

**BITOU  
LOCAL MUNICIPALITY**



**Audited**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2021**

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

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COID	Compensation for Occupational Injuries and Diseases	
CRR	Capital Replacement Reserve	
DBSA	Development Bank of South Africa	
GRAP	Generally Recognised Accounting Practice	
HDF	Housing Development Fund	
IMFO	Institute of Municipal Finance Officers	
IPSAS	International Public Sector Accounting Standards	
ME's	Municipal Entities	
MEC	Member of the Executive Council	
MFMA	Municipal Finance Management Act	
MIG	Municipal Infrastructure Grant (Previously CMIP)	

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## General Information

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### NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES

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

This in effect means that the Municipality provide services like water, electricity, sewerage and sanitation to the community. Bitou Local Municipality also serves as an agent to Provincial Government in providing Housing to the community.

### 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)

### JURISDICTION

The Bitou Local Municipality includes the following areas:

*Plettenberg Bay*

*Natures Valley*

*Wittedrift*

*Keurbooms*

*Kranshoek*

*Harkerville*

*Kwanokuthula*

### MEMBERS OF THE MAYORAL COMMITTEE

*Executive Mayor*

*Vacant*

*Deputy Executive Mayor*

*Councillor SE. Gcabayi*

*Speaker*

*Councillor EV. Wildeman*

*Mayoral Committee Member*

*Councillor MM. Mbali*

*Mayoral Committee Member*

*Councillor LM. Seyisi*

### ORDINARY COUNCILLORS

*Councillor*

*Councillor J. Kam Kam*

*Councillor*

*Councillor D. Swart*

*Councillor*

*Councillor X. Matyila*

*Councillor*

*Councillor AS. Windvogel*

*Councillor*

*Councillor AR. Olivier*

*Councillor*

*Councillor WJ. Nel*

*Councillor*

*Councillor VP. Van Rhyner*

*Councillor*

*Councillor NS. Ndayi*

*Councillor*

*Councillor PM. Lobese*

### ACTING MUNICIPAL MANAGER

*Mr. M Dyushu*

### CHIEF FINANCIAL OFFICER

*M Dyushu*

### REGISTERED OFFICE

*Sewell Street, Plettenberg Bay, 6600*

*Private Bag X 1002. Plettenberg Bay, 6600*

# **BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## **General Information**

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### **AUDITORS**

*Office of the Auditor General*

### **PRINCIPLE BANKERS**

*Nedbank, Plettenberg Bay*

### **ATTORNEYS**

*Mosdall, Pama & Cox*

*Nandi Bulabula*

*Hutchinson*

### **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 no 108 of 1997)*

*Municipal Property Rates Act (Act no 6 of 2004)*

*Housing Act (Act no 107 of 1997)*

*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*



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Approval of Financial Statements

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### MEMBERS OF THE BITOU LOCAL MUNICIPALITY

#### WARD

- 1 Wittedrift/Kurland/Natures Valley/Keurbooms/Cowie/Uplands
- 2 Plettenberg Bay South & North
- 3 Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons
- 4 Portion of New Horizons/Portion of Kwanokuthula
- 5 Kwanokuthula
- 6 Kwanokuthula
- 7 Kranshoek/Harkerville/Portion of Kwanokuthula

#### COUNCILLOR

*Councillor J. Kam Kam*  
*Councillor D. Swart*  
*Councillor X. Matyila*  
*Councillor AS. Windvogel*  
*Councillor MM. Mbali*  
*Councillor SE. Gcabayi*  
*Councillor AR. Olivier*

#### PROPORTIONAL

*Councillor PM. Lobese*  
*Councillor EV. Wildeman*  
*Councillor LM. Seyisi*  
*Councillor WJ. Nel*  
*Councillor VP. Van Rhyner*  
*Councillor NS. Ndayi*

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2021, which are set out on pages 1 to 151 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year ended at 30 June 2021 and is satisfied that the Municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for reviewing and reporting on the Municipality's financial statements.

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

  
*Mr. M Dyushi*  
Acting Municipal Manager

27 January 2022

Date

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

	Note	2021	2020
		R	Restated R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	3	22 228 508	22 226 046
Property, plant and equipment	4	1 142 373 939	1 100 595 264
Intangible assets	5	(8)	(8)
Heritage assets	6	35 193	35 193
Non - Current Investments	7	9 107 254	8 355 004
Long-Term Receivables	8	1 093	2 090
		<b>1 173 745 979</b>	<b>1 131 213 590</b>
<b>Current assets</b>			
Inventories	9	16 466 916	15 436 927
Operating lease asset	10	318 625	440 391
Receivables from exchange transactions	11	32 616 272	41 559 244
Receivables from non-exchange transactions	11 & 64	23 597 355	23 050 996
Vat Receivable	12 & 64	7 904 394	5 136 369
Current Portion Of Long-Term Receivables	8	997	1 825
Unpaid conditional grants	13	16 165 067	10 065 796
Cash and cash equivalents	14	73 464 849	125 716 711
		<b>170 534 475</b>	<b>221 408 258</b>
Non-current assets		1 173 745 979	1 131 213 590
Current assets		170 534 475	221 408 258
<b>Total assets</b>		<b>1 344 280 454</b>	<b>1 352 621 848</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-Term Borrowings	15	82 498 638	100 511 797
Finance Lease Liabilities	16	6 674 592	-
Employee benefit obligation	17	79 189 000	66 755 999
Non-Current Provisions	18	-	23 422 749
		<b>168 362 230</b>	<b>190 690 546</b>
<b>Current liabilities</b>			
Current Portion Of Long-Term Borrowings	15	18 045 519	21 285 200
Current Portion Finance Lease Liabilities	16	3 833 633	-
Operating Lease liability	10	268 342	328 245
Unspent conditional grants	13	3 432 545	9 188 645
Current Provisions	18	5 055 347	4 486 755
Landfill Site	19	15 322 375	-
Trade And Other Payables From Exchange Transactions	20	70 300 981	77 501 475
Payables From Non-Exchange Transactions	21	633 701	237 127
Consumer Deposits	23	9 013 287	8 545 735
Current Employee Benefit Obligation	17 & 24	35 210 192	32 333 151
Unspent Public Contributions and Donations	25	498 469	38 469
		<b>161 614 391</b>	<b>153 944 801</b>
Non-current liabilities		168 362 230	190 690 546
Current liabilities		161 614 391	153 944 801
<b>Total liabilities</b>		<b>329 976 622</b>	<b>344 635 347</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

	Note	2021	2020
		R	Restated R
Assets		1 344 280 454	1 352 621 848
Liabilities		(329 976 622)	(344 635 347)
<b>Net Assets</b>		<b>1 014 303 833</b>	<b>1 007 986 501</b>
<b>NET ASSETS</b>			
Reserves	26	102 000 000	98 738 413
Accumulated surplus / (deficit)		912 303 833	909 248 088
<b>Total net assets</b>		<b>1 014 303 833</b>	<b>1 007 986 501</b>



**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

**Statement of Financial Performance as at 30 June 2021**

	Note	2021 R	2020 Restated R
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		125 477	125 893
Service Charges	28	374 426 744	361 944 386
Rendering of services	29	5 576 205	3 352 806
Rental of facilities and equipment	30	1 148 857	1 223 531
Interest earned - external investments	31	6 600 810	10 308 474
Interest charged on exchange transactions	32	12 720 518	13 627 708
Agency services	34	2 345 436	1 784 517
Licences and permits	33	719 480	699 850
Operational Revenue	35	2 129 336	1 965 165
Inventories Reversal To Net Realisable Value	36	4 289 443	3 136 534
<b>Total Revenue from Exchange Transactions</b>		<b>410 082 305</b>	<b>398 168 865</b>
<b>Revenue from Non-exchange transactions</b>			
<b>Taxation Revenue</b>			
Property rates	37	149 321 185	137 415 926.45
Interest charged on non-exchange transactions	38	1 857 654	1 703 418
<b>Transfer Revenue</b>			
Government grants & subsidies	13 & 39	182 169 528	148 708 280
Public contributions and donations	40	-	173 260
Fines, Penalties and Forfeits	41	30 462 472	8 777 758
<b>Total Revenue from Non-Exchange Transactions</b>		<b>363 810 839</b>	<b>296 778 642</b>
Revenue from exchange transactions		410 082 305	398 168 865
Revenue from Non-exchange transactions		363 810 839	296 778 642
<b>Total Revenue</b>		<b>773 893 145</b>	<b>694 947 507</b>
<b>EXPENDITURE</b>			
Employee Related Costs	42	267 666 150	227 444 858
Remuneration of councillors	43	6 249 856	6 303 194
Depreciation And Amortisation	44	34 738 088	31 924 527
Impairment	45	9 348 710	22 689 997
Finance costs	46	13 399 128	14 824 811
Operating leases	47	3 715 783	2 821 830
Bad debts written off	48	108 578 324	76 663 233
Bulk purchases	49	135 068 208	127 552 295
Contracted Services	50	98 624 205	95 299 013
Transfers and Subsidies	51	5 570 673	5 847 556
Inventory Consumed	52	25 523 238	9 251 486
Operational Cost	53	53 363 791	28 779 543
Loss on disposal of assets and liabilities		1 455 668	515 774
Water Losses	54	4 273 990	3 112 320
<b>Total Expenditure</b>		<b>767 575 813</b>	<b>653 030 437</b>
<b>Surplus / (Deficit for the Year)</b>		<b>6 317 332</b>	<b>41 917 070</b>





# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Statement of Changes in Net Assets

	Capital replacement reserve	Total: Reserves	Accumulated surplus / (deficit)	Total: Net Assets
Note	R	R	R	R
<b>Balance at 1 July 2019 as previously reported</b>	<b>81 000 000</b>	<b>81 000 000</b>	<b>885 069 431</b>	<b>966 069 431</b>
Adjustments	<b>4 911 605</b>	<b>4 911 605</b>	<b>(4 911 605)</b>	<b>-</b>
Corrections of errors	4 911 605	4 911 605	(4 911 605)	-
<b>Balance at 1 July 2019 as restated</b>	<b>85 911 605</b>	<b>85 911 605</b>	<b>880 157 826</b>	<b>966 069 431</b>
Surplus for the year	-	-	41 917 070	41 917 070
<b>Total recognised income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>41 917 070</b>	<b>41 917 070</b>
Transfers from	(29 406 197)	(29 406 197)	29 406 197	-
Transfers to	41 406 197	41 406 197	(41 406 197)	-
<b>Total Changes</b>	<b>12 000 000</b>	<b>12 000 000</b>	<b>(12 000 000)</b>	<b>-</b>
<b>Balance at 1 July 2020 as previously reported</b>	<b>93 000 000</b>	<b>93 000 000</b>	<b>917 366 979</b>	<b>1 010 366 979</b>
Adjustments	<b>5 738 413</b>	<b>5 738 413</b>	<b>(8 118 891)</b>	<b>(2 380 478)</b>
Corrections of errors	5 738 413	5 738 413	(8 118 891)	(2 380 478)
<b>Balance at 1 July 2020 as restated</b>	<b>98 738 413</b>	<b>98 738 413</b>	<b>909 248 088</b>	<b>1 007 986 501</b>
Surplus for the year	-	-	6 317 332	6 317 332
<b>Total recognised income and expenses for the year</b>	<b>-</b>	<b>-</b>	<b>6 317 332</b>	<b>6 317 332</b>
Transfers from	(38 406 415)	(38 406 415)	38 406 415	-
Transfers to	41 668 001	41 668 001	(41 668 001)	-
Rounding	1	1	(1)	-
<b>Total Changes</b>	<b>3 261 587</b>	<b>3 261 587</b>	<b>(3 261 587)</b>	<b>-</b>
<b>Balance at 30 June 2021</b>	<b>102 000 000</b>	<b>102 000 000</b>	<b>912 303 833</b>	<b>1 014 303 833</b>

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

**Cash Flow Statement as at 30 June 2021**

	Note	2021	2020
		R	Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxes, Levies and Fines		156 190 710	132 824 334
Goods and Services provided		301 491 991	286 787 624
Government Grants		170 336 827	162 606 695
Public Contributions and Donations		460 000	-
Interest income		21 178 983	25 639 599
Consumer Deposits		620 824	327 971
		<b>650 279 335</b>	<b>608 186 224</b>
<b>Payments</b>			
Suppliers for Goods and Services		(334 351 627)	(247 841 563)
Employees		(252 356 108)	(226 279 066)
Remuneration of Councillors		(6 249 856)	(6 303 194)
Finance Cost		(13 399 128)	(14 824 811)
Government Grants repaid		(22 671)	-
Transfers and Grants		(5 570 673)	(5 847 556)
Consumer Deposits		(153 271)	(136 315)
		<b>(612 103 334)</b>	<b>(501 232 505)</b>
<b>Net cash flows from Operating Activities</b>	55	<b>38 176 001</b>	<b>106 953 719</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(65 626 504)	(51 981 619)
Proceeds from sale of property, plant and equipment		269 914	1 400 000
Movement in Non-current Investments		(752 250)	(752 250)
Movement in Non-current Receivables		1 825	3 939
		<b>(66 107 015)</b>	<b>(51 329 930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term borrowings		(21 252 839)	(19 996 376)
Repayment of finance leases		(3 068 009)	-
		<b>(24 320 848)</b>	<b>(19 996 376)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(52 251 862)</b>	<b>35 627 414</b>
Cash and cash equivalent at the beginning of the year	14	125 716 711	90 089 298
<b>Cash and cash equivalents at the end of the year</b>		<b>73 464 849</b>	<b>125 716 711</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts of Statement of Financial Position

		2021	2021	2021	2021	2021
		R	R	R	R	R
	Ref	Approved Budget	Adjustment	Final Budget	Actuals	Difference between Final Budget and Actuals
<b>ASSETS</b>						
Non-current assets	A1	1 169 193 000	(1 114 391 000)	54 802 000	1 173 745 979	(1 118 943 979)
Current assets	B1	227 431 000	(368 618 000)	(141 187 000)	170 534 475	(311 721 475)
<b>Total assets</b>		<b>1 396 624 000</b>	<b>(1 483 009 000)</b>	<b>(86 385 000)</b>	<b>1 344 280 454</b>	<b>(1 430 665 454)</b>
<b>LIABILITIES</b>						
Non-current liabilities	C1	238 089 000	(229 410 000)	8 679 000	168 362 230	(159 683 230)
Current liabilities	D1	103 322 000	(234 237 000)	(130 915 000)	161 614 391	(292 529 391)
<b>Total liabilities</b>		<b>341 411 000</b>	<b>(463 647 000)</b>	<b>(122 236 000)</b>	<b>329 976 622</b>	<b>(452 212 622)</b>
<b>Net Assets</b>		<b>1 055 213 000</b>	<b>(1 019 362 000)</b>	<b>35 851 000</b>	<b>1 014 303 833</b>	<b>(978 452 833)</b>
<b>NET ASSETS</b>						
<b>Total net assets</b>	E1	<b>1 022 833 000</b>	<b>(1 022 833 000)</b>	<b>-</b>	<b>1 014 303 833</b>	<b>(1 014 303 833)</b>

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts of Statement of Financial Performance

	2021	2021	2021	2021	2021
	R	R	R	R	R
Ref	Approved Budget	Adjustment	Final Budget	Actuals	Difference between Final Budget and Actuals
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	125 477	(125 477)
Service Charges	389 371 719	(9 772 755)	379 598 964	374 426 744	5 172 220
Rendering of services	5 557 643	(799 890)	4 757 753	5 576 205	(818 452)
Rental of facilities and equipment	1 253 249	154 380	1 407 629	1 148 857	258 772
Interest earned - external investments	9 667 421	(1 500 000)	8 167 421	6 600 810	1 566 611
Interest charged on exchange transactions	16 627 407	(290 307)	16 337 100	12 720 518	3 616 582
Agency services	2 183 589	-	2 183 589	2 345 436	(161 847)
Licences and permits	967 301	37 674	1 004 975	719 480	285 495
Operational Revenue	1 339 527	765 983	2 105 510	2 129 336	(23 826)
Gain on disposal of assets and liabilities	867 081	(667 081)	200 000	-	200 000
Inventories Reversal To Net Realisable Value	-	-	-	4 289 443	(4 289 443)
<b>Total Revenue from Exchange Transactions</b>	<b>427 834 937</b>	<b>(12 071 996)</b>	<b>415 762 941</b>	<b>410 082 305</b>	<b>5 680 636</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	148 975 012	(300 489)	148 674 523	149 321 185	(646 662)
Interest charged on non-exchange transactions	-	-	-	1 857 654	(1 857 654)
<b>Transfer Revenue</b>					
Government grants & subsidies	173 922 824	21 758 528	195 681 352	182 169 528	13 511 824
Fines, Penalties and Forfeits	37 274 037	(8 770 409)	28 503 628	30 462 472	(1 958 844)
<b>Total Revenue from Non-Exchange Transactions</b>	<b>360 171 873</b>	<b>12 687 630</b>	<b>372 859 503</b>	<b>363 810 839</b>	<b>9 048 664</b>

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

**Statement of Comparison of Budget and Actual Amounts of Statement of Financial Performance**

	2021 R	2021 R	2021 R	2021 R	2021 R
Ref	Approved Budget	Adjustment	Final Budget	Actuals	Difference between Final Budget and Actuals
Revenue from exchange transactions	427 834 937	(12 071 996)	415 762 941	410 082 305	5 680 636
Revenue from Non-exchange transactions	360 171 873	12 687 630	372 859 503	363 810 839	9 048 664
<b>Total Revenue</b>	<b>788 006 810</b>	<b>615 634</b>	<b>788 622 444</b>	<b>773 893 145</b>	<b>14 729 299</b>
<b>EXPENDITURE</b>					
Employee Related Costs	268 984 811	4 232 079	273 216 890	267 666 150	5 550 740
Remuneration of councillors	7 322 893	-	7 322 893	6 249 856	1 073 037
Depreciation And Amortisation	36 691 030	(2 114 546)	34 576 484	34 738 088	(161 604)
Impairment	103 349 620	1 347 039	104 696 659	9 348 710	95 347 949
Finance costs	13 510 457	(165 710)	13 344 747	13 399 128	(54 381)
Operating leases	3 495 885	(211 730)	3 284 155	3 715 783	(431 628)
Bad debts written off	-	-	-	108 578 324	(108 578 324)
Collection costs	1 250 000	(121 500)	1 128 500	-	1 128 500
Bulk purchases	144 250 643	(13 240 000)	131 010 643	135 068 208	(4 057 565)
Contracted Services	105 159 572	2 434 610	107 594 182	98 624 205	8 969 977
Transfers and Subsidies	6 700 000	10 000	6 710 000	5 570 673	1 139 327
Inventory Consumed	13 565 294	9 542 716	23 108 010	25 523 238	(2 415 228)
Operational Cost	51 345 811	(3 735 661)	47 610 150	53 363 791	(5 753 641)
Loss on disposal of assets and liabilities	-	-	-	1 455 668	(1 455 668)
Water Losses	-	-	-	4 273 990	(4 273 990)
<b>Total Expenditure</b>	<b>755 626 016</b>	<b>(2 022 703)</b>	<b>753 603 313</b>	<b>767 575 813</b>	<b>(13 972 500)</b>
<b>Surplus / (Deficit for the Year)</b>	<b>32 380 794</b>	<b>2 638 337</b>	<b>35 019 131</b>	<b>6 317 332</b>	<b>28 701 799</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts of Cash Flow Statement

		2021	2021	2021	2021	2021
		R	R	R	R	R
	Ref	Approved Budget	Adjustment	Final Budget	Actuals	Difference between Final Budget and Actuals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net cash flows from Operating Activities	J1	<u>(615 568 000)</u>	<u>(613 090 000)</u>	<u>(1 228 658 000)</u>	<u>38 176 001</u>	<u>(1 266 834 001)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net cash flows from Investing Activities	J2	<u>(71 484 000)</u>	<u>(13 219 000)</u>	<u>(84 703 000)</u>	<u>(66 107 015)</u>	<u>(18 595 985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Net cash flows from Financing Activities	J3	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24 320 848)</u>	<u>24 320 848</u>
Cash and cash equivalent at the end of the year	J4	<u>(561 335 000)</u>	<u>(752 026 000)</u>	<u>(1 313 361 000)</u>	<u>73 464 849</u>	<u>(1 386 825 849)</u>

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1. Accounting Policies

#### Presentation of Unaudited Annual Financial Statements

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, except where an exemption has been granted, are disclosed below.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

#### 1.1. Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

#### 1.2. Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3. Comparative Information

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.4. Amended Disclosure Policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### 1.5. Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1.6. Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2019 to 30 Jun 2020.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

### 1.7. Internal reserves

#### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

### 1.8. Leases

#### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.



# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1.9. Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 13 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

### 1.10. Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor

- Unspent conditional grants are recognised as a liability when the grant is received
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of
- Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the
- Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

### 1.11. Provisions

Provisions are recognised when:

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

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

### 1.12. Employee benefits

#### Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are postemployment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1.13. Borrowing costs

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

In accordance with GRAP 5, the municipality has opted to apply the Benchmark Treatment when accounting for Borrowing Costs. Under the benchmark treatment, borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

### 1.14. Property, plant and equipment

#### Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

#### Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives (in years):



# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Item	Depreciation method	Expected useful life (years)
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		8-100
• Refuse Sites		5-100
• Roads, Pavements, Bridges & Storm Water		6-100
• Sewerage Purification		9-100
• Water Reservoirs & reticulation		8-100
Community	Straight-line	
• Cemeteries		10-100
• Community Halls		5-100
• Libraries		5-100
• Sports grounds		5-100
• Parks		5-100
Other Assets	Straight-line	
Office Equipment		3-30
Other Land & Buildings		10-15
Other Motor Vehicles		4-30
Plant and Equipment		5-30
Security Measures		5-30
Specialised Vehicles		8-30
Leased Assets	Straight-line	3-6

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not in carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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- The entity has changed the utilisation rate of the asset
  - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes
  - the expected period over which the asset will be used.
  - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

### **De-recognition**

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

### **Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1.15. Intangible assets

#### Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Expected useful life (years)
Computer software, other	Straight-line	5-10

#### De-recognition

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

#### Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### 1.16. Investment property

#### Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### Cost model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.
  - The entity has changed the utilisation rate of the asset.
  - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.



# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

- Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

Item	Depreciation method	Expected useful life (years)
Property - buildings	Straight-line	30-120

### De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

## 1.17. Heritage assets

### Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.



# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### Subsequent measurement - Cost Model

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

### Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

### De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

### Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

## 1.18. Recognition and De-recognition of Land – IGRAP18

The municipality applies this interpretation to the initial recognition and de-recognition of land in its financial statements. This interpretation also considers joint control of land by more than one entity.

When the municipality concludes that it controls the land after applying the principles in this Interpretation, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined.

An entity also applies the applicable Standards of GRAP to the de-recognition of land when it concludes that it does not control the land after applying the principles in this Interpretation.

## 1.19. Impairment of cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

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- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated
  - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
  - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### 1.20. Impairment of non-cash-generating assets

#### **Non-cash-generating assets are assets other than cash-generating assets.**

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

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In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information
  - Cessation, or near cessation, of the demand or need for services provided by the asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- b) Internal sources of information
  - Evidence is available of physical damage of an asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
  - A decision to halt the construction of the asset before it is complete or in a usable condition.
  - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.21. Inventories

#### Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

#### Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Fuel held for sale is measured annually at the reporting date by way of a dip reading.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.22. Financial instruments

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

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### **Initial recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### **Subsequent measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.22.1. Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.22.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.22.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits

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and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

### 1.22.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### De-recognition of Financial Instruments

#### 1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either
  - a) the Municipality has transferred substantially all the risks and rewards of the asset, or
  - b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### 2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-

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recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### 1.23. Statutory receivables

#### Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### De-recognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or



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- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - a) derecognise the receivable; and
  - b) recognise separately any rights and obligations created or retained in the transfer.

### 1.24. Revenue from non-exchange transactions

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability. When 3 years has expired, then all unclaimed deposits made into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Unclaimed deposits are recognised as revenue after 3 years, the Municipality still keeps record of these unclaimed deposits in the event that a party should submit a claim, in which case it will be expensed.

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

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.



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### 1.25. Revenue from exchange transactions

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month may be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at yearend is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

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In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### 1.26. Transfer of function (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a

Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

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The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

### 1.27. Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.28. Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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### **Binding arrangement**

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

### **Assessing which entity benefits from the transactions with third parties**

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

### **Recognition**

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### **1.29. Segment Information**

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### **Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in

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determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.30. Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party
  - or exercise significant influence over the other party, or vice versa,
  - or an entity that is subject to common control, or joint control.
- a) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- a) all members of the governing body of the Municipality;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### 1.31. Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.32. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.33. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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### 1.34. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgment is required when recognising and measuring contingent liabilities.

### 1.35. Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time, as well as a review of historic sales/disposal data.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.



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The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### **De-recognition of Land (IGRAP18)**

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excluding portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is then used to calculate the land value to be expensed or re-classified as inventory, depending on the respective de recognition criteria.

### **Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

### **Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### **Provisions and Contingent Liabilities**

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### **Revenue Recognition**



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Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy and 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange. Transactions specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### **Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- The current CPI rate will be used to calculate the effect of the passage of time to determine the retrospective effect of the change in estimate.

### **Provision for Staff Leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

### **Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

### **Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

### **1.36. Taxes - Value Added Tax**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### **1.37. Capital Commitments**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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### 1.38. Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.39. Service concession arrangements: Entity as grantor

#### Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - a) the operator constructs, develops, or acquires from a third party; or
  - b) is an existing asset of the operator; or
- is provided by the grantor which:
  - a) is an existing asset of the grantor; or
  - b) is an upgrade to an existing asset of the grantor.

#### Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

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The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

### **Measurement of asset and liability**

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

### **Financial liability model**

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

### **Grant of a right to the operator model**

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

### **Dividing the arrangement**

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

### **Other liabilities, contingent liabilities and contingent assets**

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and financial instruments.

### **Other revenues**

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

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### **Recognition of the performance obligation and the right to receive a significant interest in a service concession asset**

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

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### 2. New standards and interpretations

#### 2.1. Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

##### **GRAP 25 : Employee Benefits**

The objective of this Standard is to prescribe the:

- the accounting and disclosure for employee benefits. This Standard requires an entity to recognise:
  - a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
  - an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits

The effective date of the standard is for years beginning on or after 01 April 2021.

The impact of the standard on the municipality's unaudited annual financial statements was not tested, thus the impact outcome is unknown. The municipality's current treatment might be in line with the Standard's treatment.

##### **GRAP 104 (amended): Financial Instruments**

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the standard is not yet set by the Minister of Finance.

The impact of the standard on the municipality's unaudited annual financial statements was not tested, thus the impact outcome is unknown. The municipality's current treatment might be in line with the Standard's treatment.

**Guideline: Guideline on Accounting for Landfill Sites**

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is to be determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements.

**GRAP 110 (as amended 2016): Living and Non-living Resources**

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements:
  - To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and
  - To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments:
  - To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued;
  - To clarify acceptable methods of depreciating assets; and
  - To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2021.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements.

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### **IGRAP 7 : Limit on a Defined Benefit Asset Min Fund Requirement and Interact**

The scope of this Interpretation is as follows:

- Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This Interpretation explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items.
- This Interpretation applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items is dealt with in the Standard of GRAP on Presentation of Financial Statements (GRAP 1).

The effective date of the interpretation is to be determined by the Minister of Finance.

The impact of the interpretation on the municipality's unaudited annual financial statements was not tested, thus the impact outcome is unknown. The municipality's current treatment might be in line with the Interpretation's treatment.

### **IGRAP 21 : The Effect of Past Decisions on Materiality**

The objective of this Interpretation is to prescribe the:

- the accounting and disclosure for employee benefits. This Standard requires an entity to recognise:
  - a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
  - an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits

The effective date of the standard is for years beginning on or after 01 April 2023.

The impact of the interpretation on the municipality's unaudited annual financial statements was not tested, thus the impact outcome is unknown. The municipality's current treatment might be in line with the Interpretation's treatment.

### **Directive 7 (revised): The Application of Deemed Cost**

This Directive was originally issued by the Accounting Standards Board (the Board) in December 2009. Since then, it has been amended by:

- Consequential amendments when the following Standards of GRAP were amended to clarify some of the principles:
  - GRAP 105 Transfer of Functions Between Entities Under Common Control
  - GRAP 107 Mergers
- Consequential amendments arising from GRAP 110 Living and Non-living Resources issued in December 2017.
- Consequential amendments arising from the following Standards of GRAP in May 2018:
  - GRAP 34 Separate Financial Statements
  - GRAP 35 Consolidated Financial Statements
  - GRAP 36 Investments in Associates and Joint Ventures
  - GRAP 37 Joint Arrangements

# BITOU LOCAL MUNICIPALITY

Unaudited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### - GRAP 38 Disclosure of Interests in Other Entities

The effective date of this Directive coincides with the effective dates of the applicable Standards of GRAP, as determined by the Minister of Finance. If an entity has assets that it previously could not recognise and/or measure in accordance with the Standards of GRAP on their initial adoption on the transfer date or the merger date because information about the acquisition cost of the assets was not available, an entity applies this Directive to those assets. The fair value of those assets is determined at the date of adopting the Standards of GRAP on the transfer date or the merger date in accordance with the Directive's Appendix paragraph A3.

The effective date of this revised directive is for years beginning on or after 01 April 2021.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

### Note

#### 3 INVESTMENT PROPERTY

	2021			2020		
	R	R	R	R	R	R
	Cost	Accumulated depreciation and impairment	Carrying Value	Cost	Accumulated depreciation and impairment	Carrying Value
Investment property	R 27 733 089	R (5 504 581)	R 22 228 508	R 27 733 089	R (5 507 043)	R 22 226 046
	<b>R 27 733 089</b>	<b>R (5 504 581)</b>	<b>R 22 228 508</b>	<b>R 27 733 089</b>	<b>R (5 507 043)</b>	<b>R 22 226 046</b>

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the Municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

#### Amounts Recognised in surplus or deficit

Rental revenue from investment property

	2021	2020
	R	R
	420 007	289 809

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening Balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment Loss	Impairment Reversal	Depreciation	Carrying Value
<b>3.1 Reconciliation of carrying value - 2021</b>									
Investment property	22 226 046	-	-	-	-	3 000	-	(538)	22 228 508
	<b>22 226 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 000</b>	<b>-</b>	<b>(538)</b>	<b>22 228 508</b>
<b>3.2 Reconciliation of carrying value - 2020</b>									
Investment property	22 226 585	-	-	-	-	-	-	(539)	22 226 046
	<b>22 226 585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(539)</b>	<b>22 226 046</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

### Note

#### 4 PROPERTY, PLANT AND EQUIPMENT

	R	2021 R	R	R	2020 R	R
	Cost	Accumulated depreciation and accumulated impairment	Carrying Value	Cost	Accumulated depreciation and accumulated impairment	Carrying Value
Land	307 781 181	(26 388 723)	281 392 458	307 781 181	(25 071 085)	282 710 096
Plant and machinery	12 415 804	(7 876 865)	4 538 938	10 641 332	(6 499 879)	4 141 452
Furniture and fixtures	9 451 350	(6 892 767)	2 558 583	9 109 009	(6 162 226)	2 946 783
Motor vehicles	54 922 367	(21 774 291)	33 148 076	42 595 335	(17 727 263)	24 868 072
IT equipment	13 981 062	(9 140 364)	4 840 698	12 899 744	(7 722 834)	5 176 909
Infrastructure	972 983 759	(250 884 256)	722 099 503	917 283 642	(228 602 619)	688 681 023
Community	81 511 560	(22 984 835)	58 526 725	77 097 223	(20 574 641)	56 522 582
Other property, plant and equipment	65 879 874	(30 610 916)	35 268 959	65 699 318	(30 150 971)	35 548 347
	<b>1 518 926 958</b>	<b>(376 553 018)</b>	<b>1 142 373 939</b>	<b>1 443 106 784</b>	<b>(342 511 520)</b>	<b>1 100 595 264</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening Balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment Loss	Impairment Reversal	Depreciation	Carrying Value
<b>4.1 Reconciliation of carrying value - 2021</b>									
Land	282 710 096	-	-	-	-	(1 317 638)	-	-	281 392 458
Plant and machinery	4 141 452	1 692 015	-	(1 696)	91 320	-	-	(1 384 153)	4 538 938
Furniture and fixtures	2 946 783	343 547	-	(417)	-	-	-	(731 330)	2 558 583
Motor vehicles	24 868 072	12 418 352	-	-	(91 320)	-	-	(4 047 027)	33 148 076
IT equipment	5 176 909	1 122 167	-	(15 868)	-	-	-	(1 442 510)	4 840 698
Infrastructure	688 681 023	58 656 044	-	(1 483 332)	-	-	-	(23 754 232)	722 099 503
Community	56 522 582	4 790 058	-	(224 269)	-	-	-	(2 561 646)	58 526 725
Other property, plant and equipment	35 548 347	180 556	-	-	-	-	356 708	(816 652)	35 268 959
	<b>1 100 595 264</b>	<b>79 202 738</b>	<b>-</b>	<b>(1 725 582)</b>	<b>-</b>	<b>(1 317 638)</b>	<b>356 708</b>	<b>(34 737 551)</b>	<b>1 142 373 939</b>

### 4.2 Reconciliation of carrying value - 2020

Land	284 110 096	-	-	(1 400 000)	-	-	-	-	282 710 096
Plant and machinery	4 783 578	514 631	-	(6 986)	-	-	-	(1 149 770)	4 141 452
Furniture and fixtures	3 083 015	564 941	-	(9 165)	-	-	-	(692 009)	2 946 783
Motor vehicles	27 632 094	722 517	-	(76 391)	-	-	-	(3 410 149)	24 868 072
IT equipment	5 857 374	735 476	-	(65 247)	-	-	-	(1 350 694)	5 176 909
Infrastructure	666 072 733	45 117 859	-	(239 108)	-	-	-	(22 270 461)	688 681 023
Community	56 737 994	2 299 521	-	(118 878)	-	-	-	(2 396 055)	56 522 582
Other property, plant and equipment	34 176 523	2 026 674	-	-	-	-	-	(654 850)	35 548 347
	<b>1 082 453 407</b>	<b>51 981 619</b>	<b>-</b>	<b>(1 915 774)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31 923 988)</b>	<b>1 100 595 264</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>4.3 Capital Commitments</b>	68		
Capital commitments applicable		56 879 353	14 988 325

### 4.4 Property, plant and equipment in the process of being constructed or developed

#### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Electrical Infrastructure	396 449	3 308 556
Roads Infrastructure	16 682 066	-
Sanitation Infrastructure	12 175 808	278 380
Network and Communication	-	81 604
Water Supply Infrastructure	3 544 377	-
Community Assets	503 572	-
Other Assets	232 846	-
	<b>33 535 118</b>	<b>3 668 540</b>

#### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Infrastructure Assets	36 404 377	64 885 198
Community Assets	1 812 488	2 119 459
Other Assets	959 982	1 031 182
	<b>39 176 847</b>	<b>68 035 839</b>

#### Reasons for delay:

- Budgeting/Funding Constraints
- Delays with EIA Approvals
- Delays with SCM Processes
- COVID-19 Lockdown

### 4.5 Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Employee Related costs	12 114 010	2 918 309
Contracted Services	25 520 759	39 197 264
Materials	4 576 987	2 286 136
Other Expenses	39 719	155 752
	<b>42 251 475</b>	<b>44 557 461</b>

### 4.6 Change in estimates in terms of GRAP 3

#### Depreciation before adjustments:

Community Assets	-	5 677
Computer Equipment	-	378 855
Electrical Infrastructure	-	942
Furniture and Office Equipment	-	170 626
Machinery and Equipment	-	163 677
Network and Communication	-	206
Other Assets	-	23 225
Roads Infrastructure	-	98 351
Sanitation Infrastructure	-	90 834
Transport Assets	-	533 530
Water Supply Infrastructure	-	86 240
	<b>-</b>	<b>1 552 163</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>Depreciation after adjustments:</b>			
Community Assets		-	3 786
Computer Equipment		-	157 309
Electrical Infrastructure		-	628
Furniture and Office Equipment		-	85 251
Machinery and Equipment		-	80 718
Network and Communication		-	170
Other Assets		-	8 448
Roads Infrastructure		-	65 564
Sanitation Infrastructure		-	60 552
Transport Assets		-	340 200
Water Supply Infrastructure		-	57 492
		-	<b>860 118</b>

The useful life's of the assets were adjusted for further periods, due to these assets reaching their expected useful life's. The changes remains the same for the next two years

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

		R	2021 R	R	R	2020 R	R
	Note	Cost	Accumulated depreciation and accumulated impairment	Carrying Value	Cost	Accumulated depreciation and accumulated impairment	Carrying Value
<b>5 INTANGIBLE ASSETS</b>							
Computer software, other		(8)	-	(8)	(8)	0	(8)
		(8)	-	(8)	(8)	0	(8)

Description	Remaining Amortization Period
Microsoft Office and Windows Software	5 - 10 Years

No intangible asset has an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening Balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment Loss	Impairment Reversal	Depreciation	Carrying Value
<b>5.1 Reconciliation of carrying value - 2021</b>									
Computer software, other	(8)	-	-	-	-	-	-	-	(8)
	(8)	-	-	-	-	-	-	-	(8)
<b>5.2 Reconciliation of carrying value - 2020</b>									
Computer software, other	(8)	-	-	-	-	-	-	-	(8)
	(8)	-	-	-	-	-	-	-	(8)



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

		2021		2020		
	R	R	R	R	R	
	Cost	Accumulated depreciation and accumulated impairment	Carrying Value	Cost	Accumulated depreciation and accumulated impairment	Carrying Value
Note						
<b>6 HERITAGE ASSETS</b>						
Historical buildings	16 512	-	16 512	16 512	-	16 512
Service concession assets	18 681	-	18 681	18 681	-	18 681
	<b>35 193</b>	<b>-</b>	<b>35 193</b>	<b>35 193</b>	<b>-</b>	<b>35 193</b>

### 6.1 Age and/or condition of heritage assets

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

### 6.2 Restrictions on heritage assets

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

### 6.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

### 6.4 Contractual commitments for the acquisition, maintenance and restoration of heritage assets

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

### 6.5 Heritage assets used for more than one purpose

There are no Heritage Assets that are used by the Municipality for more than one purpose.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening Balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment Loss	Impairment Reversal	Depreciatio n	Carrying Value
<b>6.6 Reconciliation of carrying value - 2021</b>									
Historical buildings	16 512	-	-	-	-	-	-	-	16 512
Service concession assets	18 681	-	-	-	-	-	-	-	18 681
	<b>35 193</b>	-	-	-	-	-	-	-	<b>35 193</b>
<b>6.7 Reconciliation of carrying value - 2020</b>									
Historical buildings	16 512	-	-	-	-	-	-	-	16 512
Service concession assets	18 681	-	-	-	-	-	-	-	18 681
	<b>35 193</b>	-	-	-	-	-	-	-	<b>35 193</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>7 INVESTMENTS</b>			
<b>7.1 NON - CURRENT</b>			
Fixed Deposits		9 107 254	8 355 004
		<b>9 107 254</b>	<b>8 355 004</b>

A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa.

Interest accrued on the investment is capitalized annually.

### 8 LONG-TERM RECEIVABLES

Housing Selling Schemes - At amortised cost		2 090	3 916
		<b>2 090</b>	<b>3 916</b>
<b>Less : Current portion transferred to current receivables</b>		<b>997</b>	<b>1 825</b>
Housing Selling Schemes - At amortised cost - Current portion		997	1 825
<b>Total</b>		<b>1 093</b>	<b>2 090</b>

### HOUSING SELLING SCHEMES

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted applicable to these loans are not more favourable that would be expected in market term

### 9 INVENTORIES

Consumable stores		14 087 180	13 072 644
Water for distribution		144 505	129 053
Unsold Properties Held for Resale		2 235 230	2 235 230
		<b>16 466 916</b>	<b>15 436 927</b>
Inventories recognised as an expense during the year	52	25 523 238	9 251 486

#### Inventory pledged as security

No inventory assets were pledged as security for liabilities.

