	18 644
Chief Financial Officer	17 232	-
Director: Corporate Services	63 268	46 427
Director: Health Services	16 890	29 208
Director: Integrated Planning and Development	19 744	61 185
Director: Technical Services	6 069	39 527
Total	150 533	194 992

28. REMUNERATION OF COUNCILLORS

Executive Mayor	432 206	403 932
Speaker	345 785	323 145
Mayoral Committee Members	1 919 678	1 716 711
Councillors	1 256 196	1 120 897
Sundry Allowances (Cellular Phones, etc)	1 506 184	1 426 537
Total Councillors' Remuneration	5 460 050	4 991 222

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.

29. DEPRECIATION AND AMORTISATION

The municipality has taken advantage of the transitional provisions on the measurement of assets set out in Directive 4 of the Accounting Standards Board on GRAP 17. Therefore, no depreciation has been calculated for the current year.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
30. IMPAIRMENT LOSSES		
30.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	24 683 541	13 573 358
Consumer Debtors	24 683 541	-
Other Debtors	-	13 573 358
Impairment Losses Reversed:	(17 489 414)	-
Consumer Debtors	-	-
Other Debtors	(17 489 414)	-
	7 194 127	13 573 358
Total Impairment Losses	7 194 127	13 573 358

Impairment Losses on Consumer Debtors were recognised the first time in the reporting year and originate from consumer services rendered by the local municipalities on behalf of the municipality. Refer to Note 38.5.

31. FINANCE COSTS

Loans and Payables at amortised cost	407 194	454 730
Other Interest Paid	77 237	31 806
Total Interest Paid on External Borrowings	484 431	486 536

The weighted average capitalisation rate on funds borrowed generally is 5,32% per annum (2009: 5,27% per annum).

32. BULK PURCHASES

Water	12 265 344	-
Total Bulk Purchases	12 265 344	-

Bulk Purchases were recognised the first time in the reporting year and originate from consumer services rendered by the local municipalities on behalf of the municipality. Refer to Note 38.5.

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Water is mainly purchased from DWAF.

33. CONTRACTED SERVICES

Cash-in-Transit Services	7 661	16 110
Consultants' Fees	35 193 566	5 264 428
Security Services	298 330	105 882
Total Contracted Services	35 499 558	5 386 419

Included in Consultants' Fees is an amount of R4 776 047 (2009: R5 056 367) in respect of architectural and planning fees of a new administration office block. It was not certain at year-end whether the building project will realise.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
34. GRANTS AND SUBSIDIES PAID		
Community Projects	157 053 214	123 244 233
Free Basic Services	61 888 238	16 670 553
Problem Animal Control	12 000	12 000
Tourism	13 200	80 775
Other	116 158	96 438
Total Grants and Subsidies	219 082 809	140 103 998

Grants and Subsidies Paid have been restated to correctly record the assets held by the municipality, previously expensed as Grant Expenditure from the MIG Grant. Refer to Note 38.4 on "Correction of Error" 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.

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

Problem Animal Control is paid to enable farmers to control animals that are dangerous to livestock. 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.

35. GENERAL EXPENSES

Included in General Expenses are the following:

Advertising	628 192	1 193 223
Audit Fees	4 916 161	2 850 452
Communication (Radio)	1 706 415	1 930 600
Electricity	4 898 001	2 863 067
Estates Rates	88 947	1 602 852
Fuel and Oil	3 860 069	767 658
Printing and Stationery	1 457 250	1 100 358
Refurbishment of Water Schemes	15 692 116	29 131 133
Roads Operating Expenditure	-	20 081 630
Subsistence and Travelling	4 150 925	3 082 941
Systems Security and Software	1 170 087	1 148 846
Telephones	2 201 531	1 973 908
Twining Agreements	-	(240 254)
Other General Expenses	40 416 126	8 830 131
Inter-departmental Charges	-	11 534
Total General Expenses	81 185 820	76 328 080

General Expenses have been restated to correctly disclose the liability of the municipality for Workmen's Compensation not yet assessed. Refer to Note 38.4 on "Correction of Error" 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 direct attributable to a specific service or class of expense.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
35.1 Material Losses	261 500	38 501
Vehicle Damages	261 500	38 501

36. DISCONTINUED OPERATIONS

No operations have been discontinued.

37. CHANGE IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2009/2010 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

38. CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

38.1 Reclassification of Accumulated Surplus:

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the Correction of Error is as follows:

	Accumulated Surplus
Balances published as at 30 June 2008	93 685 252
Reclassify Creditors - Note 38.2	(765 281)
Reclassify Assets - Note 38.3	110 999 194
Restated Balances as at 30 June 2008	203 919 166
Transactions incurred for the Year 2008/2009	31 430 675
Correction of Error:	
Expenditure for Workmen's Compensation - Note 38.4	(472 660)
Capitalisation of Assets - Note 38.4	113 595 693
Reclassification of Transactions - Note 38.5	6 164 352
Restated Balances as at 30 June 2009	354 637 226
Transactions incurred for the Year 2009/2010	98 031 992
Correction of Error:	
Reclassification of Transactions - Note 38.5	97 560 487
Restated Balances as at 30 June 2010	550 229 704

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R 2009
R

38.2 Reclassification of Creditors:

The prior year figures of Creditors have been restated to correctly disclose the liability of the municipality for Workmen's Compensation not yet assessed.

The effect of the Correction of Error is as follows:

	Creditors
Balances published as at 30 June 2008	48 135 584
Reclassification of Creditors to reflect the liability for Workmen's Compensation	765 281
Restated Balances as at 30 June 2008	<u>48 900 864</u>
Transactions incurred for the Year 2008/2009	(24 935 528)
Recognition of Workmen's Compensation for the Year 2008/09	472 660
Restated Balances as at 30 June 2009	<u><u>24 437 997</u></u>

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

The prior year figures of Property, Plant & Equipment and Accumulated Surplus have been restated to correctly record the assets held by the municipality, previously expensed as Grant Expenditure from the MIG Grant.

