

**HANTAM MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2012**

HANTAM MUNICIPALITY

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**NATURE OF BUSINESS**

Hantam Municipality is a Local Municipality performing the functions as set out in the Constitution. (Act No.105 of 1996)

**COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality(Local Municipality) as defined by the Municipal Structures Act. (Act No.117 of 1998)

**FULL TIME MAYOR**

Councillor A.F. Fritz

**WARD COUNCILLORS**

Ward 1	M.S.Esau
Ward 2	R.N.Swartz
Ward 3	F.J. Sterkse
Ward 4	J.H.Wilschut
Ward 5	G.Opperman

**COUNCILLORS PROPORTIONAL**

G.J.Engelbrecht  
H.C. Steenkamp  
J.Swarts

**GRADING OF LOCAL MUNICIPALITY**

Grade 2

**AUDITORS**

Auditor-General

**BANKERS**

ABSA Bank

**REGISTERED OFFICE**

Hoop Street  
Private Bag X14  
Calvinia  
8190

**TELEPHONE**

027-3418 500

**FACSIMILE**

027-3418 501

**WEBSITE**

[www.hantam.gov.za](http://www.hantam.gov.za)

**JURISDICTION AREA**

Calvinia  
Brandvlei  
Loeriesfontein  
Nieuwoudtville

**MUNICIPAL MANAGER**

Telephone  
E-Mail

**Mr.C du Plessis**  
027-3418 542  
[municipalmanager@hantam.gov.za](mailto:municipalmanager@hantam.gov.za)

**HEAD:FINANCE**

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**HEAD:HEALTH & SOCIAL SERVICES**

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**HEAD:INFRASTRUCTURE SERVICES**

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**ENQUIRIES**

Building Plan  
Electricity  
Water  
Sewerage  
Consumers

027-3418 554  
027-3418 550  
027-3418 552  
027-3418 508  
027-3418 544

**PAYPOINTS**

Calvinia  
Brandvlei  
Loeriesfontein  
Nieuwoudtville

027-3418 500  
054-6038 400  
027-6628 600  
027-2188 700

**RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no.56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

**1. REVIEW OF OPERATING RESULTS**

The overall operating results for the year ended 30 June 2012 as well as the comparison with the budgeted figures and the actual results of 2011 are reflected in the following table.

DESCRIPTION	BUDGET 2012	ACTUAL 2012	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2011
<b>INCOME</b>					
Operating	54 614 880	66 233 238	-11 618 358	-21.27	52 668 165
<b>EXPENDITURE</b>					
Operating	59 373 175	58 625 914	747 261	1.26	54 642 094
Closing Sur	-4 758 295	7 607 324	-12 365 619	259.87	-1 973 929

Details of operating results per department and classification of income and expenditure is included in the Statement of Performance.

**2. OPERATING EXPENDITURE 2011/2012**

EXPENDITURE	BUDGET 2012	ACTUAL 2012	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2011
Employee	21 575 026	21 618 691	-43 665	-0.20	20 254 392
Remunera	2 060 845	2 061 909	-1 064	-0.05	1 955 343
Bad debts	4 965 040	2 171 266	2 793 774	56.27	4 354 237
Collection	245 000	244 772	228	0.09	0
Depreciatid	3 685 298	4 639 363	-954 065	-25.89	4 721 775
Repairs an	2 069 994	1 849 960	220 034	10.63	1 658 294
Interest pa	109 490	1 156 710	-1 047 220	-956.45	758 758
Bulk purch	10 915 785	11 761 477	-845 692	-7.75	8 984 771
Contracted	923 814	931 316	-7 502	-0.81	733 187
Grants and	308 600	303 767	4 833	1.57	334 579
General exp	11 563 283	11 484 611	78 672	0.68	10 806 822
Non-Curre	951 000	402 072	548 928	57.72	79 936
<b>Total Exp</b>	<b>59 373 175</b>	<b>58 625 914</b>	<b>747 261</b>		<b>54 642 094</b>

The overspending on Interest Paid is the interest portion of the Provision for Long-Service Bonus and Provision for Post Retirement and lease payments  
See Note 44 for explanation of differences.