#### Water for distribution

Opening Balance		129 053	104 829
Water Stock Journal		15 453	24 223
		<b>144 505</b>	<b>129 053</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>10 OPERATING LEASE ( ACCRUAL)</b>		
Operating lease asset - Current	318 625	440 391
Operating lease accrual - Current	(268 342)	(328 245)
	<b>50 282</b>	<b>112 146</b>

A further breakdown/ explanation can be found under note 68 sub-heading Operating lease

### 11 DEBTORS DISCLOSURE

#### Gross Balances

Consumer debtors - Electricity	28 928 107.45	29 652 114
Consumer debtors - Water	80 411 726.24	87 899 605
Consumer debtors - Sewerage	81 456 726.44	93 097 997
Consumer debtors - Refuse	48 476 894.38	55 138 920
Consumer debtors - Housing Rentals	1 089 084.36	1 428 831
Consumer debtors - Sundries (Exchange)	7 914 742.87	6 481 073
Consumer debtors - Rates	48 554 513.01	48 098 158
Fines	51 149 910.00	29 386 790
Consumer debtors - Sundries (Non-Exchange)	1 672 471.48	625 864
	<b>349 654 176</b>	<b>351 809 351</b>

#### Less: Allowance for impairment

Consumer debtors - Electricity	(13 503 800)	(10 460 645)
Consumer debtors - Water	(73 223 824)	(79 137 859)
Consumer debtors - Sewerage	(76 609 935)	(86 066 323)
Consumer debtors - Refuse	(45 520 026)	(51 258 384)
Consumer debtors - Housing Rentals	(1 021 534)	(1 113 970)
Consumer debtors - Sundries (Exchange)	(5 781 893)	(4 102 115)
Consumer debtors - Rates	(32 268 578)	(32 867 258)
Fines	(45 510 962)	(22 192 559)
	<b>(293 440 550)</b>	<b>(287 199 112)</b>

#### Net Balance

Consumer debtors - Electricity	15 424 308	19 191 470
Consumer debtors - Water	7 187 903	8 761 746
Consumer debtors - Sewerage	4 846 792	7 031 673
Consumer debtors - Refuse	2 956 869	3 880 536
Consumer debtors - Housing Rentals	67 551	314 860
Consumer debtors - Sundries (Exchange)	2 132 850	2 378 958
Consumer debtors - Rates	16 285 935	15 230 901
Fines	5 638 948	7 194 231
Consumer debtors - Sundries (Non-Exchange)	1 672 471	625 864
	<b>56 213 627</b>	<b>64 610 239</b>

#### Statutory receivables included in consumer debtors above are as follows:

Consumer debtors - Rates	16 285 935	15 230 901
Fines	5 638 948	7 194 231
	<b>21 924 884</b>	<b>22 425 132</b>

#### Financial asset receivables included in consumer debtors above

	34 288 743	42 185 107
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#### Total debtors

	<b>56 213 627</b>	<b>64 610 239</b>
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**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>11.1 Included in above is receivables from Exchange transactions - Current</b>		
Consumer debtors - Electricity	15 424 308	19 191 470
Consumer debtors - Water	7 187 903	8 761 746
Consumer debtors - Sewerage	4 846 792	7 031 673
Consumer debtors - Refuse	2 956 869	3 880 536
Consumer debtors - Housing Rentals	67 551	314 860
Consumer debtors - Sundries (Exchange)	2 132 850	2 378 958
	<b>32 616 272</b>	<b>41 559 244</b>
<b>11.2 Included in above is receivables from Non-exchange transactions - Current</b>		
Consumer debtors - Rates	16 285 935	15 230 901
Fines	5 638 948	7 194 231
Consumer debtors - Sundries (Non-Exchange)	1 672 471	625 864
	<b>23 597 355</b>	<b>23 050 996</b>
<b>Net Balance</b>	<b>56 213 627</b>	<b>64 610 239</b>

**11.3 Ageing of Receivables from Exchange and Non-Exchange Transactions:**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

**Consumer debtors - Electricity**

Current (0 – 30 days)	4 835 301	12 128 878
31 - 60 Days	10 604 027	2 280 514
61 - 90 Days	1 279 916	1 607 210
+ 90 Days	12 208 863	13 635 512
	<b>28 928 107</b>	<b>29 652 114</b>

**Consumer debtors - Water**

Current (0 – 30 days)	2 721 529	7 422 336
31 - 60 Days	7 457 614	3 145 455
61 - 90 Days	4 716 418	2 865 203
+ 90 Days	65 516 165	74 466 611
	<b>80 411 726</b>	<b>87 899 605</b>

**Consumer debtors - Sewerage**

Current (0 – 30 days)	1 591 305	7 038 134
31 - 60 Days	7 160 260	3 318 546
61 - 90 Days	4 336 005	3 157 200
+ 90 Days	68 369 156	79 584 117
	<b>81 456 726</b>	<b>93 097 997</b>

**Consumer debtors - Refuse**

Current (0 – 30 days)	898 160	4 078 668
31 - 60 Days	4 244 999	1 951 881
61 - 90 Days	2 565 109	1 848 372
+ 90 Days	40 768 626	47 259 999
	<b>48 476 894</b>	<b>55 138 920</b>



**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>Consumer debtors - Housing Rentals</b>			
Current (0 – 30 days)		29 366	171 722
31 - 60 Days		34 951	29 109
61 - 90 Days		24 117	29 127
+ 90 Days		1 000 650	1 198 873
		<b>1 089 084</b>	<b>1 428 831</b>
<b>Consumer debtors - Sundries (Exchange)</b>			
Current (0 – 30 days)		348 051	1 171 188
31 - 60 Days		618 708	21 255
61 - 90 Days		355 881	20 904
+ 90 Days		6 592 103	5 267 726
		<b>7 914 743</b>	<b>6 481 073</b>
<b>Consumer debtors - Rates</b>			
Current (0 – 30 days)		1 085 137	7 952 582
31 - 60 Days		10 428 037	2 519 878
61 - 90 Days		3 547 219	1 937 637
+ 90 Days		33 494 120	35 688 061
		<b>48 554 513</b>	<b>48 098 158</b>
<b>Fines</b>			
Current (0 – 30 days)		2 682 550	3 422 500
31 - 60 Days		2 839 550	602 700
61 - 90 Days		2 598 650	324 800
+ 90 Days		43 028 960	25 036 790
		<b>51 149 710</b>	<b>29 386 790</b>
<b>Consumer debtors - Sundries (Non-Exchange)</b>			
Current (0 – 30 days)		455 964	54 085
61 - 90 Days		-	7 275
+ 90 Days		1 216 508	564 504
		<b>1 672 471</b>	<b>625 864</b>
<b>11.4 Summary of debtors by customer classification</b>			
<b>Residential</b>			
Current (0 – 30 days)		38 280 964	41 585 909
31 - 60 Days		19 778 021	12 095 888
61 - 90 Days		9 391 660	10 375 289
+ 90 Days		259 052 734	270 175 581
		<b>326 503 379</b>	<b>334 232 667</b>
<b>Less:</b> Allowance for impairment		(274 197 083)	(278 274 639)
		<b>52 306 296</b>	<b>55 958 028</b>
<b>Industrial/ commercial</b>			
Current (0 – 30 days)		5 722 586	2 834 100
31 - 60 Days		1 907 196	1 546 005
61 - 90 Days		785 627	1 241 237
+ 90 Days		12 088 818	10 668 962
		<b>20 504 227</b>	<b>16 290 304</b>
<b>Less:</b> Allowance for impairment		(17 105 573)	(7 988 473)
		<b>3 398 654</b>	<b>8 301 831</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>National and provincial government</b>			
Current (0 – 30 days)		549 800	(573 877)
31 - 60 Days		370 457	227 444
61 - 90 Days		175 100	181 202
+ 90 Days		1 551 213	1 451 611
		<b>2 646 570</b>	<b>1 286 380</b>
<b>Less: Allowance for impairment</b>		<b>(2 137 894)</b>	<b>(936 000)</b>
		<b>508 676</b>	<b>350 380</b>
<b>Total</b>			
Current (0 – 30 days)		44 553 350	43 846 132
31 - 60 Days		22 055 674	13 869 337
61 - 90 Days		10 352 387	11 797 728
+ 90 Days		272 692 765	282 296 154
		<b>349 654 176</b>	<b>351 809 351</b>
<b>Less: Allowance for impairment</b>		<b>(293 440 550)</b>	<b>(287 199 112)</b>
		<b>56 213 627</b>	<b>64 610 239</b>

### 11.5 Material Losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2019. A new service provider was only appointed, with effect 01 February 2020. For the interim period, no traffic fines were issued

Furthermore, due to the lockdown restrictions of COVID-19 (27 March 2020 until 01 June 2020), another two months were experienced, where no traffic fines were issued. No estimate was done for this period because individuals were not allowed to drive during the lockdown period and traffic services were not classified as essential services during the lockdown, therefore no revenue from fines was expected.

The estimated loss resulting from the non-issuing of fines for the period of seven months is estimated at R 28 061 043

### 11.6 Trade and other receivables pledged as security

No Receivables are pledged as security for financial liabilities

### 11.7 Fair value of trade and other receivables

Due to the short term nature of receivables the carrying amount disclosed in note 11 of the financial statements is an approximation of its fair value.

### 11.8 Reconciliation of allowance for impairment

Balance at beginning of the year	287 199 112	255 826 733
Contributions to allowance	6 241 437.75	31 372 379
<b>Balance at end of year</b>	<b>293 440 550</b>	<b>287 199 112</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>The total amount of this provision consists of:</b>		
Consumer debtors - Electricity	13 503 800	10 460 645
Consumer debtors - Water	73 223 824	79 137 859
Consumer debtors - Sewerage	76 609 935	86 066 323
Consumer debtors - Refuse	45 520 026	51 258 384
Consumer debtors - Housing Rentals	1 021 534	1 113 970
Consumer debtors - Sundries (Exchange)	5 781 893	4 102 115
Consumer debtors - Rates	32 268 578	32 867 258
Fines	45 510 962	22 192 559
	<b>293 440 550</b>	<b>287 199 112</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines.

### 12 VAT RECEIVABLE

VAT	7 904 394	5 136 369
	<b>7 904 394</b>	<b>5 136 369</b>
<b>Net VAT Receivable</b>		
VAT Payable (Output)	(157 646 840)	(144 054 440)
VAT Receivable (Input)	165 551 234	149 190 809
	<b>7 904 394</b>	<b>5 136 369</b>

### 13 GRANTS

Provincial Housing	(16 165 067)	(10 065 796)
Municipal Infrastructure (MIG)	454 503	5 422 959
Regional Social Economic Projects (RSEP)	1 869 771	2 350 504
Integrated National Electrification Program (INEP)	56 293	(0)
LG SETA	351 844	706 759
Financial Management Capacity Building	75 142	75 142
Community Development Workers (CDW)	51 894	37 967
Local Government Graduate Internship	266 175	266 175
Municipal Replacement Funding (MRF)	306 460	306 460
Extended Public Works Programme (EPWP)	454	-
Disaster Management - Housing	-	0
Warren Split Accounts (Must be Zero)	0	-
Energy Efficiency and Demand Side Management	0	22 671
Disaster Management - Provincial	7	7
	<b>(12 732 523)</b>	<b>(877 151)</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>Unspent conditional grants</b>		3 432 545	9 188 645
<b>Unpaid conditional grants</b>		(16 165 067)	(10 065 796)
		<b>(12 732 523)</b>	<b>(877 151)</b>

See below for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional Grants Received	48 669 156	69 041 695
Unconditional Grants Received	121 667 671	93 565 000
	<b>170 336 827</b>	<b>162 606 695</b>

### 13.01 Libraries - Conditional

Receipts	-	2 026 507
Conditions Met - Transferred to Revenue - Operating	-	(2 026 507)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives

### 13.02 Provincial Housing

Opening Balance	(10 065 796)	(16 622 921)
Receipts	4 286 746	13 386 294
Conditions Met - Transferred to Revenue - Operating	(10 386 017)	(3 532 530)
Conditions Met - Transferred to Revenue - Capital	-	(3 296 640)
<b>Conditions still to be met - remain liabilities.</b>	<b>(16 165 067)</b>	<b>(10 065 796)</b>

This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.

### 13.03 Municipal Infrastructure (MIG)

Opening Balance	5 422 959	38 065
Receipts	19 817 000	20 173 000
Conditions Met - Transferred to Revenue - Capital	(24 785 456)	(14 788 106)
<b>Conditions still to be met - remain liabilities.</b>	<b>454 503</b>	<b>5 422 959</b>

The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>13.04 Regional Social Economic Projects (RSEP)</b>		
Opening Balance	2 350 504	-
Receipts	3 000 000	2 600 000
Conditions Met - Transferred to Revenue - Capital	(3 480 733)	(249 496)
<b>Conditions still to be met - remain liabilities.</b>	<b>1 869 771</b>	<b>2 350 504</b>

This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.

### 13.05 Integrated National Electrification Program (INEP)

Opening Balance	-	86 872
Receipts	4 000 000	6 828 000
Conditions Met - Transferred to Revenue - Capital	(3 943 707)	(6 914 872)
<b>Conditions still to be met - remain liabilities.</b>	<b>56 293</b>	<b>-</b>

The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure.

### 13.06 LG SETA

Opening Balance	706 759	319 866
Receipts	401 410	386 893
Conditions Met - Transferred to Revenue - Operating	(756 325)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>351 844</b>	<b>706 759</b>

This Grant is to promote Skills Development and Training as part of the Skills Development Plan.

### 13.07 Financial Management Support - mSCOA

Opening Balance	-	(51 469)
Receipts	-	330 000
Conditions Met - Transferred to Revenue - Operating	-	(278 531)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

This grant is given to municipalities to provide financial assistance to municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

### 13.08 Financial Management Capacity Building

Opening Balance	75 142	75 142
<b>Conditions still to be met - remain liabilities.</b>	<b>75 142</b>	<b>75 142</b>

The Financial Management Capacity Building Grant is given to municipalities to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities requirements to enable sound and sustainable financial management and good financial governance.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>13.09 Community Development Workers (CDW)</b>			
Opening Balance		37 967	(33)
Receipts		19 000	38 000
Conditions Met - Transferred to Revenue - Operating		(5 073)	-
<b>Conditions still to be met - remain liabilities.</b>		<b>51 894</b>	<b>37 967</b>

This grant is given to municipalities to provide financial assistance to municipalities to cover the operational and capital expenses in respect of the functions of the community development workers including the supervisors and regional organisers.

### 13.10 Local Government Graduate Internship

Opening Balance	266 175	202 024
Receipts	-	460 000
Conditions Met - Transferred to Revenue - Operating	-	(395 849)
<b>Conditions still to be met - remain liabilities.</b>	<b>266 175</b>	<b>266 175</b>

To provide financial assistance to municipalities in support of capacity building for the future by means of graduate internship programmes.

### 13.11 Municipal Replacement Funding (MRF)

Opening Balance	306 460	983 399
Receipts	11 018 000	9 089 000
Conditions Met - Transferred to Revenue - Operating	(11 018 000)	(9 304 383)
Conditions Met - Transferred to Revenue - Capital	-	(461 555)
<b>Conditions still to be met - remain liabilities.</b>	<b>306 460</b>	<b>306 460</b>

This grant was received as a contribution for the operational cost of the libraries

### 13.12 Proclaimed Roads Maintenance

Opening Balance	-	(4 219)
Receipts	870 000	2 489 000
Conditions Met - Transferred to Revenue - Operating	(870 000)	(2 484 781)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

This subsidy was for maintenance on main roads, belonging to the Western Cape Government

### 13.13 Extended Public Works Programme (EPWP)

Receipts	2 173 000	2 579 000
Conditions Met - Transferred to Revenue - Operating	(2 172 546)	(2 579 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>454</b>	<b>-</b>

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>13.14 Financial Management Support - Drought</b>			
Receipts		734 000	-
Conditions Met - Transferred to Revenue - Capital		(734 000)	-
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>

Grant received from the Provincial Government for drought support.

### 13.15 Disaster Management - National

Receipts	-	506 000
Conditions Met - Transferred to Revenue - Operating	-	(506 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

Municipal Disaster Management Grant received from the Provincial Government for disaster support.

### 13.16 Disaster Management - Housing

Opening Balance	0	0
Conditions Met - Transferred to Revenue - Operating	(0)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>0</b>	<b>0</b>

Disaster Management Emergency Housing Grant received from the Provincial Government for disaster support.

### 13.17 Financial Management (FMG)

Receipts	1 550 000	1 550 000
Conditions Met - Transferred to Revenue - Operating	(1 550 000)	(1 550 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

### 13.18 LED Strategy (IDC)

Opening Balance	-	0
Conditions Met - Transferred to Revenue - Operating	-	(0)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

### 13.19 Neighbourhood Development

Opening Balance	-	1
Conditions Met - Transferred to Revenue - Operating	-	(1)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>13.20 ACIP</b>			
Opening Balance		-	0
Conditions Met - Transferred to Revenue - Operating		-	(0)
<b>Conditions still to be met - remain liabilities.</b>		-	-

### 13.21 Energy Efficiency and Demand Side Management

Opening Balance	22 671	-
Receipts	-	6 000 000
Conditions Met - Transferred to Revenue - Capital	-	(5 977 329)
Re-payment of Unspent Grant	(22 671)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>0</b>	<b>22 671</b>

The Energy Efficiency and Demand Side Management Grant is paid by National Treasury, to provide subsidies to Bitou to implement energy efficiency demand side management (EEDSM) initiatives within the municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

### 13.22 Disaster Management - Provincial

Opening Balance	7	197 708
Receipts	-	600 000
Conditions Met - Transferred to Revenue - Operating	-	(797 700)
<b>Conditions still to be met - remain liabilities.</b>	<b>7</b>	<b>7</b>

Disaster Management Relief Funds with regards to Disasters within the Municipal area.

### 13.23 Electricity Master Plan Grant

Receipts	800 000	-
Conditions Met - Transferred to Revenue - Operating	(800 000)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

The Electricity Master Plan Grant is paid by Provincial Treasury for financial assistance to municipalities to ensure effective functioning of municipal electrical infrastructure and to maximise the provision of basic electricity to citizens.

### 13.24 Equitable Share

Receipts	121 667 671	93 565 000
Conditions Met - Transferred to Revenue - Operating	(121 667 671)	(93 565 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

### 13.25 Total Grants

Opening Balance	(877 151)	(14 775 567)
Receipts	170 336 827	162 606 695
Conditions Met - Transferred to Revenue - Operating	(149 225 632)	(117 020 282)
Conditions Met - Transferred to Revenue - Capital	(32 943 895)	(31 687 997)
Re-payment of Unspent Grant	(22 671)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>(12 732 523)</b>	<b>(877 151)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>14 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		8 254	18 180
Bank balances		21 902 364	82 625 526
Short-term deposits		51 554 231	43 073 005
		<u>73 464 849</u>	<u>125 716 711</u>
<b>Current Assets</b>		<u>73 464 849</u>	<u>125 716 711</u>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

### Reconciliation of Available Cash and Investment Resources

The Following are Cash and Investment Resources held that are held by the Municipality but may not be used for other then the intended purposes as stated below:

Cash and cash equivalents	73 464 849	125 716 711
Long Term Deposits / Investments	9 107 254	8 355 004
	<b>82 572 103</b>	<b>134 071 715</b>
<b>Less:</b>		
Unspent conditional grants	3 432 545	9 188 645
Unspent public contributions and donations	498 469	38 469
Secured Investments - DBSA (Nedbank)	5 243 673	5 243 673
Consumer deposits	9 013 287	8 545 735
Capital replacement reserve	102 000 000	98 738 413
<b>Resources Available for Working Capital Requirements</b>	<b>(37 615 872)</b>	<b>12 316 781</b>

### The Municipality had the following bank accounts as at 1 July: -

Nedbank- Current Account Number 1089911513 (Primary Bank Account)	79 155 702	26 183 315
Nedbank- Current Account Number 1089913079 (Traffic Account)	123 501	84 072
Nedbank- Current Account Number 1089913974 (Direct Deposits)	3 174 272	345 858

### The Municipality had the following bank accounts as at 30 June: -

Nedbank- Current Account Number 1089911513 (Primary Bank Account)	9 574 069	79 155 702
Nedbank- Current Account Number 1089913079 (Traffic Account)	40 684	123 501
Nedbank- Current Account Number 1089913974 (Direct Deposits)	901 947	3 174 272
Standard Bank - Current Account Number 372884709 (Primary Bank Account)	11 190 274	-

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
Cash book balance at beginning of year		82 625 526	26 762 810
Cash book balance at end of year		21 902 364	82 625 526
Bank statement balance at beginning of year		82 453 475	26 613 245
Bank statement balance at end of year		21 706 974	82 453 475

### 15 BORROWINGS

#### At Amortised Cost

DBSA - 11200/102	0	0
DBSA - 13665/101	-	196 842
DBSA - 100225/1	1 236 000	2 060 000
DBSA - 103437/1	17 663 655	18 978 199
DBSA - 103437/2	971 764	1 231 119
Standard Bank - 282024913 (Old Acc Number)/ 000537504 (New Acc number)	9 206 096	10 935 248
Standard Bank - 282044426	(0)	2 566 169
Standard Bank - 282029087 (Old Acc Number)/ 000536658 (New Acc number)	1 177 863	3 357 492
Standard Bank - 251981282 (Old Acc Number)/ 000536894 (New Acc number)	1 142 997	3 255 878
Standard Bank - 282022589 (Old Acc Number)/ 000537648 (New Acc number)	3 583 814	5 107 852
Standard Bank - 082602247 (Old Acc Number)/ 000536665 (New Acc number)	5 088 442	6 440 569
Standard Bank - 082602573	0	0
NedBank - 7831 033912 / 000 001	5 434 523	6 438 842
NedBank - 2017/2018	24 670 938	26 959 874
ABSA - 2015/2016	12 545 192	14 366 932
ABSA - 2016/2017	17 822 873	19 901 980
	<b>100 544 158</b>	<b>121 796 997</b>

#### Development Bank Loans

Various structured loans have been taken up with DBSA, with an original value totalling R75.289m. All the loans are paid 6 monthly on a "Fixed capital plus interest" basis which varies between 15-20 year periods with maturity dates ranging from 31/12/2019 - 30/06/2029 respectively. Interest rates applicable on all loans vary from 9.14% to 11.24% . Apart from the below mentioned loan all other loans are unsecured.

A non current investment to establish a Sinking Fund, amounted to R 5, 244m has been invested with Nedbank to serve as a contractual collateral on loans (loan WC 13665 and WC 100225) from Development Bank of Southern Africa.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
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### Standard Bank Loans

Seven loans originally amounting to a total of R94,38m had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2018 to 30/06/2025 respectively. Interest rates applicable to these loans varying between 10.00% and 11.45% respectively. The loans are unsecured.