The effect of the Correction of Error is as follows:

	Investment Property	PPE at Cost	W I P at Cost
Balances published as at 30 June 2008	-	36 109 871	-
Reclassification of Investment Property	100	(100)	-
Reclassification of Assets at Cost capitalised from MIG Grant	-	8 826 991	-
Reclassification of Work-in-Progress capitalised from MIG Grant	-	-	102 172 204
Restated Balances as at 30 June 2008	<u>100</u>	<u>44 936 761</u>	<u>102 172 204</u>
Transactions incurred for the Year 2008/2009	-	6 966 194	-
Assets capitalised from MIG Grant	-	256 000	113 339 693
Assets completed and transferred from WIP to At Cost	-	5 561 984	(5 561 984)
Restated Balances as at 30 June 2009	<u><u>100</u></u>	<u><u>57 720 940</u></u>	<u><u>209 949 912</u></u>

38.4 Reclassification of Expenditure for Grants and Subsidies Paid and General Expenses:

The prior year figures of Grants and Subsidies Paid have been restated to correctly record the assets held by the municipality, previously expensed as Grant Expenditure from the MIG Grant.

The prior year figures of General Expenses have been restated to correctly disclose the liability of the municipality for Workmen's Compensation not yet assessed.

The effect of the Correction of Error is as follows:

	Grants Paid	General Expenses
Balances as per AFS previously published for 2008/2009	253 699 691	75 843 886
Recognition of Workmen's Compensation for the Year 2008/09	-	472 660
Assets capitalised from MIG Grant	(113 595 693)	-
Balances as at 30 June 2007 per AFS published for 2008/2009	<u>140 103 998</u>	<u>76 316 546</u>

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
38.5 Reclassification of Accumulated Surplus:		
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	10 000	(4 262 286)
Corrections to Creditors	220 776	7 721 811
Corrections to Debtors	(1 167 448)	(230 347)
Corrections to VAT Receivable	-	4 798 914
Corrections to Expenditure	1 569 593	470 542
Corrections to Revenue	-	2 178
Adjustment of Government Grant Reserve	-	(2 336 460)
Accounting for Sanitation and Water Services by the Local Municipalities	96 927 566	-
Increase / (Decrease) in Accumulated Surplus Account	97 560 487	6 164 352

The Assets, Liabilities, Revenue and Expenditure of the municipality have been adjusted as indicated above to correct transactions that occurred in previous financial years. Due to the nature of the transactions and the volumes thereof, opening balances have not been restated and the transactions were posted prospectively.

During the financial year 2009/10 the municipality obtained the information from its local municipalities in respect of the services for sanitation and water rendered on its behalf. Due to the nature of the transactions and the volumes thereof, opening balances have not been restated and the transactions were posted prospectively.

39. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	98 031 992	144 553 707
Adjustment for:		
Correction of prior year Error	97 560 487	6 164 352
Gains on Disposal of Property, Plant and Equipment	390 524	(339 716)
Contribution to Retirement Benefit Liabilities	4 502 610	3 231 735
Expenditure incurred from Retirement Benefit Liabilities	(689 568)	(534 484)
Contribution to Provisions - Current	953 963	782 295
Contribution to Provisions - Non-current	316 145	566 682
Expenditure incurred from Provisions - Current	(618 990)	(303 597)
Contribution to Impairment Provision	114 498 653	13 573 358
Bad Debts Written-off	-	(3 652 300)
Investment Income	(21 052 602)	(25 340 104)
Finance Costs	484 431	486 536
Operating surplus before working capital changes	294 377 645	139 188 464
Decrease/(Increase) in Inventories	(6 764 579)	-
Decrease/(Increase) in Consumer Debtors	(200 982 333)	-
Decrease/(Increase) in Other Debtors	23 242 578	7 493 324
Decrease/(Increase) in VAT Receivable	(24 373 907)	(1 687 940)
Increase/(Decrease) in Creditors	87 841 674	(24 462 868)
Increase/(Decrease) in Conditional Grants and Receipts	51 083 495	8 135 178
Increase/(Decrease) in Operating Lease Liabilities	1 325 708	4 788
Cash generated by / (utilised in) Operations	225 750 282	128 670 947

40. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2009/2010 financial year.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R

2009
R

41. FINANCING FACILITIES

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

42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 17)	7 652 081	8 626 446
Used to finance Community Projects (Bucket eradication)	(7 652 081)	(8 626 446)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 13 and 17)	-	-
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.

43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	31 206 062	8 171 766
Unauthorised Expenditure current year	103 505 068	23 034 296
Approved by Council or condoned	(31 206 062)	-
To be recovered – contingent asset (see Note 50)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	103 505 068	31 206 062

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted amounts exceeded:-</i>	<i>None</i>
-- Employee Related Cost - R7 579 380 (2009: R0)	
-- Provision for Bad Debts - R7 194 127 (2009: R13 573 358)	
-- Repairs and Maintenance - R19 247 027 (2009: R0)	
-- Bulk Purchases - R10 265 344 (2009: R0)	
-- Contracted Services - R35 180 740 (2009: R0)	
-- General Expenses - R23 169 451 (2009: R5 524 624)	
-- Loss on Disposals - R390 524 (2009: R0)	
Payment to Maximum Profit Recovery - R478 475 (2009: R0)	<i>None. It is endeavoured to obtain replacement equipment or a refund.</i>

43.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1 531 052	-
Fruitless and Wasteful Expenditure current year	77 237	1 531 052
Condoned or written off by Council	(1 446 786)	-
To be recovered – contingent asset (see Note 50)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	161 504	1 531 052

Incident	Disciplinary Steps / Criminal Proceedings
<i>Interest on late payments - R377 237 (2009: R31 806)</i>	<i>None</i>

43.3 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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	426 851	426 851
Amount Paid - current year	(426 851)	(426 851)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-
44.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	4 916 161	2 500 396
Amount Paid - current year	(4 916 161)	(2 500 396)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-
44.3 VAT		
VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.		
44.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	11 999 573	9 450 404
Amount Paid - current year	(11 999 573)	(9 450 404)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-
44.5 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	19 533 505	16 089 764
Amount Paid - current year	(19 528 030)	(16 089 764)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	5 475	-

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2010 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2010.