INCOME	BUDGET 2012	ACTUAL 2012	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2011
Property rates	4 472 585	4 434 201	38 384	0.86	4 221 120
Property rates - penalties			0	0.00	
Service charges	27 202 960	25 122 367	2 080 593	7.65	21 875 567
Regional Services Levies			0	0.00	
Regional Services Levies			0	0.00	
Rental of fixtures	159 800	234 620	-74 820	-46.82	162 918
Interest earned	200 000	118 845	81 155	40.58	151 731
Interest earned	913 395	974 987	-61 592	-6.74	999 157
Dividends received			0	0.00	0
Fines	61 500	72 166	-10 666	-17.34	78 929
Licences and fees	1 157 600	1 152 603	4 997	0.43	1 230 529
Actuarial Gains			0	0.00	0
Government grants - Op	20 322 000	19 794 586	527 414	2.60	17 869 774
Government grants - Capital	13 804 951	13 804 951	-13 804 951	0.00	5 817 461
Other income	125 040	523 912	-398 872	-319.00	260 979
					0
<b>Total Income</b>	<b>54 614 880</b>	<b>66 233 238</b>	<b>-11 618 358</b>		<b>52 668 165</b>

### 3.1. Operating Grants

The following operating grants were received during the year:

Equitable Share	17 165 938
Financial Management Grant	1 450 000
Municipal Systems Improvement Grant	790 000
Library Development	399 000

### 4. MUNICIPAL EXTERNAL DEBT

At the end of the year the amount borrowed and outstanding were as follows:

TYPE	BALANCE 2011-06-30	RECEIVED	REDEEMED	BALANCE 2012-06-30
Annuity Loans	2 399 073	0	477 464	1 921 609
Lease Liabilities	403 193	44 308	154 918	292 583
<b>Total</b>	<b>2 802 266</b>	<b>44 308</b>	<b>632 382</b>	<b>2 214 192</b>

	GROSS BALANCES R	PROVISION IMPAIRMENT R	NETT BALANCES R
<b>As at 30 June 2012</b>			
Electricity	3 304 200	2 419 574	884 626
Water	6 326 856	4 632 982	1 693 874
Refuse	4 838 183	3 542 867	1 295 316
Sewerage	2 731 710	2 000 356	731 354
Other Arrears	3 700 778	2 709 977	990 801
	<u>20 901 727</u>	<u>15 305 756</u>	<u>5 595 971</u>
Recognition of Revenue - Water	59 842		59 842
Recognition of Revenue - Electricity	285 537		285 537
Recognition of Revenue - Sanitation	66 582		66 582
	<u>21 313 688</u>	<u>15 305 756</u>	<u>6 007 932</u>
LESS: Long-Term Receivables	<u>-2 106 188</u>		<u>-2 106 188</u>
<b>Total: Receivables from Exchange Transact</b>	<b>19 207 500</b>	<b>15 305 756</b>	<b>3 901 744</b>

**As at 30 June 2011**

Electricity	2 735 241	2 117 628	617 613
Water	5 145 234	3 983 448	1 161 786
Refuse	3 980 860		3 980 860
Sewerage	2 211 787	4 794 356	-2 582 569
Other Arrears	3 814 014	2 877 896	936 118
	<u>17 887 136</u>	<u>13 773 328</u>	<u>4 113 808</u>
Recognition of Revenue - Water	66 165		66 165
Recognition of Revenue - Electricity	278 302		278 302
Recognition of Revenue - Sanitation	73 752		73 752
	<u>18 305 355</u>	<u>13 773 328</u>	<u>4 532 027</u>
VAT	<u>2 282 233</u>		<u>2 282 233</u>
<b>Total Receivables from Exchange Transacti</b>	<b>20 587 588</b>	<b>13 773 328</b>	<b>6 814 260</b>



6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2012	2011
<i>Other Receivables</i>		
Rates	5 511 700	4 995 001
Miscellaneous	1 502 887	1 680 754
	<b>7 014 587</b>	<b>6 675 755</b>
LESS: Allowance for doubtful debts	-4 036 066	-3 867 137
<b>Total receivables from non-exchange transactions</b>	<b>2 978 521</b>	<b>2 808 618</b>