### Nedbank Loans

Two loans originally amounting R40.88m have been taken up from Nedbank. The one loan will be paid monthly and the other bi-annually, on equal instalments, based on fixed interest rates of 11.81% and 10.54% respectively over 10 year periods. The loans matures on 30/06/2025 and 30/06/2028. The loans are unsecured.

### ABSA Loans

Two loans originally amounting to R44.99m have been taken up from ABSA. The loans will be paid 6-monthly on equal instalments based on a fixed interest rate over a ten year period with maturity date of 30/06/2026 and 30/06/2027 respectively. Interest rates applicable to these loans vary between 10.04% and 10.36% respectively. The loans are unsecured.

The fair value of Long-Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the Municipality and the relevant financing institutions.

<b>Non-Current Liabilities</b>	82 498 638	100 511 797
<b>Current Liabilities</b>	18 045 519	21 285 200
<b>Total borrowings</b>	<b>100 544 158</b>	<b>121 796 997</b>

#### 15.1 The obligations under annuity loans are scheduled below:

##### Amounts Payable under Annuity Loans

Within 1 year	28 306 266	33 831 938
Within 2 - 5 years	96 860 497	96 982 780
After 5 years	11 800 613	39 991 657
Less: Future Finance obligations	(36 423 218)	(49 009 378)
<b>Present Value of Annuity loans obligations</b>	<b>100 544 158</b>	<b>121 796 997</b>

#### 15.2 Utilisation of Long-term Liabilities Reconciliation

Long-term Liabilities raised	100 544 158	121 796 997
Used to finance Property, Plant and Equipment	(100 544 158)	(121 796 997)
<b>Present Value of Annuity loans obligations</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

Refer to Appendix B for more detail on borrowings.



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>16 FINANCE LEASE LIABILITIES</b>		
<b>At Amortised Cost</b>		
JCB 3DX4 Backhoe Loader - CX40104	891 297	-
JCB 3DX4 Backhoe Loader - CX40065	891 297	-
JCB 3DX4 Backhoe Loader - CX40126	891 297	-
Tomcat Chipper M4375 AE - CX43517	839 943	-
UD Croner H37 PKE250 Compactor (15 Cube) - CX44661	1 439 654	-
UD Croner H37 PKE250 Compactor (15 Cube) - CX42928	1 439 654	-
Isuzu NPR400 AMT Crew Jetting Truck - CX24197	1 011 876	-
UD Quester E53 GWE390 Tipper Truck (10 Cube) - CX60677	1 321 623	-
UD Croner PKE 250 Dump Alli Skip Truck - CX60668	923 502	-
Hino 300 915 LWB MT Crane Tipper Truck - CX44281	858 080	-
	<b>10 508 225</b>	<b>-</b>

### Standard Bank

The municipality has entered into a Vehicle Finance Lease agreement with Standard Bank. The lease repayment period are for 36 months, starting 30 August 2020. Lease instalments are payable monthly. No escalation is applicable. The effective rate was 9.55% (2020 - 0%).

### Non-Current Liabilities

### Current Liabilities

### Total finance leases

6 674 592	-
3 833 633	-
<b>10 508 225</b>	<b>-</b>

### 16.1 The obligations under finance leases are scheduled below:

### Amounts Payable under Finance Leases

Within 1 year	5 222 731	-
Within 2 - 5 years	6 495 612	-
Less: Future Finance obligations	(1 210 118)	-
<b>Present Value of finance lease obligations</b>	<b>10 508 225</b>	<b>-</b>

### 16.2 Utilisation of Finance Lease Liabilities Reconciliation

Finance lease obligation	10 508 225	-
Used to finance Property, Plant and Equipment	(10 508 225)	-
<b>Present Value of Annuity loans obligations</b>	<b>-</b>	<b>-</b>

Finance Lease liabilities have been utilized in accordance with the Municipal Finance Management Act

Refer to Appendix B for more detail on finance leases.

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>17 EMPLOYEE BENEFIT OBLIGATION</b>			
Post-Retirement Benefits	17.1	67 005 000	56 408 999
Long Service Awards	17.2	12 184 000	10 347 000
<b>Total Non-current Employee Benefit Liabilities</b>		<b>79 189 000</b>	<b>66 755 999</b>
<b>17.1 Post Retirement Benefits</b>			
Opening balance		58 186 999	62 052 942
Current service cost		6 156 000	10 642 517
Interest Cost		4 152 000	-
Actual employer benefit payments		(1 584 190)	(1 438 282)
Actuarial loss/ (gain) recognised in the year		2 078 191	(13 070 178)
<b>Closing Balance</b>		<b>68 989 000</b>	<b>58 186 999</b>
<b>Less: Transfer of Current Portion</b>		<b>(1 984 000)</b>	<b>(1 778 000)</b>
<b>Non-Current Portion</b>		<b>67 005 000</b>	<b>56 408 999</b>
<b>17.2 Long-Service Awards</b>			
Opening balance		11 306 000	10 952 070
Contributions for the year		2 847 593	2 055 957
Expenditure for the year		(1 216 593)	(1 041 598)
Actuarial Loss/(Gain)		-	(660 429)
<b>Closing Balance</b>		<b>12 937 000</b>	<b>11 306 000</b>
<b>Less: Transfer of Current Portion</b>		<b>(753 000)</b>	<b>(959 000)</b>
<b>Non-Current Portion</b>		<b>12 184 000</b>	<b>10 347 000</b>
<b>17.3 Post-Retirement Benefits</b>			
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members		494	505
In-service (employee)- non members		54	41
Continuation members (e.g. Retirees, widows, orphans)		43	39
<b>Total Members</b>		<b>591</b>	<b>585</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
The liability in respect of past service has been estimated to be as follows:		
	R	R
In-service (employee) members	46 853 000	39 666 000
In-service (employee)- non members	452 000	365 000
Continuation members (e.g. Retirees, widows, orphans)	21 684 000	18 156 000
<b>Total Liability - Unfunded</b>	<b>68 989 000</b>	<b>58 187 000</b>

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

	2019 R	2018 R	2017 R	2016 R
In-service (employee) members	44 237 818	77 084 170	72 511 038	68 218 893
In-service (employee)- non members	391 250	2 579 704	3 009 265	2 450 618
Continuation members (e.g. Retirees, widows, orphans)	17 423 874	16 537 120	18 250 143	17 094 650
<b>Total Liability</b>	<b>62 052 942</b>	<b>96 200 994</b>	<b>93 770 446</b>	<b>87 764 161</b>

Experience adjustments were calculated as follows:

	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Liabilities: (Gain) / Loss	(4 387)	1 200	(6 771)	(6 557)
<b>Total Liability</b>	<b>(4 387)</b>	<b>1 200</b>	<b>(6 771)</b>	<b>(6 557)</b>

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- LA Health
- SAMWUMed
- KeyHealth
- Hosmed

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>Key assumptions used</b>		
i) Rate of interest		
	%	%
Discount rates used	10.25%	10.74%
Health Care Cost Inflation Rate	6.91%	6.75%
Expected rate of return on assets	3.12%	3.74%

ii) Mortality rates

The PA 90 ultimate table, adjusted down by 1 year of age was used by the actuaries

The SA 85-90 table was used by the actuaries for current employees

iii) Normal Retirement Age

It has been assumed that in-service members will retire at an average age of 62 years, which then implicitly allows for expected rates of early and ill-health retirement. In

**The amount recognised in the Statement of Financial Position is as follows:**

	R	R
Present value of fund obligations	1 984 000	1 778 000
<b>Net Liability - Unfunded</b>	<b>1 984 000</b>	<b>1 778 000</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	58 186 999	62 052 942
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)	6 156 000	10 642 517
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)	4 152 000	-
Benefits Paid	(1 584 190)	(1 438 282)
Actuarial Gain/(losses) (included in Employee Cost in the statement of Financial Performance)	2 078 191	(13 070 178)
<b>Present Value of fund obligation at the end of the year</b>	<b>68 989 000</b>	<b>58 186 999</b>
<b>Less: Transfer of Current Portion</b>	<b>(1 984 000)</b>	<b>(1 778 000)</b>
<b>Balance 30 June</b>	<b>67 005 000</b>	<b>56 408 999</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
The total liability has increased by 19% (or R 10.802 million) since the last valuation. The main reasons for the actual movement in the liability are:		

- an increase in the average age which means members are closer to retirement (less discounting) and less likely before retirement
- an increase in the average past service
- an increase in the average post-employment subsidy
- an increase in the net discount rate

### Sensitivity Analysis on the Accrued Liability in (R millions) on 30 June 2021

Assumptions	In-service members liability R'000	In-service Non-members liability R'000	Continuation members liability R'000	Total Liability R'000
Central Assumptions	46 853	452	21 684	68 989
	<b>46 853</b>	<b>452</b>	<b>21 684</b>	<b>68 989</b>

### The effect of movements in the assumptions are as follows:

Assumptions	Change %	In-service members liability R'000	Continuation members liability R'000	Total Liability R'000	% change %
Health care inflation	1.0	57 559	23 718	81 277	18
Health care inflation	(1.0)	39 238	19 918	59 156	(14)
Discount Rate	1.0	39 519	19 982	59 501	(14)
Discount Rate	(1.0)	57 312	23 672	80 984	17
Post-retirement mortality	+ 1 Year	46 049	20 910	66 959	(3)
Post-retirement mortality	- 1 Year	48 547	22 465	71 012	3
Average retirement age	- 1 Year	52 045	21 684	73 729	7
Membership after retirement	(10.0)	41 539	21 684	63 223	(8)

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note		2021 R	2020 R
<b>Current Service</b>			
	<b>Current Service</b>		
	<b>Change</b>	<b>Cost</b>	<b>Interest cost</b>
	<b>%</b>	<b>R'000</b>	<b>R'000</b>
		<b>Total Liability</b>	<b>% change</b>
		<b>R'000</b>	<b>%</b>
<b>Assumptions</b>			
Health care inflation	1.0	5 103	7 215
Health care inflation	(1.0)	3 408	5 303
Discount Rate	1.0	3 469	5 834
Discount Rate	(1.0)	5 031	6 514
Post-retirement mortality	- 1 Year	4 253	6 329
Average retirement age	- 1 Year	4 654	6 564
Withdrawal rate	(10.0)	3 622	5 612
		9 234	(10)

### 17.4 Long Service Bonuses

The Post Retirement Benefit Plan is a defined benefit plan, are made up as follows:

As at year end, the following number of employees were eligible for Long Service Bonuses.

548	546
-----	-----

The Current-service Cost for the ensuing year is estimated to be R1.41 million, whereas the Interest Cost for the next year is estimated to be R1.209 million:

#### Key assumptions used

i) Rate of interest

Discount rates used  
Health Care Cost Inflation Rate  
Expected rate of return on assets

	%	%
Discount rates used	9.62%	7.74%
Health Care Cost Inflation Rate	5.91%	4.21%
Expected rate of return on assets	3.50%	3.39%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amount recognised in the Statement of Financial Position is as follows:

Present value of fund obligations  
**Net Liability - Unfunded**

	R	R
Present value of fund obligations	753 000	959 000
<b>Net Liability - Unfunded</b>	<b>753 000</b>	<b>959 000</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
The Liability in respect of periods commencing prior to the comparative year has been:		
	2019 R	2018 R
In-service (employee) members	10 952 070	6 572 956
<b>Total Liability</b>	<b>10 952 070</b>	<b>6 065 154</b>

Experience adjustments were calculated as follows:

	2021 R	2020 R	2019 R	2018 R
Liabilities: (Gain) / Loss	999 593	33 571	439 434	283 625
<b>Total Liability</b>	<b>999 593</b>	<b>33 571</b>	<b>439 434</b>	<b>283 625</b>

### Reconciliation of present value of fund obligation:

	R	R
Present value of fund obligation at the beginning of the year	11 306 000	10 952 070
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)	2 847 593	2 055 957
Benefits Paid	(1 216 593)	(1 041 598)
Actuarial Gain/(losses) (included in Employee Cost in the statement of Financial Performance)	-	(660 429)
<b>Present Value of fund obligation at the end of the year</b>	<b>12 937 000</b>	<b>11 306 000</b>
<b>Less: Transfer of Current Portion</b>	<b>(753 000)</b>	<b>(959 000)</b>
<b>Balance 30 June</b>	<b>12 184 000</b>	<b>10 347 000</b>

### Sensitivity Analysis on the Accrued Liability in (R millions) on 30 June 2021

Assumptions	Change %	Liability R'000	% change %
Central Assumption		12 937	
General Salary Inflation	1.0	13 841	7
General Salary Inflation	(1.0)	12 123	(6)
Discount Rate	1.0	12 100	(6)
Discount Rate	(1.0)	13 882	7
Average retirement age	+ 2 Year	14 724	14
Average retirement age	- 2 Year	11 383	(12)
Withdrawal rate	x 2	10 098	(22)
Withdrawal rate	x 0.5	14 933	15

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
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### Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

### CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of % (30 June 2020 -100%).

Contributions paid recognised in the Statement of Financial Performance

R	R
387 441	476 558

### CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of % (30 June 2020 -132.2%).

Contributions paid recognised in the Statement of Financial Performance

R	R
22 611 573	20 565 808



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>DEFINED CONTRIBUTION FUNDS</b>		
<p>Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.</p>		
	<b>R</b>	<b>R</b>
Contributions paid recognised in the Statement of Financial Performance	140 319	132 395

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

## Note

### 18 PROVISIONS

#### 18.1 Reconciliation of Provisions - 2021

	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Reduction due to remeasurement or settlement without cost to entity R	Total R
Environmental rehabilitation	23 422 749	-	-	(23 422 749)	-	-	-
Legal proceedings	4 486 755	3 161 627	(2 593 034)	-	-	-	5 055 347
	<b>27 909 504</b>	<b>3 161 627</b>	<b>(2 593 034)</b>	<b>(23 422 749)</b>	<b>-</b>	<b>-</b>	<b>5 055 347</b>

.000

#### 18.2 Reconciliation of Provisions - 2020

	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Reduction due to remeasurement or settlement without cost to entity R	Total R
Environmental rehabilitation	35 047 316	-	(520 064)	-	-	(11 104 502)	23 422 749
Legal proceedings	623 470	3 863 285	-	-	-	-	4 486 755
<b>Balance at the end of year</b>	<b>35 670 786</b>	<b>3 863 285</b>	<b>(520 064)</b>	<b>-</b>	<b>-</b>	<b>(11 104 502)</b>	<b>27 909 504</b>

	2021 R	2020 R
<b>Non-Current Liabilities</b>	-	23 422 749
<b>Current Liabilities</b>	5 055 347	4 486 755
<b>Total Provisions</b>	<b>5 055 347</b>	<b>27 909 504</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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### Note

#### 18.3 Legal Proceedings Provision

- a) Bitou Local Municipality's legal council advised that the Municipality settle out of court with the claimant. The amount provided for is a best estimate as advised.
- b) The Case against Bitou Local Municipality was settled in favour of the claimant. The Municipality appealed the ruling and the outcome is still unknown. The amount is a best estimate.
- c) Due to an adjudication verdict in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.
- d) During the 2020-21 financial audit subsequent events was identified that spurred Bitou Local Municipality to create a provision for litigation.

#### 19 LANDFILL SITE

Increases

Utilised during the year

**Total Current Liabilities**

23 422 749	-
(8 100 375)	-
<b>15 322 375</b>	<b>-</b>

#### 19.1 Rehabilitation of Landfill Site

The size (footprint) of the landfill site in Plettenberg Bay cover an area of 41 327 m<sup>2</sup>.

The Municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. A closure licence with reference number E 13/2/10/1-D1/14-WL0023/12 was issued by the authorities on 31 March 2014 in this regard.

The cost and date of decommission of the sites are as follows:

The Decommissioning already happened. There is no remaining useful life and the tender for the construction has been awarded. Cost to rehabilitate is R 24.622 million.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Trade payables		39 068 906	52 014 623
Payments received in advance		22 146 141	13 154 411
Prepaid Electricity		465 374	429 648
Retention		1 933 005	4 477 448
Other creditors		309 180	810 335
Unclaimed Deposits		6 378 375	6 615 010
<b>Total</b>		<b>70 300 981</b>	<b>77 501 475</b>

Payables are being recognised net of any discounts.

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 financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the Municipality.

Unclaimed Deposits are unknown banking deposits made on the Municipality's banking accounts. No interest is raised and the credits held by the Municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established. Management of the Municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the Municipality and other parties.

All payables are unsecured.

Retentions do not include retention guarantees that are held by the respective financial institutions, however they are included as part of Financial Instruments and Financial Risk Management

## 21 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Amounts paid in respect of Fines Withdrawn	633 701	237 127
<b>Total</b>	<b>633 701</b>	<b>237 127</b>

## 22 VAT PAYABLE

Vat is payable on the receipts basis. VAT is paid to SARS after payments received from debtors.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>23 CONSUMER DEPOSITS</b>			
Electricity & Water		8 764 014	8 310 208
Refuse		196 901	185 691
Housing rental		52 372	49 836
<b>Total</b>		<b>9 013 287</b>	<b>8 545 735</b>
Guarantees held in lieu of Electricity and Water Deposits		246 125	246 125

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the Municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the Municipality and its consumers.

## 24 EMPLOYEE BENEFIT OBLIGATION

Current portion of Post Retirement Benefits	17.1	1 984 000	1 778 000
Current portion of Long-service Awards	17.2	753 000	959 000
Leave	24.1	23 056 757	21 491 147
Annual Bonus	24.2	7 393 963	6 082 532
Performance Bonus	24.3	2 022 473	2 022 473
<b>Total Current Employee Benefit Liabilities</b>		<b>35 210 192</b>	<b>32 333 151</b>

The movement in current employee benefits are reconciled as follows:

### 24.1 Leave

Opening Balance	21 491 147	18 676 110
Increases	4 301 076	4 542 290
Reductions (Outflow of Economic Benefits)	(2 735 466)	(1 727 253)
<b>Closing Balance</b>	<b>23 056 757</b>	<b>21 491 147</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### 24.2 Annual Bonus

Opening Balance	6 082 532	5 033 059
Increases	10 703 151	10 447 574
Reductions (Outflow of Economic Benefits)	(9 391 720)	(9 398 101)
<b>Closing Balance</b>	<b>7 393 963</b>	<b>6 082 532</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>24.3 Performance Bonus</b>			
Opening Balance		2 022 473	1 209 177
Increases		-	813 295
<b>Closing Balance</b>		<b>2 022 473</b>	<b>2 022 473</b>

Performance Bonuses is paid only to Section 57 Managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals is completed. Due to COVID a performance evaluation could not be concluded but will only be assessed in February, thus this is a best estimate

## 25 UNSPENT PUBLIC CONTRIBUTIONS AND DONATIONS

Nedbank - LED Contribution	498 469	38 469
	<b>498 469</b>	<b>38 469</b>

<b>Unspent Public Contributions and Donations</b>	498 469	38 469
	<b>498 469</b>	<b>38 469</b>

See below for reconciliation of Public Contributions and receipts. These amounts are invested in ring-fenced investment until utilised.