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

No known matters existed at reporting date.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010 **2009**
R **R**

44.8 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
Corporate Services	September 2009	Tiekams Audio Video	Nikon D5000 Digital Camera with accessories	111 149.85 Excluding VAT
<i>Only one quotation received as other suppliers do not stock the camera</i>				
Community and Health Services	November 2009	Don Gresswell Library Library Products	Furniture and Shelving	102 318.10
	November 2009	Apex Stationers		38 641.20 Excluding VAT
<i>The only responsive quotations received</i>				
Supply Chain Management	February 2010	Lithotech	Stationery	6 840.00 Excluding VAT
<i>The sole supplier for the stationery requested</i>				
Community and Health Services	April 2010	Merck Chemicals	Laboratory Equipment	81 609.18 Excluding VAT
<i>The only responsive quotation received</i>				
Special Project Unit	April 2010	Gem Instant Print	Embroidery on golf shirts, Jackets and Sport Bags	153 731.70
	April 2010	Black Walk Trading		9 991.00 Excluding VAT
<i>Only two service providers responding on time each time when quotations were requested</i>				
Community and Health Services	Year 2009/2010	Various occasions (12)	Accommodation, Catering, Transport, Conferences, etc	195 581.88 Excluding VAT
<i>12 Occasions during the financial year for various reasons amounting to R195 581,88 (excluding VAT)</i>				
Corporate Services	Year 2009/2010	Various occasions (14)	Advertising, Courses, Sponsors, Training, Service & Repairs	268 287.60 Excluding VAT
<i>14 Occasions during the financial year for various reasons amounting to R268 287,60 (excluding VAT)</i>				
Engineering Services	Year 2009/2010	Various occasions (3)	Catering, Repairs & Security Gate	27 107.00 Excluding VAT
<i>3 Occasions during the financial year for various reasons amounting to R27 107,00 (excluding VAT)</i>				
Financial Services	Year 2009/2010	Various occasions (4)	Furniture, Software Services and Workshops	85 551.69 Excluding VAT
<i>4 Occasions during the financial year for various reasons amounting to R85 551,69 (excluding VAT)</i>				
Financial Services	Year 2009/2010	Various occasions (4)	Booklets, Fertiliser, Irrigation, Samplers & Training	103 440.41 Excluding VAT
<i>The only service provider that can supply the specific products needed for the projects amounting to R103 440,41 (excluding VAT)</i>				
Financial Services	Year 2009/2010	Business Connexions (3 occasions)	Software Services	174 812.05 Excluding VAT
<i>The provider is the owner of the financial system and therefore the only provider who may change programming and source codes</i>				
Integrated Planning & Economic Development	Year 2009/2010	Various occasions (5)	Accommodation, Performance Fees, Workshops, etc	88 564.80 Excluding VAT
<i>5 Occasions during the financial year for various reasons amounting to R88 564,80 (excluding VAT)</i>				
Workshop	Year 2009/2010	Cradock Security CC	Security Services at 3 occasions	46 170.00 Excluding VAT
<i>The sole supplier for the security services requested at 3 occasions amounting to R46 170,00 (excluding VAT)</i>				

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
45. COMMITMENTS FOR EXPENDITURE		
45.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	-	9 425 313
<i>Infrastructure</i>	-	-
<i>Community</i>	-	9 208 147
<i>Heritage</i>	-	-
<i>Other</i>	-	217 166
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
- Approved but Not Yet Contracted for:-	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
Total Capital Commitments	-	9 425 313
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	-	9 425 313
District Council Grants	-	-
Public Contributions	-	-
Own Resources	-	-
	-	9 425 313

45.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 16.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
46. FINANCIAL INSTRUMENTS		
46.1 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	0 -
Consumer Debtors		
Sewerage	Loans and receivables	33 455 321 -
Water	Loans and receivables	35 538 944 -
Other Debtors		
Government Subsidy Claims	Loans and receivables	10 095 644 17 608 012
Projects	Loans and receivables	60 734 1 380 364
Recoverable Works	Loans and receivables	146 486 146 486
Short-term Loans	Loans and receivables	2 306 686 19 101 652
Sundry Deposits	Loans and receivables	907 732 808 590
Sundry Debtors	Loans and receivables	9 707 883 7 422 639
Bank,Cash and Cash Equivalents		
Call Deposits	Available for sale	112 040 643 115 060 738
Bank Balances	Available for sale	342 084 802 254 765 637
Current Portion of Long-term Receivables		
Car Loans	Loans and receivables	(0) 7 695
SUMMARY OF FINANCIAL ASSETS		
Loans and Receivables		
Long-term Receivables	Car Loans	0 -
Consumer Debtors	Sewerage	33 455 321 -
Consumer Debtors	Water	35 538 944 -
Other Debtors	Government Subsidy Claims	10 095 644 17 608 012
Other Debtors	Projects	60 734 1 380 364
Other Debtors	Recoverable Works	146 486 146 486
Other Debtors	Short-term Loans	2 306 686 19 101 652
Other Debtors	Sundry Deposits	907 732 808 590
Other Debtors	Sundry Debtors	9 707 883 7 422 639
Current Portion of Long-term Receivables	Car Loans	(0) 7 695
		<u>92 219 430</u> <u>46 475 438</u>
Available for Sale:		
Bank,Cash and Cash Equivalents	Call Deposits	112 040 643 115 060 738
Bank,Cash and Cash Equivalents	Bank Balances	342 084 802 254 765 637
		<u>454 125 445</u> <u>369 826 375</u>
Total Financial Assets		546 344 874 416 301 812