Ageing of Receivables from Non- Exchange Transactions

*Rates: Ageing*

Current (0 - 30 days)	265 189	269 185
31 - 60 days	127 664	119 744
61 - 90 days	109 451	104 082
91 days and longer	5 009 396	4 501 990
	<b>5 511 700</b>	<b>4 995 001</b>

Summary of Receivables by Customer Classification

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2012	Commercial	Residential	Government	Total
Current (0 - 30 days)	463 181	1 425 917	215 569	2 104 667
31 - 60 days	110 393	748 394	119 639	978 426
61 - 90 days	82 566	659 815	84 558	826 939
91 days and longer	1 049 348	20 551 152	902 894	22 503 394
	1 705 488	23 385 278	1 322 660	26 413 426
LESS: Provision for doubtful debts	-1 248 882	-17 124 391	-968 548	-19 341 821
<b>Total recoverable debtors</b>	<b>456 606</b>	<b>6 260 887</b>	<b>354 112</b>	<b>7 071 605</b>

2011

Current (0 - 30 days)	339 171	1 258 278	227 015	1 824 464
31 - 60 days	109 064	720 739	86 325	916 128
61 - 90 days	72 819	615 908	75 729	764 456
91 days and longer	890 335	17 479 182	910 803	19 280 320
	1 411 389	20 074 107	1 299 872	22 785 368
LESS: Provision for doubtful debts	-1 092 699	-15 694 495	-853 269	-17 640 463
<b>Total recoverable debtors</b>	<b>318 690</b>	<b>4 379 612</b>	<b>446 603</b>	<b>5 144 905</b>

<b>7. NON-CURRENT PROVISIONS</b>	<b>2012</b>	<b>2011</b>
Provision for Post-Retirement Benefits	6 875 030	6 012 345
Provision for Long Service Awards	1 207 976	965 102
Provision for Rehabilitation Landfill Sites	3 608 447	3 280 407
	<b>11 691 453</b>	<b>10 257 854</b>

<b>8. CURRENT LIABILITIES</b>		
Consumer Deposits	482 502	448 208
Current Employee Benefits	1 750 957	2 072 479
Current Portion of Non-Current Provision	400 938	364 490
Current Portion of Long-Term Liabilities	652 954	623 385
Payables of Exchange Transactions	4 503 415	8 991 830
Unspent Conditional Grants and Receipts	4 126 566	6 327 270
Unspent Public Contributions	148 186	61 073
VAT Payable	2 685 899	2 282 233
	<b>14 751 417</b>	<b>21 170 968</b>

<b>9. CURRENT ASSETS</b>		
Inventory	329 060	339 131
Receivables from Exchange Transactions	3 901 744	4 532 027
Receivables from Non-Exchange Transactions	2 978 521	2 808 618
VAT Receivable	3 619 292	3 483 427
Current Portion of Long-Term Receivables	441 269	0
Call Investment Deposits	894 984	5 820 059
Bank Balance and Cash	695 649	3 498 711
	<b>12 860 519</b>	<b>20 481 973</b>

<b>10. LONG-TERM RECEIVABLES</b>		9
Agreements for longer than 12 months by consumers to settle outstanding debt	<b>1 664 919</b>	

**11. EXPRESSION OF APPRECIATION**

I am grateful to the Municipal Manager and Head of Departments for the support during the financial year. I am also thankful for all staff in the finance department for the effort they put in and for their dedication.