### 25.01 Nedbank - LED Contribution

Opening Balance	38 469	211 730
Receipts	460 000	-
Conditions Met - Transferred to Revenue - Operating	-	(173 260)
<b>Conditions still to be met - remain liabilities.</b>	<b>498 469</b>	<b>38 469</b>

Provide explanations of conditions still to be met and other relevant information

### 25.02 Total Public Contributions and Donations

Opening Balance	38 469	211 730
Receipts	460 000	-
Conditions Met - Transferred to Revenue - Operating	-	(173 260)
<b>Conditions still to be met - remain liabilities.</b>	<b>498 469</b>	<b>38 469</b>

## 26 CAPITAL REPLACEMENT RESERVE

Opening Balance	98 738 413	85 911 605
Transfers from	(38 406 415)	(29 406 197)
Transfers to	41 668 002	42 233 005
	<b>102 000 000</b>	<b>98 738 413</b>

## 27 SERVICE CONCESSION ASSETS

Bitou Local Municipality has no Service Concession Assets

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>28 SERVICE CHARGES</b>			
Sale of electricity		168 627 695	162 482 909
Sale of water		80 711 137	82 153 643
Sewerage and sanitation charges		78 675 222	73 742 159
Refuse removal		46 412 690	43 565 675
		<b>374 426 744</b>	<b>361 944 386</b>
<b>29 RENDERING OF SERVICES</b>			
Admission fees		403	20 260
Building/ Town Planning Fees		3 596 798	2 530 079
Cemetary fees		54 119	21 433
Development Charges		771 886	49 680
Escort/ Road Closure Fees		5 222	6 379
Fire Services		276 402	10 239
Housing (Boarding Services)		626 618	587 072
Other Revenue from rendering of services		151 759	73 635
Parking and Entrance Fees		78 521	31 737
Photocopies and Faxes		14 476	22 292
		<b>5 576 205</b>	<b>3 352 806</b>
<b>30 RENTAL OF FACILITIES AND EQUIPMENT</b>			
<b>Premises</b>			
Premises		479 894	776 573
		<b>479 894</b>	<b>776 573</b>
<b>Facilities and equipment</b>			
Rental of facilities		564 623	446 958
Airport Hanger		104 340	-
		<b>668 963</b>	<b>446 958</b>
<b>Total</b>		<b>1 148 857</b>	<b>1 223 531</b>
<b>31 INTEREST EARNED - CASH AND INVESTMENTS</b>			
Current Account		1 468 886	3 198 808
Investments		5 131 924	7 109 666
		<b>6 600 810</b>	<b>10 308 474</b>
<b>32 INTEREST ON TRADE AND OTHER RECEIVABLES</b>			
Interest On Trade And Other Receivables		12 720 518	13 627 708
<b>Total</b>		<b>12 720 518</b>	<b>13 627 708</b>
<b>33 AGENCY SERVICES</b>			
Vehicle Registration		2 345 436	1 784 517
<b>Total</b>		<b>2 345 436</b>	<b>1 784 517</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>34 LICENSES AND PERMITS</b>			
Boat		55 903	93 217
Trading		17 886	28 001
Road and Transport		645 691	578 631
<b>Total</b>		<b>719 480</b>	<b>699 850</b>
<b>35 OPERATIONAL REVENUE</b>			
Administrative Handling Fees		502 864	356 209
Breakages and Losses Recovered		1 332	572
Collection Charges		540 106	121 684
Landing Fees		135 332	174 329
Staff Recoveries		353 225	276 760
Bad debts recovered		134 317	11 500
Insurance Refunds		313 966	1 019 043
Incidental Cash Surplus		148 195	5 069
<b>Total</b>		<b>2 129 336</b>	<b>1 965 165</b>
<b>36 INVENTORIES REVERSAL TO NET REALISABLE VALUE</b>			
Inventories Reversal To Net Realisable Value		4 289 443	3 136 534
<b>Total</b>		<b>4 289 443</b>	<b>3 136 534</b>
<b>37 PROPERTY RATES</b>			
<b>Rates Received</b>			
Residential		125 614 222	115 223 441
Commercial		16 420 018	15 535 992
State		3 928 470	3 501 999
Small holdings and farms		2 384 437	2 138 347
Industrial		940 453	947 994
Other		33 586	68 154
<b>Total</b>		<b>149 321 185</b>	<b>137 415 926</b>
<b>Valuations</b>			
		<b>R'000</b>	<b>R'000</b>
Residential		21 953 042	21 448 473
Commercial		1 690 151	1 681 491
State		704 750	689 750
Municipal		1 718 760	1 614 960
Small holdings and farms		102 936	105 035
Industrial		585 757	577 639
<b>Total</b>		<b>26 755 396</b>	<b>26 117 348</b>

Assessment Rates are levied on the value of land and improvements, for which a valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2017.





# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments. Monthly rates are payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

### Basic Rate

	c / R	c / R
Residential	0.574	0.547
Commercial	0.959	0.916
Small holdings and farms	0.143	0.136

### 38 INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS

Property Rates	1 857 654	1 703 418
<b>Total</b>	<b>1 857 654</b>	<b>1 703 418</b>

### 39 GOVERNMENT GRANTS AND SUBSIDIES

#### Operating Grants

Equitable share	121 667 671	93 565 000
Extended Public Works Program (EPWP)	2 172 546	2 579 000
Financial Management (FMG)	1 550 000	1 550 000
Provincial Housing	10 386 017	3 532 530
National Disaster Management	-	506 000
Community Development Workers (CDW)	5 073	-
Libraries - Conditional	2 156 277	2 026 507
Municipal Replacement Funding (MRF)	8 773 593	8 828 018
Proclaimed Roads	-	2 484 781
Financial Management Support - mSCOA	870 000	-
Electricity Master Plan Grant	800 000	-
Local Government Graduate Internship	-	674 380
Municipal Disaster - Provincial	-	797 700
LG Seta	756 325	-
Energy Efficiency and Demand Side Management	-	5 977 329
Neighbourhood Development	-	1
	<b>149 137 502</b>	<b>122 521 246</b>

#### Capital Grants

Municipal Infrastructure (MIG)	24 785 456	14 788 106
Integrated National Electrification Programme (INEP)	3 943 707	6 914 872
Provincial Housing	-	3 296 640
Government grant (capital) 4	3 480 733	-
Regional Social Economic Projects	-	249 496
Government grant (capital) 8	734 000	-
Municipal Replacement Funding (MRF)	88 130	937 920
	<b>33 032 025</b>	<b>26 187 033</b>
<b>Total</b>	<b>182 169 528</b>	<b>148 708 280</b>

**BITOU LOCAL MUNICIPALITY**

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>40 PUBLIC CONTRIBUTIONS AND DONATIONS</b>			
Nedbank - LED Contribution		-	173 260
<b>Total</b>		<b>-</b>	<b>173 260</b>

**41 FINES, PENALTIES AND FORFEITS**

Illegal Connections Fines	172 862	33 800
Overdue Books Fines	2 613	10 742
Court Traffic Fines	(7 054)	52 700
Municipal Traffic Fines	25 523 410	8 234 230
Disconnection Fees Penalties	111 626	99 268
Retentions Forfeits	2 416 234	198 818
Unclaimed Money Forfeits	2 242 781	148 200
<b>Total</b>	<b>30 462 472</b>	<b>8 777 758</b>

**42 EMPLOYEE RELATED COSTS**

Basic	151 814 797	138 316 544
Performance Bonus	77 862	813 295
Medical aid - company contributions	18 508 667	16 555 886
UIF and Pension - company contributions	24 016 359	21 603 743
Workman's Compensation (WCA)	902 237	885 487
Leave pay provision charge	4 863 120	3 850 723
Travel, motor car, accommodation, subsistence and other allowances	10 024 369	10 778 900
Overtime payments	14 787 599	12 990 495
Long-service awards	2 847 593	1 395 528
13th Cheques	11 444 699	10 860 640
Danger Allowance	4 284 500	-
Housing benefits and allowances	1 197 925	1 156 813
Contribution to Post Employment Medical	11 240 857	(2 427 103)
Group Insurance - Company contributions	4 475 686	4 051 965
Standby Allowances	5 379 036	4 826 240
Cellphone Allowances	1 729 852	1 721 852
Other benefits	70 993	63 850
<b>Total</b>	<b>267 666 150</b>	<b>227 444 858</b>

**42.01 Remuneration of Municipal Manager - Adv. LMR Ngoqo**

Basic	1 087 428	1 059 406
Travel, motor car, accommodation, subsistence and other allowances	515 774	631 172
UIF and Pension - company contributions	1 813	1 785
Medical aid - company contributions	57 277	53 908
Cellphone Allowances	60 000	60 000
	<b>1 722 292</b>	<b>1 806 270</b>

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>42.02 Remuneration of Chief Financial Officer - Mr BV Mkhafa</b>		
Basic	379 890	887 879
Travel, motor car, accommodation, subsistence and other allowances	151 883	401 543
UIF and Pension - company contributions	744	1 785
Cellphone Allowances	25 000	60 000
13th Cheques	75 966	73 592
	<b>633 483</b>	<b>1 424 798</b>

Mr. Mkhafa resigned on 30 November 2020

**42.03 Remuneration of Chief Financial Officer - Mr M Dyushu**

Basic	297 187	-
Travel, motor car, accommodation, subsistence and other allowances	155 564	-
UIF and Pension - company contributions	623	-
Cellphone Allowances	20 000	-
	<b>473 374</b>	<b>-</b>

Mr. Dyushu was appointed on 01 March 2021

**42.04 Remuneration of Director Corporate Services - Me MP Mpahlwa**

Basic	313 638	-
Travel, motor car, accommodation, subsistence and other allowances	178 455	-
UIF and Pension - company contributions	44 356	-
Medical aid - company contributions	14 532	-
Cellphone Allowances	25 000	-
	<b>575 982</b>	<b>-</b>

Me. Mpahlwa was appointed on the 01 February 2021

**42.05 Remuneration of Director Corporate Services - Me VB Mbelani**

Basic	-	203 609
Travel, motor car, accommodation, subsistence and other allowances	-	70 381
UIF and Pension - company contributions	-	446
Cellphone Allowances	-	15 000
13th Cheques	-	56 558
Leave	-	70 566
Settlement	-	260 021
	<b>-</b>	<b>676 581</b>

Me. Mbelani was dismissed 30 November 2019

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>42.06 Remuneration of Director Community Services - Mr TM Sompani</b>		
Basic	780 294	745 237
Travel, motor car, accommodation, subsistence and other allowances	436 016	480 342
UIF and Pension - company contributions	1 813	1 785
Cellphone Allowances	60 000	60 000
	<b>1 278 124</b>	<b>1 287 364</b>

**42.07 Remuneration of Director Economic Planning and Development - Mr D Friedman**

Basic	285 626	933 034
Travel, motor car, accommodation, subsistence and other allowances	193 346	485 029
UIF and Pension - company contributions	595	1 785
Medical aid - company contributions	11 561	33 701
Cellphone Allowances	29 700	25 300
Leave	145 083	153 022
	<b>665 911</b>	<b>1 631 871</b>

Mr. Friedman's contract ended at the end of October 2020

**42.08 Remuneration of Director Economic Planning and Development - Mr L Gericke**

Basic	606 915	-
Travel, motor car, accommodation, subsistence and other allowances	151 128	-
UIF and Pension - company contributions	110 467	-
Medical aid - company contributions	38 185	-
Cellphone Allowances	40 000	-
	<b>946 696</b>	-

Mr. Gericke was appointed on the 01 November 2020

**42.09 Remuneration of Director Engineering Services - Mr MJ Rhode**

Basic	257 662	1 024 211
Travel, motor car, accommodation, subsistence and other allowances	70 730	319 943
Performance Bonus	101 383	-
UIF and Pension - company contributions	446	1 785
Medical aid - company contributions	9 628	19 256
Cellphone Allowances	15 000	60 000
	<b>454 849</b>	<b>1 425 195</b>

Mr. Rhode was appointed as Senior Manager: PMU as of 01 October 2020

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>42.10 The Aggregated effect of Remuneration of key management personnel</b>			
Basic		4 008 640	4 853 375
Travel, motor car, accommodation, subsistence and other allowances		1 852 896	2 388 410
Performance Bonus		101 383	-
UIF and Pension - company contributions		160 857	9 369
Medical aid - company contributions		131 183	106 866
Cellphone Allowances		274 700	280 300
Leave		145 083	223 588
13th Cheques		75 966	130 150
Settlement		-	260 021
		<b>6 750 709</b>	<b>8 252 079</b>

# BITOU LOCAL MUNICIPALITY

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Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>43 REMUNERATION OF COUNCILLORS</b>	<i>MFMA S124 (1) (a)</i>		
<b>43.1 List of Councillors</b>			
Councillor - J Kam Kam		394 018	394 018
Councillor - D Swart		316 830	316 830
Councillor - X Matyila		316 830	316 829
Councillor - AS Windvogel		316 830	316 830
Councillor - MM Mbali		690 046	690 046
Councillor - SE Gcabayi		739 950	733 088
Councillor - AR Olivier		316 830	316 830
Councillor - PM Lobese		784 899	905 259
Councillor - EV Wildeman		733 088	733 088
Councillor - LM Seyisi		690 046	690 046
Councillor - WJ Nel		316 830	316 830
Councillor - VP Van Rhyner		316 830	25 202
Councillor - NS Ndayi		316 830	316 830
Councillor - NC Jacob		-	231 467
		<b>6 249 856</b>	<b>6 303 194</b>

## 43.2 Remuneration paid to councillors can be summarised as follows: - 2021

	Basic Salary R	Motor vehicle allowance R	Cell phone and Data allowances R	Medical Aid Contributions R	Pension Contributions R	Housing allowance R	In-kind and other benefits and allowances R	Total R
Executive Mayor	460 155	72 367	17 280	190 697	44 400	-	-	784 899
Deputy Executive Mayor	440 980	65 118	17 280	172 172	44 400	-	-	739 950
Mayoral Committee Members	890 282	60 907	17 280	-	88 800	322 823	-	1 380 092
Speaker	437 725	78 791	-	172 172	44 400	-	-	733 088
Councillors	1 956 566	109 990	34 560	155 512	355 200	-	-	2 611 828
	<b>4 185 708</b>	<b>387 172</b>	<b>86 400</b>	<b>690 553</b>	<b>577 200</b>	<b>322 823</b>	<b>-</b>	<b>6 249 856</b>

Councillor Lobese MP was the Executive Mayor up until March 2021. Subsequently he is serving as Ordinary Councillor

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note							2021	2020
								R	R
<b>43.3 Remuneration paid to councillors can be summarised as follows: - 2020</b>									
	Basic Salary	Motor vehicle allowance	Cell phone and Data allowances	Medical Aid Contributions	Pension Contributions	Housing allowance	In-kind and other benefits and allowances	Total	
	R	R	R	R	R	R	R	R	
Executive Mayor	556 961	78 991	17 280	207 627	44 400	-	-	905 259	
Deputy Executive Mayor	442 564	62 742	17 280	166 102	44 400	-	-	733 088	
Mayoral Committee Members	903 891	58 680	17 280	-	88 800	311 441	-	1 380 092	
Speaker	446 573	76 013	-	166 102	44 400	-	-	733 088	
Councillors	1 828 390	118 805	47 520	160 204	347 632	49 116	-	2 551 667	
	<b>4 178 378</b>	<b>395 232</b>	<b>99 360</b>	<b>700 035</b>	<b>569 632</b>	<b>360 557</b>	<b>-</b>	<b>6 303 194</b>	

Add Comment

### In-kind Benefits

*MFMA S124 (1) (a)*

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and Speaker have two full-time bodyguards.

The Executive Mayor and Deputy Mayor have security officers stationed at their personal residence for protection.

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>44 DEPRECIATION AND AMORTISATION</b>			
Property, Plant and Equipment		34 737 551	31 923 988
Investment Property		538	539
		<b>34 738 088</b>	<b>31 924 527</b>
<b>45 IMPAIRMENT</b>			
<b>Impairments</b>			
Property, Plant and Equipment		4 672 973	-
Trade and other receivables		4 026 519	57 882 546
Other receivables from non-exchange revenue		23 318 403	8 504 483
		<b>32 017 894</b>	<b>66 387 029</b>
<b>Reversal of Impairments</b>			
Property, Plant and Equipment		(3 715 042)	-
Trade and other receivables		(18 355 462)	-
Other receivables from non-exchange revenue		(598 680)	(43 697 033)
		<b>(22 669 185)</b>	<b>(43 697 033)</b>
<b>Total impairment losses (recognized) / reversed</b>		<b>9 348 710</b>	<b>22 689 997</b>
<b>46 FINANCE COSTS</b>			
Non-current borrowings		12 518 652	14 824 811
Finance leases		880 475	-
<b>Total</b>		<b>13 399 128</b>	<b>14 824 811</b>
<b>47 OPERATING LEASES</b>			
<b>Premises</b>			
Premises - Contractual amounts		82 898	-
<b>Equipment</b>			
Equipment - Contractual amounts		567 570	513 457
<b>Lease rentals on operating lease - Other</b>			
Lease rentals on operating lease - Other - Contractual amounts		3 065 315	2 308 373
		<b>3 715 783</b>	<b>2 821 830</b>
<b>48 BAD DEBTS WRITTEN OFF</b>			
Bad debts written off		108 578 324	76 663 233
<b>49 BULK PURCHASES</b>			
Electricity - Eskom		134 674 170	127 341 121
Water		394 038	211 174
		<b>135 068 208</b>	<b>127 552 295</b>



# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>49.01 Electricity Losses</b>			
		<b>KWh</b>	<b>KWh</b>
Units purchased		104 248 290	106 706 534
Units sold		(82 012 913)	(90 357 088)
<b>Total Loss</b>		<b>22 235 377</b>	<b>16 349 446</b>
<b>Comprising of:</b>			
		<b>KWh</b>	<b>KWh</b>
Technical + Non-technical losses		16 981 122	6 851 335
Authorised consumption (Metered)		4 157 542	8 287 724
Authorised consumption (Unmetered)		1 096 713	1 210 387
<b>Total</b>		<b>22 235 377</b>	<b>16 349 446</b>
<b>Percentage Loss:</b>			
		<b>%</b>	<b>%</b>
Technical + Non-technical losses		16%	6%
Authorised consumption (Metered)		4%	8%
Authorised consumption (Unmetered)		1%	1%
<b>Total</b>		<b>21%</b>	<b>15%</b>

### 49.02 Water Losses

		<b>KL</b>	<b>KL</b>
Units purchased		3 970 884	3 824 132
Units sold		(2 549 940)	(2 656 408)
<b>Total Loss</b>		<b>1 420 944</b>	<b>1 167 724</b>
<b>Comprising of:</b>			
		<b>KL</b>	<b>KL</b>
Technical + Non-technical losses		1 420 944	1 167 724
<b>Total</b>		<b>1 420 944</b>	<b>1 167 724</b>
<b>Percentage Loss:</b>			
		<b>%</b>	<b>%</b>
Technical + Non-technical losses		36%	31%
<b>Total</b>		<b>36%</b>	<b>31%</b>

### 50 CONTRACTED SERVICES

#### Outsourced Services

Administrative and Support Staff	340 712	-
Alien Vegetation Control	183 200	57 300
Burial Services	104 950	133 385
Business and Advisory	4 623 503	900 000
Clearing and Grass Cutting Services	1 371 983	1 313 558
Fire Services	346 031	315 650
Hygiene Services	598	-
Illegal Dumping	2 544 959	1 472 123
Litter Picking and Street Cleaning	373 727	121 739
Meter Management	1 006 883	763 179
Organic and Building Refuse Removal	740 483	2 603 127
Personnel and Labour	2 291 659	-

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
Connection/Dis-connection		275 080	-
Removal of Structures and Illegal Signs		55 583	-
Security Services		18 072 562	13 909 494
Traffic Fines Management		875 833	417 371
Transport Services		278 514	38 380
Drivers Licence Cards		181 588	167 842
Electrical		113 254	100 400
Water Takers		1 389 729	-
		<b>35 170 832</b>	<b>22 313 548</b>
<b>Consultants and Professional Services</b>			
Business and Advisory		5 556 094	8 489 595
Infrastructure and Planning		1 201 379	1 543 323
Laboratory Services		119 577	99 109
Legal Cost		17 630 305	15 462 586
		<b>24 507 356</b>	<b>25 594 612</b>
<b>Contractors</b>			
Building		7 213 360	3 071 118
Chipping		-	70 000
Catering Services		1 363 917	412 682
Electrical		261 745	376 661
Event Promoters		552 065	1 746 200
First Aid		18 442	15 418
Haulage		-	4 157 162
Maintenance of Buildings and Facilities		6 541 760	2 468 108
Maintenance of Equipment		3 889 523	12 964 147
Maintenance of Unspecified Assets		18 065 817	20 354 830
Pest Control and Fumigation		264 790	848 908
Transportation		249 999	-
Stage and Sound Crew		5 000	-
Stream Cleaning and Ditching		500 000	889 181
Removal of Hazardous Waste		19 600	16 438
		<b>38 946 018</b>	<b>47 390 853</b>
<b>Total</b>		<b>98 624 205</b>	<b>95 299 013</b>
<b>51 GRANTS AND SUBSIDIES PAID</b>			
<b>Other Subsidies</b>			
Tourism		2 400 000	2 700 000
Grant in Aid		3 170 673	3 147 556
		<b>5 570 673</b>	<b>5 847 556</b>
<b>Total</b>		<b>5 570 673</b>	<b>5 847 556</b>

**BITOU LOCAL MUNICIPALITY**

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>52 INVENTORY CONSUMED</b>			
<b>Inventory Consumed</b>			
Standard Rated		6 298 962	7 187 261
Materials and Supplies		19 224 276	1 046 912
Land - IGRAP 18		-	1 017 312
		<b>25 523 238</b>	<b>9 251 486</b>
<b>Total</b>		<b>25 523 238</b>	<b>9 251 486</b>
<b>53 OPERATIONAL COST</b>			
Advertising		365 347	477 447
Audit Fees		4 267 280	4 354 033
Bank charges		1 318 057	1 326 212
Commission paid		2 777 759	919 801
Debt collection		-	(11 104 502)
Hire		7 068 919	5 072 959
Insurance		3 049 716	2 555 414
Conferences and seminars		293 040	844 879
IT expenses		5 088 586	3 581 265
Promotions and sponsorships		19 306	46 024
Levies		1 715 644	1 508 734
Motor vehicle expenses		544 293	247 526
Fuel and oil		6 911 833	6 558 845
Postage and courier		1 065 596	93 151
Printing and stationery		27 914	1 155 020
Protective clothing		1 812 620	1 027 694
Software expenses		3 361 559	-
Subscriptions and membership fees		2 959 584	2 205 038
Telecommunication costs (Telephone and fax)		1 841 685	1 721 772
Transport and freight		86 183	28 490
Travel - local		151 520	661 564
Title deed search fees		2 482	4 730
Assets expensed		133 621	244 255
Electricity		-	2 512 527
Utilities - Other		2 897 237	408 099
Billing and meter reading charges		527 406	337 920
Irregular, fruitless and wasteful expenditure		2 329 028	990 874
Laboratory charges		191 982	-
ME - charges		365 500	370 000
Expense 8		1 571 775	-
Settlement costs		-	41 861
Post retirement expenses		502 811	365 088
Other expenses		115 510	222 826
<b>Total</b>		<b>53 363 791</b>	<b>28 779 543</b>