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
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	6 628 389	7 652 081
Creditors			
Trade Creditors	Financial liabilities at amortised cost	40 482 646	14 822 737
Payments received in Advance	Financial liabilities at amortised cost	57 531	-
Retentions	Financial liabilities at amortised cost	3 319 227	3 529 077
Staff Bonuses	Financial liabilities at amortised cost	2 022 339	1 578 152
Sundry Deposits	Financial liabilities at amortised cost	8 335	8 335
Other Creditors	Financial liabilities at amortised cost	66 389 594	4 499 696
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	1 023 692	974 365
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	6 628 389	7 652 081
Creditors	Trade Creditors	40 482 646	14 822 737
Creditors	Payments received in Advance	57 531	-
Creditors	Retentions	3 319 227	3 529 077
Creditors	Staff Bonuses	2 022 339	1 578 152
Creditors	Sundry Deposits	8 335	8 335
Creditors	Other Creditors	66 389 594	4 499 696
Current Portion of Long-term Liabilities	Annuity Loans	1 023 692	974 365
		119 931 752	33 064 443
Total Financial Liabilities		119 931 752	33 064 443

46.2 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 current payment ratio's of the municipality's debtors.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R

2009
R

46.3 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 2009.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 7, Bank, Cash and Cash Equivalents and Equity, comprising Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

2010
R

2009
R

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

Debt	7 652 081	8 626 446
Bank, Cash and Cash Equivalents	(342 084 802)	(254 765 637)
Net Debt	(334 432 721)	(246 139 191)
Total Capital	215 796 983	108 498 035
Net debt to total capital ratio	-154.98%	-226.86%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 17.

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.

46.4 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.

46.5 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.

46.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 46.9 below). No formal policy exists to hedge volatilities in the interest rate market.

46.6.1 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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010	2009
R	R

46.6.2 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 investment committee.

Consumer Debtors comprise of a large number of consumers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

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 sensitivity analysis below have been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 47.7 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2010 would have decreased / increased by R2 984 207 (2009: decreased / increased by R2 388 523). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

The municipality's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

46. FINANCIAL INSTRUMENTS (Continued)

46.7 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 2010

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	17	5.00%	(7 652 081)	-	-	-	-	(7 652 081)
DBSA			(7 652 081)	-	-	-	-	(7 652 081)
Total Fixed Rate Instruments			(7 652 081)	-	-	-	-	(7 652 081)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	7		112 040 643	112 040 643	-	-	-	-
Bank Balances and Cash	7		230 044 160	230 044 160	-	-	-	-
Total Fixed Rate Instruments			342 084 802	342 084 802	-	-	-	-

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	17	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	7		115 060 738	115 060 738	-	-	-	-
Bank Balances and Cash	7		139 704 899	139 704 899	-	-	-	-
Total Fixed Rate Instruments			254 765 637	254 765 637	-	-	-	-

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

46.8 Other Price Risks

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

46.9 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.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. A credit line overdraft facility of RXX million is available and is unsecured. Interest payable is linked to the prime interest rate.

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
30 June 2010								
Non-interest Bearing		0.00%	112 279 671	112 279 671	-	-	-	-
Fixed Interest Rate Instruments		5.00%	9 059 085	696 853	696 853	1 393 705	4 181 116	2 090 558
			121 338 755	112 976 524	696 853	1 393 705	4 181 116	2 090 558
30 June 2009								
Non-interest Bearing		0.00%	24 437 997	24 437 997	-	-	-	-
Fixed Interest Rate Instruments		5.00%	10 452 790	696 853	696 853	1 393 705	4 181 116	3 484 263
			34 890 787	25 134 849	696 853	1 393 705	4 181 116	3 484 263

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010	2009
R	R

46. FINANCIAL INSTRUMENTS (Continued)

46.10 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.

Consumer Debtors comprise of a large number of consumers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

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. 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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	-	7 695
Consumer Debtors	68 994 265	-
Other Debtors	18 642 267	24 395 431
Bank, Cash and Cash Equivalents	342 084 802	254 765 637
Maximum Credit and Interest Risk Exposure	429 721 334	279 168 763
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
Total Long-term Receivables	-	7 695
Consumer Debtors		
Counterparties without external credit rating:-		
Group 1	-	-
Group 2	21 012 537	-
Group 3	179 969 796	-
	200 982 333	-
Total Consumer Debtors	200 982 333	-
Other Debtors		
Group 1	907 732	808 590
Group 2	-	-
Group 3	22 317 433	45 659 152
Total Other Debtors	23 225 165	46 467 743
Bank and Cash Balances		
First National Bank	342 080 262	254 761 097
Cash Equivalents	4 540	4 540
Total Bank and Cash Balances	342 084 802	254 765 637

Credit quality Groupings:

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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010	2009
R	R

47. 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 R10,1 million (2009: R6,2 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 2009.

The statutory valuation performed as at 30 June 2009 revealed that the fund had a surplus of R0,0 (30 June 2008: R182,7) million, with a funding level of 100,0% (30 June 2008: 106,5%). The balance of the Solvency Reserve was R220,6 (30 June 2008: R0,0) million. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,1%.