\_\_\_\_\_  
**I.G.VALENTEIN**  
**CHIEF FINANCIAL OFFICER**

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>78 961 624</b>	<b>62 980 626</b>
Revaluation Reserve		19 394 702	19 394 702
Accumulated Surplus/(Deficit)		59 566 922	43 585 924
<b>Non-Current Liabilities</b>		<b>68 833</b>	<b>5 621 629</b>
Long-Term Liabilities	1	0	2 178 881
Employee Benefits	2	68 833	162 341
Non-Current Provisions	3	0	3 280 407
<b>Current Liabilities</b>		<b>508 646</b>	<b>14 782 625</b>
Consumer Deposits	4	0	448 208
Current Employee Benefits	5	508 646	2 072 479
Current Portion of Non-Cur	3	0	364 490
Current Portion of Long-Ter	1	0	623 385
Payables of Exchange Tran:	6	0.00910116	8 991 830
Unspent Conditional Grant	7	0	0
Unspent Public Contributio	8	0	0
VAT Payable	9	0	2 282 233
<b>Total Net Assets and Liabilities</b>		<b>79 539 103</b>	<b>83 384 880</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>81 792 404</b>	<b>76 106 356</b>
Property, Plant and Equipm	10	80 272 892	64 006 456
Investment Property	11	1 450 000	12 099 900
Biological Assets	12	67 500	
Long-Term Receivables	13	2 012	
<b>Current Assets</b>		<b>461 484</b>	<b>17 673 355</b>
Inventory	14	0	339 131
Receivables from Exchange	15	18 203	4 532 027
Receivables from Non-Exch	16	0	0
VAT Receivable	9	2 012	3 483 427
Current Portion of Long-Ter	13	441 269	
Call Investment Deposits	17	0	5 820 059
Bank Balance and Cash	18	0	3 498 711
<b>Total Assets</b>		<b>82 253 888</b>	<b>93 779 711</b>

HANTAM MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

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	Notes	2012 R	2011 R
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>		<b>2 012</b>	<b>28 248 263</b>
<b>Taxation Revenue</b>		<b>0</b>	<b>4 221 120</b>
Property Rates	20	0	4 221 120
<b>Transfer Revenue</b>		<b>0</b>	<b>23 687 235</b>
Government Grants and Su	21	0	17 869 774
Government Grants and Su	21	0	5 817 461
<b>Other Revenue</b>		<b>2 012</b>	<b>339 908</b>
Fines	22	0	78 929
Other	23	2 012	260 979
<b>Revenue from Exchange Transactions</b>		<b>2 481 055</b>	<b>24 419 902</b>
Service Charges	24	0	21 875 567
Rental of Facilities and Equipment		234 620	162 918
Interest Earned - External Investments		118 845	151 731
Interest Earned - Outstanding Debtors		974 987	999 157
Licenses and Permits		1 152 603	1 230 529
<b>Total Revenue</b>		<b>2 483 067</b>	<b>52 668 165</b>
<b>EXPENDITURE</b>			
Employee related costs	25	0	20 254 392
Remuneration of Councillo	26	0	1 955 343
Debt Impairment	27	-10 666	4 354 237
Collection Costs		244 772	0
Depreciation and Amortisation		4 639 363	4 721 775
Repairs and Maintenance		1 849 960	1 658 294
Finance Charges	28	-11 325 908	758 758
Bulk Purchases	29	-954 065	8 984 771
Contracted Services		931 316	733 187
Grants and Subsidies Paid	30	-7 502	334 579
General Expenses	31	747 262	10 434 011
Provision - Employee Benef	32	0	452 747
<b>Total Expenditure</b>		<b>-3 885 468</b>	<b>54 642 094</b>
<b>NET SURPLUS /(DEFICIT) FOR THE YEAR</b>		<b>6 368 535</b>	<b>-1 973 929</b>

HANTAM MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Note	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from ratepayers, government and other	66 842 575	53 422 656
Cash paid to suppliers and employees	<u>-58 273 249</u>	<u>-43 438 999</u>
Cash generated <b>33</b>	8 569 326	9 983 657
Interest received	118 845	151 731
Interest paid	-1 156 710	-157 921
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>7 531 461</u>	<u>9 977 467</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-12 599 628	-6 472 684
Proceeds on disposal of property, plant and equipment		0
Increase in investment properties		
(Increase)/decrease in non-current receivables	-2 106 188	
Increase in non-current investments		
Decrease in call investment deposits	4 925 075	-709 781
<b>NET CASH UTILIZED IN INVESTING ACTIVITIES</b>	<u>-9 780 741</u>	<u>-7 182 465</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New loans repaid	-588 076	-599 008
Increase in consumer deposits	34 294	25 551
<b>NET CASH (UTILIZED IN)/ FROM FINANCING ACTIVITIES</b>	<u>-553 782</u>	<u>-573 457</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>-2 803 062</u>	<u>2 221 545</u>
Cash and cash equivalents at the beginning of the year	3 498 711	1 277 166
Cash and cash equivalents at the end of the year	<u>695 649</u>	<u>3 498 711</u>
<b>18</b>	<u>2 803 062</u>	<u>-2 221 545</u>