**BITOU LOCAL MUNICIPALITY**

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>54 WATER LOSSES</b>			
Gains or losses arising from a change in fair value less point of sale costs		(4 273 990)	(3 112 320)
<b>Total</b>		<b>(4 273 990)</b>	<b>(3 112 320)</b>
<b>55 CASH (USED IN) GENERATED BY OPERATIONS</b>			
Surplus/(deficit) for the year		6 317 332	41 917 070
<b>Adjustment for:-</b>			
Depreciation and amortisation		34 738 088	31 924 527
(Gain) / Loss on sale of assets and liabilities		1 455 668	515 774
Water Losses		4 273 990	3 112 320
Inventories (losses)/write-downs/Inventories Reversal			
To Net Realisable Value		(4 289 443)	(3 136 534)
(Impairment Loss) Reversal of Impairment Loss on Receivables		8 390 779	22 689 997
(Impairment Loss) Reversal of Impairment Loss on Fixed Assets		957 930	-
Bad Debts Written Off		108 578 324	76 663 233
Movement in Unspent conditional grants and receipts		(11 855 371)	13 898 415
Movement in Unspent Public Contributions		460 000	(173 260)
Movement in Operating Lease Assets and Accruals		61 864	(129 520)
Movement in Retirement Benefits Assets and Liabilities		15 310 042	1 165 792
Movement in Landfill site		15 322 375	-
Movement in Provisions		(22 854 157)	(7 761 282)
<b>Operating surplus before working capital changes:</b>		<b>156 867 421</b>	<b>180 686 532</b>
(Increase)/decrease in inventories		(1 014 537)	290 033
(Increase)/decrease in Receivables from Exchange Transactions		(84 979 543)	(84 308 525)
(Increase)/decrease in Receivables from Non-Exchange Transactions		(23 592 947)	(13 369 350)
(Decrease)/increase in Consumer Deposits		467 553	191 656
(Increase)/decrease in Taxes		(2 768 024)	(3 222 725)
(Decrease)/increase in Payables from Exchange Transactions		(7 200 495)	26 448 972
(Decrease)/increase in Payables from Non-Exchange Transactions		396 574	237 127
<b>Changes in working capital:</b>		<b>(118 691 420)</b>	<b>(73 732 813)</b>
<b>Cash generated by/(utilised in) operations</b>		<b>38 176 001</b>	<b>106 953 719</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	R	R	R	R	R
		As previously reported	Correction of prior period error	Changes in Accounting Policy	Reclassification	Restated

### 56 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality.

- Since the Liquidity, Funding and Reserves Policy was approved in 2015-16 the calculations was done incorrectly, due to interpretation. Thus the recalculation was done and rectified as follows: Accumulated Surplus Dt 5 738 414 (2019-20), Capital Replacement Reserve Ct 5 738 414 (2019-20)
- The Unpaid Grants of 2019-20 was incorrectly overstated with R 155 400 and thus the Unspent Grants was understated with R 155 400.
- Correction on COMAF 27 as raised by the Auditor-General. Correction is in terms of incorrect allocations of expenditure, as per report. It is rectified as follows: Employee benefit Obligations Dt R 278 500.92, Trade Payables from Exchange Transactions Ct R65 945.02, Employee related Expenditure Ct 214 904.51, Operational Cost Dt 2348.61 (2019-20).
- As per COMAF 11 - Contracted Services was overstated due to a provision not been raised in the 2019-20 financial year. It is rectified as follows: Contracted Services: Building Dt R 2 593 034.23, Provision: Litigation Ct R 2 593 034.23.

The correction of the error(s) results in adjustments as follows:

#### 56.01 Statement of Financial Position - Current Assets

##### 2020

Unpaid conditional grants	b)	10 221 196	(155 400)	-	-	10 065 796
<b>Total</b>		<b>10 221 196</b>	<b>(155 400)</b>	<b>-</b>	<b>-</b>	<b>10 065 796</b>

#### 56.02 Statement of Financial Position - Current Liabilities

##### 2020

Unspent conditional grants	b)	9 344 045	(155 400)	-	-	9 188 645
Current Employee Benefit Obligation	c)	32 611 652	(278 501)	-	-	32 333 151
Trade And Other Payables From Exchange Transactions	c)	77 435 530	65 945	-	-	77 501 475
Current Provisions	d)	1 893 721	2 593 034	-	-	4 486 755
<b>Total</b>		<b>121 284 948</b>	<b>2 225 078</b>	<b>-</b>	<b>-</b>	<b>123 510 026</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	R	R	R	R	R
		As previously reported	Correction of prior period error	Changes in Accounting Policy	Reclassification	Restated
<b>56.03 Statement of Financial Position - Net Assets</b>						
<b>2020</b>						
Accumulated surplus / (deficit)	a)	917 366 979	(8 118 891)	-	-	909 248 088
Reserves	a)	93 000 000	5 738 413	-	-	98 738 413
<b>Total</b>		<b>1 010 366 979</b>	<b>(2 380 478)</b>	<b>-</b>	<b>-</b>	<b>1 007 986 501</b>
<b>2019</b>						
Accumulated surplus / (deficit)	a)	885 069 431	(4 911 605)	-	-	880 157 826
Reserves	a)	81 000 000	4 911 605	-	-	85 911 605
<b>Total</b>		<b>966 069 431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>966 069 431</b>
<b>56.04 Statement of Financial Performance - Expenditure</b>						
<b>2020</b>						
Employee Related Costs	c)	(227 659 763)	214 905	-	-	(227 444 858)
Operational Cost	c)	(28 777 194)	(2 349)	-	-	(28 779 543)
Contracted Services	d)	(92 705 979)	(2 593 034)	-	-	(95 299 013)
<b>Total</b>		<b>(349 142 935)</b>	<b>(2 380 478)</b>	<b>-</b>	<b>-</b>	<b>(351 523 414)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>57 UNAUTHORISED EXPENDITURE</b>			
Opening balance as previously reported		305 342 276	280 935 363
Add: Expenditure identified - Operational		35 293 700	24 406 913
<b>Closing Balance</b>		<b>340 635 976</b>	<b>305 342 276</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Expenditure identified - Operational -2020	None	-	24 406 913
Expenditure identified - Operational -2021	None	35 293 700	-
		<b>35 293 700</b>	<b>24 406 913</b>

## 58 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	4 362 931	645 683
Add: Expenditure identified - Current	102 577	3 717 248
<b>Closing Balance</b>	<b>4 465 508</b>	<b>4 362 931</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Salary payment for time not worked - Mr Manfred Van Rooyen	Funds under recovery process	-	157 765
Interest charged per Bargaining Council's Award	None	-	8 198
Interest charged on PetroSA account	None	-	7 275
Interest charged on Avis Car Rental account	None	-	17 018
Interest charged on Vula Energy account	None	-	452
COMAF 36 information	To be investigated	-	974 218
COMAF 9	To be investigated	-	2 552 322
Interest charged on Powerhouse Strategies account	Under Investigation	38 019	-
Work done by Knysna Nissan on Municipal Vehicle	Under Investigation	64 558	-
		<b>102 577</b>	<b>3 717 248</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>59 IRREGULAR EXPENDITURE</b>		
Opening balance as previously reported	182 082 055	63 515 101
Add: Expenditure identified - Current	42 729 038	93 439 992
Add: Expenditure identified - Prior Period	1 351 010	25 126 962
<b>Closing Balance</b>	<b>226 162 103</b>	<b>182 082 055</b>

Incidents/Cases identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
SCM Policy Section 16 (2)(a)	To be reported to Council	130 599	80 136
SCM Policy Section 14	To be reported to Council	-	247 985
SCM Policy Section 17 (1)(a)	To be reported to Council	52 820	326 315
SCM Policy Section 13 (b) & (c)(1)	To be reported to Council	1 378 496	-
SCM Policy Section 13 (c)(1)	As identified by AG during Audit -to be reported to Council	-	15 242 022
SCM Policy Section 18	To be reported to Council	-	343 576
SCM Policy Section 19 (1)	To be reported to Council	20 643 678	-
SCM Policy Section 19 (1)	As identified by AG during Audit -to be reported to Council	-	13 642 169
SCM Policy Section 36	To be reported to Council	-	329 000
SCM Policy Section 38 (1)(b)	To be reported to Council	432 634	22 400
SCM Policy Section 38(1)(g)(i)	As identified by AG during Audit -to be reported to Council	-	114 000
SCM Policy Section 43	To be reported to Council	15 650	-
SCM Policy Section 44	To be reported to Council	25 990	-
SCM Policy Section 46(2)(e)&(f)	To be reported to Council	331 424	-
SCM Policy Section 46(2)(e)&(f)	As identified by AG during Audit -to be reported to Council	-	7 160 242
SCM Policy Section 52 (1)(a)	To be reported to Council	33 483	-
SCM Policy Section 54 (5)	To be reported to Council	-	19 162 140
Regulation 13(b)	As identified by AG during Audit -to be reported to Council	-	44 412
Regulation 29(2)	To be reported to Council	5 708 520	-
Regulation 29(2)	As identified by AG during Audit -to be reported to Council	-	25 426 791
Regulation 32	To be reported to Council	46 841	587 502



# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
Government Gazette and Council Resolution	To be Recovered	-	88 800
PPR 2017 Section 8(2)	As identified by AG during Audit -to be reported to Council	-	298 907
PPR 2017 Section 4,5 & 9	To be reported to Council	367 666	-
PPR 2017 Section 4,5 & 9	As identified by AG during Audit -to be reported to Council	-	10 203 995
PPR 2018 Section 8(2)	As identified by AG during Audit -to be reported to Council	-	119 600
SCM Policy Section 36 (1)(v)	As identified by AG during Audit -to be reported to Council	241 500	-
SCM Policy Section 13 (b) & 43	As identified by AG during Audit -to be reported to Council	1 934 454	-
PPR Section 6(1) & 6(6)	As identified by AG during Audit -to be reported to Council	6 579 783	-
MFMA Sec 116(3)(a) & MSCMR 38(1)	As identified by AG during Audit -to be reported to Council	2 902 490	-
Regulation 12(3) & 19(a)	As identified by AG during Audit -to be reported to Council	30 000	-
Regulation 17(c)	As identified by AG during Audit -to be reported to Council	13 781	-
Regulation 29(2)	As identified by AG during Audit -to be reported to Council	1 859 229	-
		<b>42 729 038</b>	<b>93 439 992</b>

### 60 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### 60.1 Contributions to organised local government

Council subscriptions  
Amount paid - current

2 683 235	1 957 292
(2 683 235)	(1 957 292)
-	-

#### 60.2 Audit fees

Current year audit fee  
Amount paid - current year

4 915 302	4 354 033
(4 915 302)	(4 354 033)
-	-

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>60.3 VAT</b>			
VAT Payable (Output)		(157 646 840)	(144 054 440)
VAT Receivable (Input)		165 551 234	149 190 809
		<b>7 904 394</b>	<b>5 136 369</b>
Amount paid in relation to VAT for current year		(3 745 792)	(8 803 118)
Amount received in relation to VAT for current year		1 687 960	3 179 440
Amount received in relation to VAT for prior year		1 652 242	-
All VAT returns have been submitted by the due date throughout the year.			
<b>60.4 PAYE, UIF and SDL</b>			
Current year payroll deductions		38 869 054	31 983 584
Amount paid - current year		(38 869 054)	(31 983 584)
		-	-
<b>60.5 Pension and Medical Aid Deductions</b>			
Current year payroll deductions and Council Contributions		64 555 774	60 214 447
Amount paid - current year		(64 555 774)	(60 214 447)
		-	-

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>60.6 Councillor's arrear consumer accounts</b>		
	<b>Outstanding less than 90 days</b>	<b>Outstanding more than 90 days</b>
	<b>R</b>	<b>R</b>
The following Councillors had arrear accounts outstanding for more than 90 days: -		<b>Total R</b>
<b>as at 30 June 2021</b>		
Councillor D Swart	1 850	-
	<b>1 850</b>	<b>1 850</b>
<b>as at 30 June 2020</b>		
Councillor J Kam Kam	1 203	562
Councillor D Swart	23 866	3 361
Councillor X Matyila	1 203	-
Councillor AS Windvogel	1 203	-
Councillor SE Gcabayi	795	-
Councillor AR Olivier	1 203	-
Councillor PM Lobese	2 407	-
Councillor WJ Nel	1 547	-
Councillor VP Van Rhyner	3 671	27 277
Councillor NS Ndayi	1 203	-
	<b>38 301</b>	<b>31 200</b>
		<b>69 501</b>

## 60.7 Supply Chain Management Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned

Category from SCM Policy	Section		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or	36(1)(a)(i)	1 490 309	941 730
Where it can be demonstrated that goods or services are produced or available from a single	36(1)(a)(ii)	35 076	40 851
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	2 424 560	432 716
		<b>3 949 945</b>	<b>1 415 297</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

Note

2021

2020

R

R

**60.8 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).**

Company	Basis of Award	Relation	Name	Designation	Organ of State	Amount
Shelf Plett 40 T/A Isolomzi	Rate based	Spouse	Yonn LB	SAPS Officer	South African Police Service	22 389 060
Kemanzi (Pty) Ltd	Rate based	Spouse	Du Toit JN	Traffic Service: Inspector	City of Cape Town	2 260 454
Neil Lyners & Associates CC	Rate based	Brother	Lyners N	Chief Engineer	Western Cape Government:	6 620 190
Samwix Trading & Development	Rate based	Brother	Jansen J	Officer	COGTA - Stellenbosch	169 890
Samwix Trading & Development	Rate based	Brother	Fullad J	Head of Department	COGTA - Stellenbosch	0
Tolo N' Miles	Fixed Value	Spouse	Bans A	Educator	Department of Education	25 000
Tolo N' Miles	Fixed Value	Spouse	Dliso N	Educator	Department of Education	0
Zutari (Pty) Ltd	Rate based	Spouse	Ahlschlager HC	Legal Representative	Special Investigating Unit	1 743 149
Zutari (Pty) Ltd	Rate based	Sibling	Seegers S	Head of Security:	City of Cape Town	0
Zutari (Pty) Ltd	Rate based	Spouse	Nadasen K	Director: Key Account	Department of Public Works	0
Zutari (Pty) Ltd	Rate based	Son	Mncube T	Specialist Category	Airports Company South Africa	0
Kuaco Group	Rate based	Wife	Mbali NA	Enviromental Inspector	Garden Route District Municipality	2 227 786
Kibi Trading and Projects	Fixed Value	Spouse	Mhlana N	Traffic Officer	Bitou Municipality	178 828
Sinomila Picnic and Gift	Fixed Value	Spouse	Kitsi ZH	SCM Buyer	Bitou Municipality	56 550
						<b>35 670 907</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

								2021	2020
Note								R	R
<b>61 RELATED PARTIES</b>									
<b>61.1 Related Party Transactions</b>									
The following purchases were made during the year where councillors or staff have interest.									
<b>2021</b>									
Company	Description	Related Name	Relation to Company	Relation to Official	Name of Official	Designation	Organ of State	Amount	
Shekynah Projects	Construction and Catering	Orrai S	Director	Brother in Law	Ganga S	Chief: Traffic Services	Bitou Municipality	746 964	
Manuel Maintenance CC	Construction	Manuel C	Director	Daughter	Manuel AB	Library Assistant	Bitou Municipality	174 000	
Emawusheni Construction	Catering	Siko S	Director	Sister	Siko M	Property Officer	Bitou Municipality	144 500	
Kikokonke Trading	Catering and Supply & Delivery of PPE	Boti L	Director	Associate	Casa P	Snr SCM Practitioner	Bitou Municipality	449 794	
Masiqhame Trading 672 CC	Collecting Recyclables	Jansen M	Director	Brother	Ganga S	Chief: Traffic Services	Bitou Municipality	1 602 440	
Kuaco Group	Construction	Mbali M	Director	Brother	Mbali M	Councillor	Bitou Municipality	2 227 786	
Kuaco Group	Construction	Mbali M	Director	Wife	Mbali NA	Enviromental Inspector	Garden Route District Municipality	0	
Furicom (Pty) Ltd	Grass Cutting, Cleaning of Illegal Dumping, Cleaning of Drains	Nqolo L	Director	Wife	Nguza T	IDP: Co-ordinator	Bitou Municipality	411 945	
Tshangana Emergency Trading	Grass Cutting, Cleaning of Illegal Dumping	Tshangana A	Director	Daughter	Tshangana A	Supervisor: Waste Management	Bitou Municipality	108 000	
Dyushu & Majebe Attorneys	Legal Service	Majebe M	Director	Cousin	Dyushu M	Chief Financial Officer	Bitou Municipality	1 509 996	
								<b>7 375 423</b>	

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

### Note

2021

2020

R

R

The following purchases were made during the year where councillors or staff have interest.

2020

Company	Description	Related Name	Relation to Company	Relation to Official	Name of Official	Designation	Organ of State	Amount
Shekynah Projects	Construction and Catering	Orrai S	Director	Brother in Law	Ganga S	Chief: Traffic Services	Bitou Municipality	438 009
Sibongile Komeni	Illegal Dumping and Grass cutting			Sister	Komeni A	IDP: Admin Clerk	Bitou Municipality	20 579
Manuel Maintenance CC	Construction	Manuel C	Director	Daughter	Manuel AB	Library Assistant	Bitou Municipality	18 000
Emawusheni Construction	Catering	Siko S	Director	Sister	Siko M	Property Officer	Bitou Municipality	154 945
Miaay Sounds (Pty) Ltd	Sound Systems		Director		Zenzile M	Communications Officer	Buffalo City Municipality	5 600
Kikokonke Trading	Catering and Supply & Delivery of PPE	Boti L	Director	Associate	Casa P	Snr SCM Practitioner	Bitou Municipality	296 330
S Phethezona Trading and Investment	Catering		Director		Matsolo	Temporary Worker	Bitou Municipality	21 000
Shauna's Glass	Glasses and Frames		Director		Maki F	Project Manager: Roads, Storm Water & Waste Management	Bitou Municipality	20 650
Masiqhame Trading 672 CC	Collecting Recyclables		Director		Van Wyk TE	General Assistant	Bitou Municipality	6 548 233
Masiqhame Trading 672 CC	Collecting Recyclables		Director		Smith HM	Manager: Office of the Speaker	Bitou Municipality	0
								<b>7 523 346</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>Councillors - Rates and Services Billed 01 July 2020 - 30 June 2021</b>		
Councillor J Kam Kam	15 023	-
Councillor D Swart	88 924	1 850
Councillor X Matyila	15 053	-
Councillor AS Windvogel	15 173	-
Councillor SE Gcabayi	15 702	-
Councillor AR Olivier	15 301	-
Councillor PM Lobese	32 424	-
Councillor WJ Nel	20 181	-
Councillor VP Van Rhyner	17 157	-
Councillor NS Ndayi	15 053	-
	<b>249 991</b>	<b>1 850</b>
<b>Directors - Rates and Services Billed 01 July 2020 - 30 June 2021</b>		
Adv. LMR Ngoqo	61 334	6 785
Mr D Friedman	29 998	-
	<b>91 332</b>	<b>6 785</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>Councillors - Rates and Services Billed 01 July 2019 - 30 June 2020</b>		
Councillor J Kam Kam	14 441	1 765
Councillor D Swart	109 423	27 226
Councillor X Matyila	14 441	1 203
Councillor AS Windvogel	14 441	1 203
Councillor SE Gcabayi	9 537	795
Councillor AR Olivier	14 489	1 203
Councillor PM Lobese	38 508	2 407
Councillor WJ Nel	20 195	1 547
Councillor VP Van Rhyner	14 489	30 948
Councillor NS Ndayi	14 441	1 203
	<b>264 405</b>	<b>69 500</b>
<b>Directors - Rates and Services Billed 01 July 2019 - 30 June 2020</b>		
Adv. LMR Ngoqo	50 501	15 096
Mr D Friedman	29 392	2 251
	<b>79 893</b>	<b>17 347</b>

The remuneration of key management and councillors can be found on notes 42 & 43.