Subsequent to the last annual actuarial valuation report, an investigation of the investment return revealed that the actual investment return is -0,94% and that the shortfall in the investment returns in respect of the defined benefits component of the fund is R195 856 424. In terms of Rule 17(5) of the fund the municipality's pro rata share of the shortfall amounts to R567 984 which is due and payable.

Government Employees Pension Fund (GEPF):

The scheme is subject to a tri-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 surplus of R0,0 (30 June 2004: deficit of R12,8) million, with a funding level of 100,0% (30 June 2004: 96,5%). The contribution rate paid by the members (7,00%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010	2009
R	R

South African Local Authorities Pension Fund (SALA):

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 1 July 2009.

The statutory valuation performed as at 1 July 2009 revealed that the fund had a deficit of 264,2 (1 July 2007: Surplus of R558,4) million, with a funding level of 96% (1 July 2007: 110%). 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.

Although the fund is less than 100% funded at the valuation date, no additional action is required at this stage to rectify the situation. If the current employer contribution rate is maintained, the fund is expected to be close to 100% funded at the next tri-annual valuation, provided the assumptions are borne out in practice.

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 2009.

The statutory valuation performed as at 30 June 2009 revealed that the investment reserve of the fund amounted to R1 171 (30 June 2008: R12 033) million, with a funding level of 100,3% (30 June 2008: 103,3%). 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 2009.

The statutory valuation performed as at 30 June 2009 revealed that the assets of the fund amounted to R6 842 (30 June 2008: R6 675) million, with funding levels of 100,8% and 131,9% (30 June 2008: 101,1% and 112,2%) 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 a tri-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.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

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.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R 2009
R

48. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

48.1 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
Birch J	Councillor	Director of Wilfradan Investments (Pty) Ltd
Bobo T	Councillor	100% Membership in Lingelihle Glass Fitters CC; 50% Membership in Ilinge Labatsha Development CC
Gobinca M	Councillor	50% Membership in Shine & Brilliant General Trading CC
Gunuzo NL	Councillor	Director of Lembede Investment Holdings (Pty) Ltd; Director of Lembede Strategic Investment
James LE	Councillor	Director of EC Agricultural Co-op; 33% Membership in Palgro Property Investments CC
Koyo MC	Councillor	100% Membership in MBK Consulting Services CC
Mbolo S	Councillor	25% Membership in Amandla Construction CC; 25% Membership in Monde Skosana Building Construction
Nobongoza TP	Councillor	Director of Sakhisizwe Multipurpose Resource Centre (Section 21 Company)
Nontsele M	Councillor	33,33% Membership in Izibele Management Services CC
Pasha NM	Councillor	Director of Engcobo Housing Project (Section 21 Company)
Plata SD	Councillor	100% Membership in Daves Energy Distribution CC
Sigabi MS	Councillor	Director of EC Socio-Economic Consultative Council (Section 21 Company)
Taljaard J	Councillor	33,33% Membership in Essential Properties 166 CC
Twala B	Councillor	Director of Kuthalani Agricultural
Vimbayo X	Councillor	Director of Border Rural Committee (Section 21 Company); 50% Membership in Sikho Social Development Facilitators CC
Zenzile M	Councillor	Director of Cradock Masizame (Section 21 Company)
Dyasi-De Lange MP	Manager	50,02% Membership in Siyaphuhlisa Consulting Services CC
Fumbeza N	Manager	33,33% Membership in Thembalobom Manufacturing and Enterprise CC
Jaxa-Dusubana V	Manager	33,33% Membership in Seven Mile Trading 132 CC
Lynch JEDV	Manager	100% Membership in Ke-Rometsi Transport Services CC
Makonza A	Manager	100% Membership in Seasons Find 1260 CC
Mbambisa MS	Manager	100% Membership in Booi Mbambisa & Associates CC; 16.66% Membership in Mulepele Trading Enterprise CC
Mdleleni A	Manager	50% Membership in Ikhwezi Mediation & Development Services CC
Myataza-Ntshinga NJ	Manager	50% Membership in LX Financial Services CC
Shasha MM	Manager	100% Membership in Worldwatch Trading 123 CC; 50% Membership in Safika Rural Development Consultants CC

48.2 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 12 to the Annual Financial Statements.

48.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 27 and 28 respectively, to the Annual Financial Statements.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R 2009
R

48.4 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
East Cape Agricultural	James LE	Director	Councillor	8 873	107 108
Worldwatch Trading 123 CC	Shasha MM	Member	Manager	77 823	7 562
Total Purchases				86 697	114 670

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

2010
R 2009
R

49. CONTINGENT LIABILITIES

49.1 Guarantees:

(i) A bank guarantee in the amount of R20 000 issued in favour of the South African Post office Limited to cover the municipality's postal account.

20 000 20 000

49.2 Court Proceedings:

(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 successfully resisted the application by the Board of Trustees. Legal fees are to be recovered from the litigants. The claim amounts to R100 184.

3 999 846 3 780 662

(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 particulars of the claim are still in process of being amended. 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 501 111 allegedly not made. The matter has been postponed due to new amendments by the defendant. 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 matter was decided in favour of the claimant.

(v) The municipality has been sued by CB Nkukwana 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 was being defended. Subsequently, claimant failed to file his Discovery Affidavit and the claim was dismissed. The taxed costs are being collected and a warrant of execution was issued.

(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. Subsequently, the municipality has paid the capital and a reduced amount in respect of interest.

(vii) Frikton CC is claiming an amount of R488 600 from the municipality in respect of a cession in their favour for services rendered as sub-contractor to Ikamva Civils. The matter is still underway and moving towards trial. The outcome of the case is still uncertain.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
R **2009**
R

(viii) A dispute has arisen over payment of an outstanding amount of R587 000, plus legal costs, allegedly owed for work completed by Joe & Anga Viwe Civils CC, appointed to undertake construction work. The matter has been referred for arbitration. Settlement options have been investigated and presented to claimant, but an agreement has yet to be reached. The outcome of the matter is unknown at this stage.

50. CONTINGENT ASSETS

50.1 Court Proceedings:

300 353 **2 950 000**

(i) The municipality is suing Thusano Construction for an amount of R300 353 in respect of an over-payment on the contract. The company denies liability. No documents to support the claim have been provided to date. 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 debt has been written off in the mean time.

51. COMPARISON WITH THE BUDGET

Budgeted amounts for expenditure have been exceeded as indicated below:

Category of Expenditure	30 June 2010		30 June 2009	
	Budgeted	Actual	Budgeted	Actual
	Amount	Amount	Amount	Amount
	R	R	R	R
Employee Related Costs	100 826 819	108 406 199	-	-
Impairment Losses	-	7 194 127	-	13 573 358
Repairs and Maintenance	2 704 475	21 951 502	-	-
Finance Costs	-	-	471 291	486 536
Bulk Purchases	2 000 000	12 265 344	-	-
Contracted Services	318 818	35 499 558	-	-
General Expenses	58 016 369	81 185 820	-	-
Loss on Disposal of Property, Plant and Equipment	-	390 524	-	17 939

The excess expenditure has not been authorised and is disclosed as such in Note 43.1.

The excess expenditure is to a large extent caused by the integration of the transactions incurred by the Local Municipalities for Sanitation and Water Services into the municipality's records, which transactions have not been budgeted for.

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

52. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

(i) Secondment of International DED Advisor by the German Development Service for one year

53. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2009/2010.

CHRIS HANI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010	2009
R	R

54. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2010.

55. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 37) and Prior Period Errors (Note 38).

56. 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 - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- 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 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

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 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2009	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2010
ANNUITY LOANS	R				R	R	R	R
DBSA	10 000 000	5.00%	101215/1	30/09/2016	8 626 446	-	974 365	7 652 081
Total Annuity Loans	10 000 000				8 626 446	-	974 365	7 652 081
TOTAL EXTERNAL LOANS	10 000 000				8 626 446	-	974 365	7 652 081

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 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2010
	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	R
Land and Buildings													
Carports	41 802	72 600	-	-	-	114 402	11 802	-	-	-	11 802	102 600	-
Houses	372 486	-	-	-	-	372 486	149 001	-	-	-	149 001	223 485	-
Land	3 650 000	-	-	-	-	3 650 000	-	-	-	-	-	3 650 000	-
Office Buildings	14 148 333	-	-	-	-	14 148 333	2 254 631	-	-	-	2 254 631	11 893 702	-
Park Homes	118 505	-	-	-	-	118 505	5 305	-	-	-	5 305	113 200	-
	18 331 126	72 600	-	-	-	18 403 726	2 420 739	-	-	-	2 420 739	15 982 987	-
Infrastructure													
<i>Sewerage:</i>													
Purification Works	5 200 771	-	2 849 274	-	-	8 050 044	-	-	-	-	-	8 050 044	-
Reticulation	3 325 317	-	36 421 548	5 421 174	-	45 168 039	-	-	-	-	-	45 168 039	72 214 811
<i>Water:</i>													
Dams and Weirs	350 089	-	-	-	-	350 089	-	-	-	-	-	350 089	-
Pumping Stations	129 622	-	7 223 804	-	-	7 353 426	-	-	-	-	-	7 353 426	-
Purification Plant	147 679	-	4 463 532	-	-	4 611 211	-	-	-	-	-	4 611 211	-
Reservoirs and Tanks	-	-	7 618 720	-	-	7 618 720	-	-	-	-	-	7 618 720	-
Supply and Reticulation	5 235 496	-	217 780 151	54 857 351	-	277 872 998	-	-	-	-	-	277 872 998	156 285 189
	14 388 975	-	276 357 027	60 278 525	-	351 024 528	-	-	-	-	-	351 024 528	228 500 000
Community Assets													
<i>Recreational Facilities:</i>													
Fountains	11 471	-	-	-	-	11 471	9 360	-	-	-	9 360	2 111	-
<i>Other Facilities:</i>													
Clinics and Hospitals	100 000	-	-	-	-	100 000	53 336	-	-	-	53 336	46 664	-
Community Centres	168 341	-	-	-	(168 341)	-	67 339	-	-	(67 339)	-	-	-
Fencing	19 136	-	-	-	-	19 136	19 136	-	-	-	19 136	-	-
Security Systems	59 623	-	-	-	-	59 623	44 639	-	-	-	44 639	14 984	-
	358 571	-	-	-	(168 341)	190 230	193 810	-	-	(67 339)	126 471	63 759	-
Other Assets													
<i>Emergency Equipment:</i>													
Ambulance Equipment	43 293	-	-	-	(43 293)	-	43 293	-	-	(43 293)	-	-	-
Emergency Lights	288	-	-	-	(288)	-	288	-	-	(288)	-	-	-
Fire Equipment	20 582	-	-	-	(30)	20 552	8 491	-	-	(30)	8 461	12 091	-
Fire Hoses	21 709	-	-	-	(53)	21 656	6 256	-	-	(53)	6 203	15 453	-
<i>Furniture and Fittings:</i>													
Cabinets and Cupboards	646 298	85 713	-	-	(77 285)	654 726	317 804	-	-	(10 126)	307 678	347 048	-
Chairs	399 243	82 091	-	-	(1 984)	479 350	254 435	-	-	(1 984)	252 451	226 899	-
Kitchen Equipment	93 955	5 489	-	-	(1 388)	98 056	21 766	-	-	(1 388)	20 378	77 678	-
Other Furniture	389 162	50 567	-	-	(97 317)	342 412	231 007	-	-	(97 317)	133 690	208 722	217 550
Tables and Desks	468 177	166 885	-	-	(8 247)	626 815	262 396	-	-	(8 247)	254 150	372 666	-