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
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### 62 FINANCIAL RISK MANAGEMENT

#### 62.1 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual

The landfill site was consistently reported as a liquidity risk for the past five years mainly because management holds the opinion that it is a risk encountered in the event of

Although it is a legal obligation, it is also contractual obligations. The professional engineers who compiled the design and assisted with the tendering processes is already

#### At 30 June 2021

Long-Term Liabilities  
Finance Lease Obligation  
Landfill Site  
Trade and other payables  
Unspent conditional grant and receipts

Less than 1 year	Between 1 and 5 years	Over 5 years
R	R	R

28 306 266	96 860 497	11 800 613
5 222 731	6 495 612	-
15 322 375	-	-
47 689 465	-	-
3 432 545	-	-

#### At 30 June 2020

Long-Term Liabilities  
Landfill Site  
Trade and other payables  
Unspent conditional grant and receipts

Less than 1 year	Between 1 and 5 years	Over 5 years
R	R	R

33 831 938	96 982 780	39 991 657
-	23 422 749	-
63 917 416	-	-
9 188 645	-	-

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
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### 62.2 Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Municipality only deposits cash with major banks with

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different

All rates and services are payable within 30 from invoice date. Refer to note 11 for all balances outstanding longer than 30 days. These balances represent all debtors at

Balance past due not impaired:

#### Non-Exchange Receivables

	2021 %	2021 R	2020 %	2020 R
Rates	78.46%	15 200 798	62.63%	7 278 318
Traffic Fines	15.26%	2 956 398	32.45%	3 771 731
Sundries	6.28%	1 216 508	4.92%	571 779
		<b>19 373 704</b>		<b>11 621 829</b>

#### Exchange Receivables

	2021 %	2021 R	2020 %	2020 R
Electricity	47.71%	10 589 006	72.42%	7 062 591
Water	20.13%	4 466 373	13.73%	1 339 410
Sewerage	14.67%	3 255 486	0.00%	-
Refuse Removal	9.28%	2 058 708	0.00%	-
Housing Rentals	0.17%	38 184	1.47%	143 139
Sundries	8.04%	1 784 799	12.38%	1 207 770
		<b>22 192 558</b>		<b>9 752 910</b>

No receivables are pledged as security for financial liabilities

Due to short term nature of trade and other receivables the carrying value disclosed in note 11 of the financial statements is an approximation of its fair value. Interest on

The provision for bad debts could be allocated between the different classes of receivables as follow:

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021		2020	
		%	R	%	R
<b>Non-Exchange Receivables</b>					
Rates		41.49%	32 268 578	59.69%	32 867 258
Traffic Fines		58.51%	45 510 962	40.31%	22 192 559
			<b>77 779 539</b>		<b>55 059 816</b>
<b>Exchange Receivables</b>					
Electricity		6.26%	13 503 800	4.51%	10 460 645
Water		33.95%	73 223 824	34.09%	79 137 859
Sewerage		35.52%	76 609 935	37.08%	86 066 323
Refuse Removal		21.11%	45 520 026	22.08%	51 258 384
Housing Rentals		0.47%	1 021 534	0.48%	1 113 970
Sundries		2.68%	5 781 893	1.77%	4 102 115
			<b>215 661 010</b>		<b>232 139 296</b>

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R 9 107 253 is held as

The banks utilised by the Municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are

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

Financial assets maximum exposure to credit risk at year end is as follows:

	2021	2020
	R	R
Receivables from exchange transactions	32 616 272	41 559 244
Receivables from non-exchange transactions	23 597 355	23 050 996
Long Term Deposits / Investments	9 107 254	8 355 004
Housing Selling Schemes - At amortised cost	2 090	3 916
Cash and cash equivalents	73 464 849	125 716 711
	<b>138 787 820</b>	<b>198 685 870</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

Note	2021 R	2020 R
<b>62.3 Interest Rate Risk</b>		
As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of		
The Municipality did not hedge against any interest rate risks during the current year.		
 Sensitivity Analysis	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
1% (2020. 1%) Increase in interest rates	(307 686)	(90 902)
1% (2020. 1%) Decrease in interest rates	307 686	90 902

### 62.4 Foreign Exchange Risk

The Municipality does not engage in foreign exchange transactions.

### 62.5 Price Risk

The Municipality is not exposed to price risk.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
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### 63 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP104.45 the financial liabilities and assets of the Municipality are classified as

The fair value of financial instruments approximates the amortised costs as reflected below.

#### 63.1 Financial Assets (at Amortised Cost)

Long-Term Receivables	1 093	2 090
Current Portion Of Long-Term Receivables	997	1 825
Unpaid conditional grants	16 165 067	10 065 796
Long Term Deposits / Investments	9 107 254	8 355 004
Receivables from exchange transactions	32 616 272	41 559 244
Other Receivables from non-exchange	1 672 471	625 864
Cash and cash equivalents	73 464 849	125 716 711
	<b>133 028 004</b>	<b>186 326 534</b>

#### 63.2 Financial Liabilities (at Amortised Cost)

Long-Term Borrowings	82 498 638	100 511 797
Current Portion Of Long-Term Borrowings	18 045 519	21 285 200
Finance Lease Liabilities	6 674 592	-
Current Portion Finance Lease Liabilities	3 833 633	-
Unspent conditional grants	3 432 545	9 188 645
Trade And Other Payables From Exchange Transactions	70 300 981	77 501 475
	<b>184 785 908</b>	<b>208 487 117</b>

### 64 STATUTORY RECEIVABLES

In accordance with the principles of GRAP108, Statutory Receivables are classified as follows:

Vat Receivable	7 904 394	5 136 369
Consumer debtors - Rates	16 285 935	15 230 901
Fines	5 638 948	7 194 231
	<b>29 829 277</b>	<b>27 561 501</b>

### 65 COVID-19 RELIEF NOTE

Bitou Local Municipality incurred the following expenditure related to COVID-19 in the respective Financial years. No relief was offered in terms of outstanding debt thus Revenue was not affected. For the Expenditure Below, Own Funding as well as Grant Funding was used.

Expenditure for PPE	941 926	625 941
Fogging / Disinfecting offices	34 072	171 739
Food Parcels	-	1 850 000
Danger Pay	4 254 500	-
	<b>5 230 498</b>	<b>2 647 680</b>

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
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### 66 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

### 67 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

### 68 CAPITAL COMMITMENTS

#### 68.1 Authorised Capital Expenditure

##### Already contracted for but not provided for

SCM/2020/45/ENG	27 910 171	-
SCM/2020/53/COMM	16 716 649	-
SCM/2020/68/ENG	6 058 335	-
SCM/2021/13/ENG	1 349 456	-
SCM/2021/35/ENG	824 025	-
SCM/2021/48/ENG	1 521 017	-
SCM/2020/17/ENG	-	442 684
SCM/2020/16/ENG	-	6 298 638
SCM/2020/30/ENG	2 499 701	4 667 856
SCM/2020/64/ENG	-	2 135 362
SCM/2020/29/ENG	-	1 443 785
	<b>56 879 353</b>	<b>14 988 325</b>

##### Total Capital Commitments

Already contracted for but not provided for	56 879 353	14 988 325
	<b>56 879 353</b>	<b>14 988 325</b>

##### Commitments as per class of PPE

Sanitation infrastructure	24 599 211	-
Roads infrastructure	17 568 474	-
Community Assets	4 571 877	2 135 363
Electrical infrastructure	2 499 701	6 111 641
Water infrastructure	7 640 090	6 741 321
	<b>56 879 353</b>	<b>14 988 325</b>

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Government Grants and Subsidies	50 821 019	8 876 684
Own Funds	6 058 335	6 111 641
	<b>56 879 353</b>	<b>14 988 325</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
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### 68.2 Operating leases - as lessee (expense)

At the Statement of Financial Position date, where the Municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

#### Minimum lease payments due

- within one year	3 095 030	2 715 986
- in second to fifth year inclusive	1 168 334	3 765 856
	<b>4 263 364</b>	<b>6 481 842</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

Operating leases consists of agreements for building rentals.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year

### 68.3 Operating leases - as lessor (income)

At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

#### Minimum lease payments due

- within one year	697 908	576 007
- in second to fifth year inclusive	1 101 134	1 452 777
-later than five years	31	33
	<b>1 799 073</b>	<b>2 028 817</b>

## 69 ACCOUNTING BY PRINCIPALS AND AGENTS

The Municipality is a party to a principle-agent arrangement(s).

### 69.1 Details of the arrangement(s) is/are as follows:

The Municipality undertakes to handle Motor vehicle license issuing on behalf of the Department of Transport and Province and collects a commission of 12% plus VAT.

### 69.2 Municipality as agent

#### 69.2.1 Resources held on behalf of the principal(s), but recognised in the Municipality's own financial

The Resources regarding the Licensing Department, remain that of the Department of Transport and do not form part of the municipality's Financial statements.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
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### 69.22 Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R 2 342 827 (2020: R 1 784 517).

### 69.23 Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality as receivables, have a Net Effect of R 170 210 that is still owed to the Municipality and will be paid over by the Department of Transport in the new financial year.

### 69.3 Additional Information

#### Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-

### 69.31 agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

#### Categories

#### Additional Details

Licensing Fees

Income collected on behalf of DOT and Provincial Transport for Motor Vehicle registration

#### Amount of revenue received on behalf of the principal during the reporting period

Licensing Fees	15 201 390	11 928 487
	<b>15 201 390</b>	<b>11 928 487</b>

### 69.32 Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

#### Reconciliation of the carrying amount of Receivables/(Payables)

#### Vehicle Licensing

Opening Balance	138 920	113 039
Amounts transferred to the principal	15 241 301	11 954 368
Revenue received on behalf of the Principal	(15 210 011)	(11 928 487)
	<b>170 210</b>	<b>138 920</b>

#### All Categories

Opening Balance	138 920	113 039
Amounts transferred to the principal	15 241 301	11 954 368
Revenue received on behalf of the Principal	(15 210 011)	(11 928 487)
	<b>170 210</b>	<b>138 920</b>





# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>70 GOING CONCERN</b>			
<p>Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.</p> <p>We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 912 303 383 and that the municipality's total assets exceed its liabilities by R 1 014 303 832.</p> <p>The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.</p>			
<b>71 BBBEE PERFORMANCE</b>			
<p>Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.</p>			
<b>72 EVENTS AFTER THE REPORTING DATE</b>			
<p>No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements, other than adjustments made in note 73.</p>			
<b>73 CONTINGENT LIABILITIES</b>		2021 R	2020 R
<b>Rentworks Africa (Pty) Ltd</b>		-	7 737 684
<p>A High court application was lodged by the applicant to claim damages for breach of contract. The Municipality is opposing the application. In the event that the Municipality should lose the case, the plaintiff alleged that they are entitled to R 7.738 million. A settlement was agreed upon after 30 June 2021 and a provision created, that was paid out in January 2022.</p>			
<b>Teniqua Wildfire Rehabilitation and Awareness</b>		286 400	286 400
<p>The Plaintiff issued summons against Bitou Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. The plaintiff is suing for R 286.4 thousand.</p>			
<b>Bitou Local Municipality vs Minaar</b>		-	250 000
<p>Litigation was lodged by the applicant for personal injury. The plaintiff served and filed a Notice in terms of Section 24(10) to discover photos. The Claim cost was estimated at R 250 thousand. The case was subsequently concluded,</p>			
<b>Horizon Forensics (Pty) Ltd / Bitou Municipality</b>		-	1 275 039
<p>The claim against the Municipality is for R 1.275 million. A settlement was agreed upon after 30 June 2021 and a provision created, that was paid out in October 2021.</p>			
<b>N Diaries vs Bitou Municipality</b>		300 000	-
<p>The Plaintiff lodged an application in the labour court challenging outcome of the recruitment process to a post he had applied for, the annual salary for the post is R 300 thousand.</p>			
<b>Total</b>		<b>586 400</b>	<b>9 549 123</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Note	2021 R	2020 R
<b>74 CONTINGENT ASSETS</b>			
		2021 R	2020 R
<b>CANCOM vs Bitou Municipalities and Others</b>		5 500 000	-
Bitou Municipality is taken to court for blocking renewal of licence disks for cars of hiring companies for not redirecting outstanding fines on vehicles to the individuals, bitou is owed by Cancom for unpaid fines to the amount of R 5.5 million.			
<b>Total</b>		<b>5 500 000</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Ref No</b>	<b>Explanation on Material Differences</b>
<b>75 EXPLANATIONS ON BUDGET DIFFERENCES</b>		
<b>75.1 Material differences between Original budget and Final budget</b>		
<b>(a) Statement of Financial Position</b>		
<b>(a)(i) Non-current assets</b>	A1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(ii) Current assets</b>	B1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(iii) Non-current liabilities</b>	C1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(iv) Current liabilities</b>	D1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(v) Net Assets</b>	E1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Ref No	Explanation on Material Differences
<b>(b) Statement of Financial Performance</b>		
<b>(b)(i) Revenue</b>		
<b>(b)(i)(i) Revenue from exchange transactions</b>		
Service Charges	F1	The variance significant is due to reduction of electricity budget due to some of the businesses closing down businesses as result of COVID19 as well as correction of estimates
<b>(b)(i)(ii) Revenue from Non-exchange transactions</b>		
<b>(b)(i)(ii)(ii) Transfer Revenue</b>		
Government grants & subsidies	H1	The significant variance is attributed to Housing grant that has not been paid as per the gazette
Fines, Penalties and Forfeits	H2	The significant variance is due to the contractual challenges that were faced between the Municipality and the service provider at the beginning of the year causing the delay in the implementation of the contract.
<b>(b)(ii) Expenditure</b>		
Impairment	I1	Significant variance due to reversal of impairment journals were processed at year-end despite monthly journals being processed during the year, hence the huge variance.
Bad debts written off	I2	The actual approved write-offs exceeded the approved budget provision made in the February Adjustment Budget. Particularly the write off on water service charges.
Bulk purchases	I3	The budget was adjusted downwards due to decline in usage at the time of adjustment, however the Increase in usage might be due to winter season which was overlooked
Contracted Services	I4	Variance is not Material
Inventory Consumed	I5	Biggest portion of overspending is due to procurement of materials and supplies under the Human Settlement department
<b>(c)(i) Cash Flows From Operating Activities</b>	J1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Ref No</b>	<b>Explanation on Material Differences</b>
<b>(c)(ii) Cash Flows From Investing Activities</b>	J2	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(c)(iii) Cash Flows From Financing Activities</b>	J3	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(c)(iv) Net Increase/(Decrease) In Cash And Cash Equivalents</b>	J4	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

### 75.2 Material differences between Final budget and Actuals

#### (a) Statement of Financial Position

<b>(a)(i) Non-current assets</b>	A1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(ii) Current assets</b>	B1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(iii) Non-current liabilities</b>	C1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(a)(iv) Current liabilities</b>	D1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Ref No</b>	<b>Explanation on Material Differences</b>
<b>(a)(v) Net Assets</b>	E1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(b) Statement of Financial Performance</b>		
<b>(b)(i) Revenue</b>		
<b>(b)(i)(i) Revenue from exchange transactions</b>		
Service Charges	F1	Variance is not Material
<b>(b)(i)(ii) Revenue from Non-exchange transactions</b>		
<b>(b)(i)(ii)(ii) Transfer Revenue</b>		
Government grants & subsidies	H1	Attributed to COVID19 relief and rollover grant approval
Fines, Penalties and Forfeits	H2	Attributed to significant non-performance of traffic fines collection
<b>(b)(ii) Expenditure</b>		
Impairment	I1	Debt impairment reduced to non-performance of traffic fines revenue
Bad debts written off	I2	Budget was increased as it was not budgeted for at the beginning of the year
Bulk purchases	I3	Variance is not Material
Contracted Services	I4	Attributed to expenditure incurred that was not included in the budget
Inventory Consumed	I5	Variance is not Material
<b>(c) Cash Flow Statement</b>		
<b>(c)(i) Cash Flows From Operating Activities</b>	J1	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Ref No</b>	<b>Explanation on Material Differences</b>
<b>(c)(ii) Cash Flows From Investing Activities</b>	J2	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(c)(iii) Cash Flows From Financing Activities</b>	J3	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.
<b>(c)(iv) Net Increase/(Decrease) In Cash And Cash Equivalents</b>	J4	Due to training of Balancesheet and Cashflow budgeting, been very late towards year end, thus the budgeting on Balancesheet and Cashflow was not implemented accordingly. Measures is put in place to ensure that this matter is resolved.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

Notes to the Unaudited Annual Financial Statements

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R	Economic Development and Planning R
<b>76 SEGMENTAL REPORTING</b>					
<b>76.1 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	394	-
Service Charges	-	-	-	46 412 690	-
Rendering of services	-	-	-	1 036 064	3 596 798
Rental of facilities and equipment	-	479 894	-	668 963	-
Interest earned - external investments	-	-	-	-	-
Interest charged on exchange transactions	-	32 092	-	2 631 261	-
Licences and permits	-	17 886	-	701 594	-
Agency services	-	-	-	2 345 436	-
Operational Revenue	7 900	893 331	19 001	507 638	27 766
Inventories Reversal To Net Realisable Value	-	-	-	-	-
<b>Total Revenue from Exchange Transactions</b>	<b>7 900</b>	<b>1 423 203</b>	<b>19 001</b>	<b>54 304 040</b>	<b>3 624 564</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-	-
<b>Transfer Revenue</b>					
Government grants & subsidies	2 804 000	43 663 059	756 325	34 328 130	5 653 279
Fines, Penalties and Forfeits	-	-	-	27 535 646	15 395
<b>Total Revenue from Non-Exchange Transactions</b>	<b>2 804 000</b>	<b>43 663 059</b>	<b>756 325</b>	<b>61 863 776</b>	<b>5 668 674</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Council	Office of the Municipal Manager	Corporate Services	Community Services	Economic Development and Planning
	R	R	R	R	R
Revenue from exchange transactions	7 900	1 423 203	19 001	54 304 040	3 624 564
Revenue from Non-exchange transactions	2 804 000	43 663 059	756 325	61 863 776	5 668 674
<b>Total Revenue</b>	<b>2 811 900</b>	<b>45 086 262</b>	<b>775 326</b>	<b>116 167 816</b>	<b>9 293 238</b>

### EXPENDITURE

Employee Related Costs	628	21 238 841	30 097 362	108 364 023	15 385 822
Remuneration of councillors	6 249 856	-	-	-	-
Depreciation And Amortisation	37 845	69 443	1 085 454	6 942 813	78 353
Impairment	-	-	-	19 286 457	-
Finance costs	-	-	-	4 077 669	-
Operating leases	-	-	520 820	3 148 213	-
Bad debts written off	-	581 978	-	25 477 564	-
Bulk purchases	-	-	-	-	-
Contracted Services	1 816 503	2 084 036	19 211 908	40 843 498	3 203 006
Transfers and Subsidies	152 042	3 018 630	-	-	2 400 000
Inventory Consumed	979 304	25 428	855 854	16 138 135	75 632
Operational Cost	2 104 261.43	534 427.43	17 585 890.99	12 989 992.43	3 093 696.26
Loss on disposal of assets and liabilities	-	-	13 253	226 349	1 525
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>11 340 441</b>	<b>27 552 783</b>	<b>69 370 541</b>	<b>237 494 714</b>	<b>24 238 035</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(8 528 541)</b>	<b>17 533 479</b>	<b>(68 595 215)</b>	<b>(121 326 899)</b>	<b>(14 944 797)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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	Financial Services R	Engineering Services R	Total R
<b>76 SEGMENTAL REPORTING</b>			
<b>76.1 SEGMENTAL OF STATEMENT OF FINANCIAL PE</b>			
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	125 083	-	125 477
Service Charges	-	328 014 054	374 426 744
Rendering of services	171 458	771 886	5 576 205
Rental of facilities and equipment	-	-	1 148 857
Interest earned - external investments	6 600 810	-	6 600 810
Interest charged on exchange transactions	-	10 057 165	12 720 518
Licences and permits	-	-	719 480
Agency services	-	-	2 345 436
Operational Revenue	638 407	35 293	2 129 336
Inventories Reversal To Net Realisable Value	4 289 443	-	4 289 443
<b>Total Revenue from Exchange Transactions</b>	<b>11 825 201</b>	<b>338 878 398</b>	<b>410 082 305</b>
<b>Revenue from Non-exchange transactions</b>			
<b>Taxation Revenue</b>			
Property rates	149 321 185	-	149 321 185
Interest charged on non-exchange transactions	1 857 654	-	1 857 654
<b>Transfer Revenue</b>			
Government grants & subsidies	29 025 873	65 938 862	182 169 528
Fines, Penalties and Forfeits	2 527 269	384 162	30 462 472
<b>Total Revenue from Non-Exchange Transactions</b>	<b>182 731 981</b>	<b>66 323 023</b>	<b>363 810 839</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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	Financial Services	Engineering Services	Total
	R	R	R
Revenue from exchange transactions	11 825 201	338 878 398	410 082 305
Revenue from Non-exchange transactions	182 731 981	66 323 023	363 810 839
<b>Total Revenue</b>	<b>194 557 182</b>	<b>405 201 421</b>	<b>773 893 145</b>