APPENDIX B
CHRIS HANI DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2010
	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	R
<i>Motor Vehicles:</i>													
Fire Engines	1 515 603	-	-	-	-	1 515 603	270 760	-	-	-	270 760	1 244 843	-
Motor Cars	3 744 342	839 026	-	-	(117 407)	4 465 961	1 079 405	-	-	(117 407)	961 998	3 503 963	-
Trucks and Bakkies	7 886 731	28 707 900	-	-	(256 000)	36 338 631	2 302 426	-	-	-	2 302 426	34 036 205	900 000
<i>Office Equipment:</i>													
Air Conditioners	356 891	23 391	-	-	-	380 282	348 003	-	-	-	348 003	32 279	-
Computer Hardware	3 685 955	646 411	-	-	(376 798)	3 955 568	2 518 020	-	-	(342 513)	2 175 507	1 780 061	580 000
Office Machines	460 662	135 180	-	-	(33 407)	562 436	372 062	-	-	(32 755)	339 306	223 129	-
Other Office Equipment	478 972	4 240	-	-	(39 166)	444 046	261 720	-	-	(25 870)	235 849	208 197	-
<i>Plant and Equipment:</i>													
Earthmoving Equipment	2 317 979	-	-	-	-	2 317 979	1 177 708	-	-	-	1 177 708	1 140 270	-
Farm Equipment	276 374	-	-	-	-	276 374	49 474	-	-	-	49 474	226 900	-
Laboratory Equipment	-	70 067	-	-	-	70 067	-	-	-	-	-	70 067	100 000
Lawnmowers	19 903	-	-	-	(3 811)	16 092	13 995	-	-	(3 811)	10 184	5 908	-
Mobile Clinics	156 000	-	-	-	(104 000)	52 000	156 000	-	-	(104 000)	52 000	-	500 000
Other Plant and Equipment	706 462	539 475	-	-	(6 434)	1 239 503	17 517	-	-	(6 434)	11 083	1 228 420	900 000
Radio Equipment	72 981	-	-	-	(66 206)	6 775	72 981	-	-	(66 206)	6 775	-	200 000
Satellite Tracking Equipment	113 465	-	-	-	-	113 465	101 783	-	-	-	101 783	11 682	-
Tractors	636 538	-	-	-	-	636 538	193 716	-	-	-	193 716	442 823	-
Trailers	130 703	-	-	-	-	130 703	24 698	-	-	-	24 698	106 005	-
	24 642 268	31 356 436	-	-	(1 233 113)	54 765 592	10 106 001	-	-	(861 721)	9 244 280	45 521 311	3 397 550
Total	57 720 940	31 429 037	276 357 027	60 278 525	(1 401 453)	424 384 076	12 720 550	-	-	(929 060)	11 791 490	412 592 586	231 897 550

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2010
	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	R
<i>Investment Properties</i>													
Land	100	-	-	-	-	100	-	-	-	-	-	100	-
	100	-	-	-	-	100	-	-	-	-	-	100	-

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2010
	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	R
<i>Intangible Assets</i>													
Computer Software	2 597 229	-	-	-	(154 607)	2 442 622	2 597 039	-	-	(154 417)	2 442 622	-	-
	2 597 229	-	-	-	(154 607)	2 442 622	2 597 039	-	-	(154 417)	2 442 622	-	-
Total Asset Register	60 318 270	31 429 037	276 357 027	60 278 525	(1 556 061)	426 826 798	15 317 589	-	-	(1 083 477)	14 234 112	412 592 686	231 897 550

APPENDIX C
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	6 100 063	-	-	-	(134 261)	3 453 342	-	-	(134 261)	3 319 082	2 646 720
Finance and Administration	30 617 495	26 522 626	-	-	(955 368)	7 548 084	-	-	(585 473)	6 962 611	49 222 142
Planning and Development	2 543 560	99 774	-	-	(60 775)	1 054 175	-	-	(51 331)	1 002 844	1 579 714
Health	2 262 369	71 267	-	-	(236 539)	1 594 872	-	-	(159 949)	1 434 923	662 174
Community and Social Services	310 311	2 270 631	-	-	(13 472)	132 035	-	-	(8 654)	123 381	2 444 089
Housing	-	-	-	-	-	-	-	-	-	-	-
Public Safety	3 938 276	2 464 739	-	-	(149 510)	1 508 706	-	-	(141 841)	1 366 866	4 886 639
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-
Waste Management	8 526 088	-	39 270 821	5 421 174	-	-	-	-	-	-	53 218 084
Roads and Transport	118 891	-	-	-	-	6 217	-	-	-	6 217	112 673
Water	5 901 217	-	237 086 206	54 857 351	(6 136)	20 157	-	-	(1 969)	18 188	297 820 451
Electricity	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	60 318 270	31 429 037	276 357 027	60 278 525	(1 556 061)	15 317 589	-	-	(1 083 477)	14 234 112	412 592 686

APPENDIX D
CHRIS HANI DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)	Description	2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)
R	R	R		R	R	R
-	12 947 127	(12 947 127)	Executive and Council	50 000	11 428 163	(11 378 163)
1 421 295	81 696 000	(80 274 705)	Finance and Administration	1 147 684	33 355 181	(32 207 497)
-	4 970 385	(4 970 385)	Planning and Development	-	6 243 304	(6 243 304)
-	10 147 161	(10 147 161)	Health	-	10 745 984	(10 745 984)
5 600	2 330 026	(2 324 426)	Community and Social Services	-	2 900 438	(2 900 438)
-	-	-	- Housing	-	-	-
-	3 897 792	(3 897 792)	Public Safety	-	4 600 377	(4 600 377)
-	-	-	- Sport and Recreation	-	-	-
300 388	2 079 621	(1 779 234)	Environmental Protection	482 821	2 890 573	(2 407 751)
-	-	-	- Waste Management	-	-	-
-	6 908 400	(6 908 400)	Roads and Transport	-	3 703 573	(3 703 573)
-	75 991 179	(75 991 179)	Water	53 439 991	258 921 968	(205 481 977)
-	-	-	- Electricity	-	-	-
467 183 493	123 389 377	343 794 117	Other	534 831 860	157 130 804	377 701 056
468 910 776	324 357 069	144 553 707	Sub-Total	589 952 356	491 920 364	98 031 992
-	-	-	Less: Inter-departmental Charges	-	-	-
468 910 776	324 357 069	144 553 707	Total	589 952 356	491 920 364	98 031 992

APPENDIX E(1)
CHRIS HANI DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

Description	2009/2010 Actual	2009/2010 Budget	2009/2010 Variance	2009/2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Service Charges	53 165 385	500 000	52 665 385	99.06	Revenue from Local Municipalities not budgeted for
Rental of Facilities and Equipment	149 491	72 000	77 491	51.84	Revenue from Local Municipalities not budgeted for
Interest Earned - External investments	21 052 602	16 154 091	4 898 511	23.27	Improved cash flow not budgeted for
Interest Earned - Outstanding debtors	-	12 000	(12 000)	0.00	Negligent Amount
Government Grants and Subsidies	513 779 361	570 277 130	(56 497 769)	(11.00)	
Other Income	1 755 518	500 000	1 255 518	71.52	Revenue not budgeted for
Public Contributions and Donations	50 000	-	50 000	100.00	Negligent Amount
Total Revenue	589 952 356	587 515 221	2 437 135	0.41	
EXPENDITURE					
Employee Related Costs	108 406 199	100 826 819	7 579 380	6.99	
Remuneration of Councillors	5 460 050	5 622 993	(162 943)	(2.98)	
Collection Costs	-	545 480	(545 480)	0.00	
Depreciation	-	1 071 796	(1 071 796)	0.00	Depreciation not calculated in terms of ASB Directive 4 exemptions
Impairment Losses	7 194 127	-	7 194 127	100.00	Expenditure not budgeted for
Repairs and Maintenance	21 951 502	2 704 475	19 247 027	87.68	Expenditure from Local Municipalities not budgeted for
Interest Paid	484 431	493 470	(9 039)	(1.87)	
Bulk Purchases	12 265 344	2 000 000	10 265 344	83.69	Expenditure from Local Municipalities not budgeted for
Contracted Services	35 499 558	318 818	35 180 740	99.10	Expenditure from Local Municipalities not budgeted for
Grants and Subsidies Paid	219 082 809	415 915 001	(196 832 192)	(89.84)	Budgeted for expenditure now capitalised
General Expenses	81 185 820	58 016 369	23 169 451	28.54	Expenditure from Local Municipalities not budgeted for
Loss on disposal of Property, Plant and Equipment	390 524	-	390 524	100.00	Loss on impaired assets
Total Expenditure	491 920 364	587 515 221	(95 594 857)	(16.27)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	98 031 992	-	98 031 992	0.00	

APPENDIX E(2)

CHRIS HANI DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

Description	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Total Additions	Budget	Variance	Variance	
	R	R	R	R	%	
Finance and Administration	26 522 626	26 522 626	506 100	26 016 526	5 140.59	Portion of budget under Waste Management
Planning and Development	99 774	99 774	228 450	(128 677)	(56.33)	Projects did not realise
Health	71 267	71 267	-	71 267	0.00	Expenditure incurred is not material
Community and Social Services	2 270 631	2 270 631	2 663 000	(392 369)	(14.73)	Savings in project expenditure
Public Safety	2 464 739	2 464 739	-	2 464 739	0.00	Budget under Waste Management
Waste Management	-	39 270 821	72 214 811	(32 943 990)	(45.62)	Some expenditure incurred under other Departments
Water	-	237 086 206	156 285 189	80 801 017	51.70	Projects previously expensed, not budgeted for (see Appendix E(1))
Total	31 429 037	307 786 064	231 897 550	75 888 514	32.73	

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			
Financial Management Grant	Nat Treasury	0	750 000	0	0	0	473 575	358 650	581 657	209 824	460 745	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Municipal Infrastructure Grant	MIG	59 205 000	29 721 804	55 004 586	43 409 749	9 533 210	32 487 817	46 907 889	23 441 951	35 042 973	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share Grant	Nat Treasury	0	93 252 540	74 602 032	55 951 524	0	44 721 482	55 951 524	55 951 524	55 951 524	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Regional Bulk Infrastructure Grant	DWAF	0	0	0	25 680 606	22 082 347	11 650 000	10 870 236	10 870 236	10 870 236	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Water Services Operating Subsidy Grant	DWAF	2 883 510	2 996 356	2 801 529	6 268 825	2 646 050	3 073 000	3 378 004	2 963 945	3 131 511	1 933 655	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Rural Transport Services & Infrastructure	Dept Transport	0	0	3 498 000	6 302 000	0	0	529 005	1 114 728	442 921	2 991 198	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Municipal Systems Improvement Grant	DPLG	0	735 000	0	0	0	1 739 096	0	759 535	148 283	547 059	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		2 883 510	156 938 896	110 623 365	149 207 542	68 138 146	71 190 363	103 575 236	119 149 512	94 196 249	107 797 389	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?																			