### EXPENDITURE

Employee Related Costs	29 464 184	63 115 290	267 666 150
Remuneration of councillors	-	-	6 249 856
Depreciation And Amortisation	461 118	26 063 062	34 738 088
Impairment	(598 680)	(9 339 068)	9 348 710
Finance costs	-	9 321 459	13 399 128
Operating leases	-	46 750	3 715 783
Bad debts written off	326 865	82 191 917	108 578 324
Bulk purchases	-	135 068 208	135 068 208
Contracted Services	4 934 590	26 530 663	98 624 205
Transfers and Subsidies	-	-	5 570 673
Inventory Consumed	240 551	7 208 335	25 523 238
Operational Cost	10 125 765.03	6 929 757.57	53 363 791.14
Loss on disposal of assets and liabilities	(268 824)	1 483 365	1 455 668
Water Losses	-	4 273 990	4 273 990
<b>Total Expenditure</b>	<b>44 685 568</b>	<b>352 893 730</b>	<b>767 575 813</b>
<b>Surplus / (Deficit for the Year)</b>	<b>149 871 613</b>	<b>52 307 691</b>	<b>6 317 332</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R	Economic Development and Planning R
<b>76.2 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2020</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	200	-
Service Charges	-	-	-	43 565 675	-
Rendering of services	-	-	-	670 741	2 530 079
Rental of facilities and equipment	-	776 573	-	446 958	-
Interest earned - external investments	-	-	-	-	-
Interest charged on exchange transactions	-	68 234	-	2 880 734	-
Licences and permits	-	28 001	-	671 849	-
Agency services	-	-	-	1 784 517	-
Operational Revenue	7 345	398 444	7 925	642 607	-
Inventories Reversal To Net Realisable Value	-	-	-	-	-
<b>Total Revenue from Exchange Transactions</b>	<b>7 345</b>	<b>1 271 252</b>	<b>7 925</b>	<b>50 663 281</b>	<b>2 530 079</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-	-
<b>Transfer Revenue</b>					
Government grants & subsidies	-	93 565 000	395 849	19 925 315	249 497
Public contributions and donations	-	-	-	-	173 260
Fines, Penalties and Forfeits	-	-	-	8 325 025	3 500
<b>Total Revenue from Non-Exchange Transactions</b>	<b>0</b>	<b>93 565 000</b>	<b>395 849</b>	<b>28 250 340</b>	<b>426 257</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Council	Office of the Municipal Manager	Corporate Services	Community Services	Economic Development and Planning
	R	R	R	R	R
Revenue from exchange transactions	7 345	1 271 252	7 925	50 663 281	2 530 079
Revenue from Non-exchange transactions	-	93 565 000	395 849	28 250 340	426 257
<b>Total Revenue</b>	<b>7 345</b>	<b>94 836 252</b>	<b>403 774</b>	<b>78 913 621</b>	<b>2 956 336</b>
<b>EXPENDITURE</b>					
Employee Related Costs	103 500	21 055 188	22 070 409	93 795 640	12 061 422
Remuneration of councillors	6 303 194	-	-	-	-
Depreciation And Amortisation	37 680	70 554	913 559	5 997 821	77 735
Impairment	-	-	-	(30 065 290)	-
Finance costs	-	-	-	4 156 605	-
Operating leases	-	39 416	136 992	2 371 107	11 126
Bad debts written off	-	44 681	-	55 255 519	-
Bulk purchases	-	-	-	-	-
Contracted Services	3 786 825	692 413	23 222 930	26 622 708	3 494 277
Transfers and Subsidies	-	2 547 556	-	600 000	2 700 000
Inventory Consumed	31 823	35 907	297 183	3 875 504	177 021
Operational Cost	1 023 655.70	1 543 576.00	10 279 469.26	(3 429 970.34)	3 095 940.17
Loss on disposal of assets and liabilities	5 755	1 865	28 242	163 461	188
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>11 292 433</b>	<b>26 031 156</b>	<b>56 948 785</b>	<b>159 343 105</b>	<b>21 617 709</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(11 285 088)</b>	<b>68 805 096</b>	<b>(56 545 011)</b>	<b>(80 429 484)</b>	<b>(18 661 373)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

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	Financial Services R	Engineering Services R	Total R
<b>76.2 SEGMENTAL OF STATEMENT OF FINANCIAL PE</b>			
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	125 693	-	125 893
Service Charges	-	318 378 711	361 944 386
Rendering of services	102 307	49 680	3 352 806
Rental of facilities and equipment	-	-	1 223 531
Interest earned - external investments	10 308 474	-	10 308 474
Interest charged on exchange transactions	-	10 678 740	13 627 708
Licences and permits	-	-	699 850
Agency services	-	-	1 784 517
Operational Revenue	358 041	550 803	1 965 165
Inventories Reversal To Net Realisable Value	3 136 534	-	3 136 534
<b>Total Revenue from Exchange Transactions</b>	<b>14 031 049</b>	<b>329 657 934</b>	<b>398 168 865</b>
<b>Revenue from Non-exchange transactions</b>			
<b>Taxation Revenue</b>			
Property rates	137 415 926	-	137 415 926
Interest charged on non-exchange transactions	1 703 418	-	1 703 418
<b>Transfer Revenue</b>			
Government grants & subsidies	1 828 531	32 744 088	148 708 280
Public contributions and donations	-	-	173 260
Fines, Penalties and Forfeits	281 268	167 965	8 777 758
<b>Total Revenue from Non-Exchange Transactions</b>	<b>141 229 143</b>	<b>32 912 053</b>	<b>296 778 642</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Financial Services	Engineering Services	Total
	R	R	R
Revenue from exchange transactions	14 031 049	329 657 934	398 168 865
Revenue from Non-exchange transactions	141 229 143	32 912 053	296 778 642
<b>Total Revenue</b>	<b>155 260 192</b>	<b>362 569 987</b>	<b>694 947 507</b>
<b>EXPENDITURE</b>			
Employee Related Costs	24 214 157	54 144 540	227 444 858
Remuneration of councillors	-	-	6 303 194
Depreciation And Amortisation	439 575	24 387 605	31 924 527
Impairment	7 163 500	45 591 786	22 689 997
Finance costs	-	10 668 206	14 824 811
Operating leases	248 146	15 043	2 821 830
Bad debts written off	148 316	21 214 718	76 663 233
Bulk purchases	-	127 552 295	127 552 295
Contracted Services	2 980 302	34 499 557	95 299 013
Transfers and Subsidies	-	-	5 847 556
Inventory Consumed	61 706	4 772 342	9 251 486
Operational Cost	7 605 574.95	8 661 297.06	28 779 542.80
Loss on disposal of assets and liabilities	2 753	313 510	515 774
Water Losses	-	3 112 320	3 112 320
<b>Total Expenditure</b>	<b>42 864 030</b>	<b>334 933 220</b>	<b>653 030 437</b>
<b>Surplus / (Deficit for the Year)</b>	<b>112 396 161</b>	<b>27 636 767</b>	<b>41 917 070</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Executive and Council R	Finance and Administration R	Housing R
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### 76.3 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021

#### REVENUE

##### Revenue from exchange transactions

Sale of goods	-	-	-	125 083	-
Service Charges	-	168 627 695	-	-	-
Rendering of services	54 522	-	-	798 076	-
Rental of facilities and equipment	17 689	-	479 894	(3 802)	183 400
Interest earned - external investments	-	-	-	6 600 810	-
Interest charged on exchange transactions	-	823 503	32 092	-	-
Licences and permits	-	-	17 886	-	-
Agency services	-	-	-	-	-
Operational Revenue	1 332	10 421	901 231	876 224	117 155
Inventories Reversal To Net Realisable Value	-	-	-	4 289 443	-

##### Total Revenue from Exchange Transactions

<b>73 543</b>	<b>169 461 620</b>	<b>1 431 103</b>	<b>12 685 834</b>	<b>300 555</b>
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##### Revenue from Non-exchange transactions

##### Taxation Revenue

Property rates	-	-	-	149 321 185	-
Interest charged on non-exchange transactions	-	-	-	1 857 654	-

##### Transfer Revenue

Government grants & subsidies	11 018 000	22 005 847	46 467 059	29 782 198	10 386 017
Fines, Penalties and Forfeits	2 613	113 370	-	2 527 269	2 016 677

##### Total Revenue from Non-Exchange Transactions

<b>11 020 613</b>	<b>22 119 217</b>	<b>46 467 059</b>	<b>183 488 307</b>	<b>12 402 695</b>
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# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Community and Social Services	Energy Sources	Executive and Council	Finance and Administration	Housing
	R	R	R	R	R
Revenue from exchange transactions	73 543	169 461 620	1 431 103	12 685 834	300 555
Revenue from Non-exchange transactions	11 020 613	22 119 217	46 467 059	183 488 307	12 402 695
<b>Total Revenue</b>	<b>11 094 156</b>	<b>191 580 837</b>	<b>47 898 162</b>	<b>196 174 141</b>	<b>12 703 250</b>

### EXPENDITURE

Employee Related Costs	19 769 793	19 209 856	18 337 646	60 397 157	6 919 195
Remuneration of councillors	-	-	6 249 856	-	-
Depreciation And Amortisation	1 148 858	4 869 095	124 137	2 581 949	93 585
Impairment	-	2 646 222	-	359 251	-
Finance costs	547 763	3 080 711	-	1 077 173	353 772
Operating leases	380 432	46 750	-	3 205 703	-
Bad debts written off	-	360 332	581 978	326 865	-
Bulk purchases	-	134 674 170	-	-	-
Contracted Services	3 484 830	2 948 954	4 690 835	24 606 715	14 063 172
Transfers and Subsidies	-	-	3 170 673	-	-
Inventory Consumed	587 348	2 957 894	1 028 900	1 422 962	12 918 634
Operational Cost	582 477.59	2 289 631.48	3 689 199.95	27 197 168.51	435 053.44
Loss on disposal of assets and liabilities	-	773 463	-	(255 571)	-
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>26 501 502</b>	<b>173 857 078</b>	<b>37 873 225</b>	<b>120 919 372</b>	<b>34 783 411</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(15 407 346)</b>	<b>17 723 759</b>	<b>10 024 937</b>	<b>75 254 769</b>	<b>(22 080 162)</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Internal Audit R	Other R	Planning and Development R	Public Safety R	Road Transport R
<b>76.3 SEGMENTAL OF STATEMENT OF FINANCIAL PERI</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	394	-	-	-
Service Charges	-	-	-	-	-
Rendering of services	-	78 521	4 368 684	276 402	-
Rental of facilities and equipment	-	471 675	-	-	-
Interest earned - external investments	-	-	-	-	-
Interest charged on exchange transactions	-	-	-	-	-
Licences and permits	-	-	-	645 691	-
Agency services	-	-	-	2 345 436	-
Operational Revenue	-	135 332	27 766	7 332	-
Inventories Reversal To Net Realisable Value	-	-	-	-	-
<b>Total Revenue from Exchange Transactions</b>	<b>-</b>	<b>685 922</b>	<b>4 396 449</b>	<b>3 274 860</b>	<b>-</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-	-
<b>Transfer Revenue</b>					
Government grants & subsidies	-	-	5 658 352	734 000	870 000
Fines, Penalties and Forfeits	-	-	286 187	25 516 356	-
<b>Total Revenue from Non-Exchange Transactions</b>	<b>0</b>	<b>0</b>	<b>5 944 538</b>	<b>26 250 356</b>	<b>870 000</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Internal Audit	Other	Planning and Development	Public Safety	Road Transport
	R	R	R	R	R
Revenue from exchange transactions	-	685 922	4 396 449	3 274 860	-
Revenue from Non-exchange transactions	-	-	5 944 538	26 250 356	870 000
<b>Total Revenue</b>	<b>-</b>	<b>685 922</b>	<b>10 340 988</b>	<b>29 525 216</b>	<b>870 000</b>

### EXPENDITURE

Employee Related Costs	3 468 606	1 591 826	25 705 163	39 109 795	7 434 236
Remuneration of councillors	-	-	-	-	-
Depreciation And Amortisation	25 669	333 493	113 916	1 150 839	8 990 879
Impairment	-	23 318 403	1 380 297	-	-
Finance costs	-	-	-	588 585	3 106 995
Operating leases	-	-	-	82 898	-
Bad debts written off	-	-	-	-	-
Bulk purchases	-	-	-	-	-
Contracted Services	104 938	158 850	4 061 817	11 866 301	14 861 305
Transfers and Subsidies	-	-	2 400 000	-	-
Inventory Consumed	9 256	58 277	120 606	786 749	119 288
Operational Cost	56 370.72	510 615.08	3 551 116.97	2 198 882.91	1 156 470.02
Loss on disposal of assets and liabilities	-	-	1 525	1 663	-
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>3 664 840</b>	<b>25 971 465</b>	<b>37 334 441</b>	<b>55 785 713</b>	<b>35 669 174</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(3 664 840)</b>	<b>(25 285 542)</b>	<b>(26 993 453)</b>	<b>(26 260 497)</b>	<b>(34 799 174)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Sport and Recreation R	Waste Management R	Waste Water Management R	Water Management R	Total R
<b>76.3 SEGMENTAL OF STATEMENT OF FINANCIAL PERI</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	-	125 477
Service Charges	-	46 412 690	78 675 222	80 711 137	374 426 744
Rendering of services	-	-	-	-	5 576 205
Rental of facilities and equipment	-	-	-	-	1 148 857
Interest earned - external investments	-	-	-	-	6 600 810
Interest charged on exchange transactions	-	2 631 261	4 724 557	4 509 105	12 720 518
Licences and permits	55 903	-	-	-	719 480
Agency services	-	-	-	-	2 345 436
Operational Revenue	25 333	2 339	24 872	-	2 129 336
Inventories Reversal To Net Realisable Value	-	-	-	-	4 289 443
<b>Total Revenue from Exchange Transactions</b>	<b>81 236</b>	<b>49 046 290</b>	<b>83 424 651</b>	<b>85 220 241</b>	<b>410 082 305</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	149 321 185
Interest charged on non-exchange transactions	-	-	-	-	1 857 654
<b>Transfer Revenue</b>					
Government grants & subsidies	-	12 185 040	8 123 359	34 939 656	182 169 528
Fines, Penalties and Forfeits	-	-	-	-	30 462 472
<b>Total Revenue from Non-Exchange Transactions</b>	<b>0</b>	<b>12 185 040</b>	<b>8 123 359</b>	<b>34 939 656</b>	<b>363 810 839</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Sport and Recreation</b>	<b>Waste Management</b>	<b>Waste Water Management</b>	<b>Water Management</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Revenue from exchange transactions	81 236	49 046 290	83 424 651	85 220 241	410 082 305
Revenue from Non-exchange transactions	-	12 185 040	8 123 359	34 939 656	363 810 839
<b>Total Revenue</b>	<b>81 236</b>	<b>61 231 330</b>	<b>91 548 010</b>	<b>120 159 897</b>	<b>773 893 145</b>

### EXPENDITURE

Employee Related Costs	17 032 389	21 857 538	10 611 200	16 221 749	267 666 150
Remuneration of councillors	-	-	-	-	6 249 856
Depreciation And Amortisation	1 703 679	1 780 787	4 685 530	7 135 671	34 738 088
Impairment	-	(4 989 876)	(8 222 947)	(5 142 639)	9 348 710
Finance costs	81 554	1 827 686	1 074 090	1 660 798	13 399 128
Operating leases	-	-	-	-	3 715 783
Bad debts written off	-	25 477 564	-	81 831 586	108 578 324
Bulk purchases	-	-	-	394 038	135 068 208
Contracted Services	2 904 564	6 929 794	2 341 808	5 600 322	98 624 205
Transfers and Subsidies	-	-	-	-	5 570 673
Inventory Consumed	578 967	1 135 337	844 028	2 954 991	25 523 238
Operational Cost	720 149.66	8 043 553.00	1 205 684.85	1 727 416.96	53 363 791.14
Loss on disposal of assets and liabilities	224 686	-	138 387	571 515	1 455 668
Water Losses	-	-	-	4 273 990	4 273 990
<b>Total Expenditure</b>	<b>23 245 989</b>	<b>62 062 383</b>	<b>12 677 782</b>	<b>117 229 437</b>	<b>767 575 813</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(23 164 753)</b>	<b>(831 054)</b>	<b>78 870 228</b>	<b>2 930 460</b>	<b>6 317 332</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Executive and Council R	Finance and Administration R	Housing R
<b>76.4 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2020</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	125 693	-
Service Charges	-	162 482 909	-	-	-
Rendering of services	21 750	-	-	689 378	-
Rental of facilities and equipment	(6 267)	-	776 573	40 504	-
Interest earned - external investments	-	-	-	10 308 474	-
Interest charged on exchange transactions	-	906 451	68 234	-	-
Licences and permits	-	-	28 001	-	-
Agency services	-	-	-	-	-
Operational Revenue	572	495 271	405 789	809 884	9 052
Inventories Reversal To Net Realisable Value	-	-	-	3 136 534	-
<b>Total Revenue from Exchange Transactions</b>	<b>16 055</b>	<b>163 884 631</b>	<b>1 278 597</b>	<b>15 110 468</b>	<b>9 052</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	137 415 926	-
Interest charged on non-exchange transactions	-	-	-	1 703 418	-
<b>Transfer Revenue</b>					
Government grants & subsidies	12 298 445	12 892 201	93 565 000	2 224 380	6 829 170
Public contributions and donations	-	-	-	-	-
Fines, Penalties and Forfeits	38 095	87 227	-	281 268	-
<b>Total Revenue from Non-Exchange Transactions</b>	<b>12 336 540</b>	<b>12 979 427</b>	<b>93 565 000</b>	<b>141 624 991</b>	<b>6 829 170</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Community and Social Services	Energy Sources	Executive and Council	Finance and Administration	Housing
	R	R	R	R	R
Revenue from exchange transactions	16 055	163 884 631	1 278 597	15 110 468	9 052
Revenue from Non-exchange transactions	12 336 540	12 979 427	93 565 000	141 624 991	6 829 170
<b>Total Revenue</b>	<b>12 352 595</b>	<b>176 864 059</b>	<b>94 843 597</b>	<b>156 735 459</b>	<b>6 838 221</b>

### EXPENDITURE

Employee Related Costs	17 496 266	17 963 891	19 127 172	45 071 129	6 056 019
Remuneration of councillors	-	-	6 303 194	-	-
Depreciation And Amortisation	1 048 235	4 365 206	125 647	2 275 777	95 510
Impairment	-	1 751 452	-	7 163 500	-
Finance costs	629 046	3 584 249	-	1 398 864	406 310
Operating leases	377 128	-	150 731	2 235 814	13 197
Bad debts written off	-	327 236	44 681	148 316	-
Bulk purchases	-	127 341 121	-	-	-
Contracted Services	5 433 165	7 309 843	5 333 504	27 606 053	3 723 689
Transfers and Subsidies	600 000	-	2 547 556	-	-
Inventory Consumed	622 643	1 508 858	118 115	1 492 214	476 626
Operational Cost	665 698.38	1 980 372.81	3 195 241.04	18 139 723.22	146 641.09
Loss on disposal of assets and liabilities	11 684	112 012	7 620	30 995	13 882
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>26 883 865</b>	<b>166 244 240</b>	<b>36 953 460</b>	<b>105 562 386</b>	<b>10 931 874</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(14 531 270)</b>	<b>10 619 819</b>	<b>57 890 137</b>	<b>51 173 073</b>	<b>(4 093 653)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Internal Audit R	Other R	Planning and Development R	Public Safety R	Road Transport R
<b>76.4 SEGMENTAL OF STATEMENT OF FINANCIAL PERI</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	200	-	-	-
Service Charges	-	-	-	-	-
Rendering of services	-	51 681	2 579 759	10 239	-
Rental of facilities and equipment	-	411 511	-	-	-
Interest earned - external investments	-	-	-	-	-
Interest charged on exchange transactions	-	-	-	-	-
Licences and permits	-	-	-	578 631	-
Agency services	-	-	-	1 784 517	-
Operational Revenue	-	174 329	-	14 736	-
Inventories Reversal To Net Realisable Value	-	-	-	-	-
<b>Total Revenue from Exchange Transactions</b>	<b>-</b>	<b>637 721</b>	<b>2 579 759</b>	<b>2 388 124</b>	<b>-</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-	-
<b>Transfer Revenue</b>					
Government grants & subsidies	-	797 700	2 828 497	-	2 484 781
Public contributions and donations	-	-	173 260	-	-
Fines, Penalties and Forfeits	-	-	70 416	8 286 930	13 823
<b>Total Revenue from Non-Exchange Transactions</b>	<b>0</b>	<b>797 700</b>	<b>3 072 174</b>	<b>8 286 930</b>	<b>2 498 604</b>



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Internal Audit	Other	Planning and Development	Public Safety	Road Transport
	R	R	R	R	R
Revenue from exchange transactions	-	637 721	2 579 759	2 388 124	-
Revenue from Non-exchange transactions	-	797 700	3 072 174	8 286 930	2 498 604
<b>Total Revenue</b>	<b>-</b>	<b>1 435 421</b>	<b>5 651 933</b>	<b>10 675 054</b>	<b>2 498 604</b>

### EXPENDITURE

Employee Related Costs	4 350 507	1 289 803	18 954 135	32 135 161	6 622 755
Remuneration of councillors	-	-	-	-	-
Depreciation And Amortisation	25 749	326 292	113 779	1 128 771	8 954 572
Impairment	-	1 340 983	689 142	(43 697 033)	-
Finance costs	-	-	-	681 075	3 461 907
Operating leases	4 999	-	26 256	10 459	3 246
Bad debts written off	-	-	-	49 450 825	-
Bulk purchases	-	-	-	-	-
Contracted Services	243 693	212 568	4 410 332	2 413 240	18 364 789
Transfers and Subsidies	-	-	2 700 000	-	-
Inventory Consumed	10 157	16 635	204 400	375 176	56 229
Operational Cost	74 321.51	514 158.47	3 797 663.41	1 453 448.71	2 933 206.23
Loss on disposal of assets and liabilities	-	-	445	3 547	51 750
Water Losses	-	-	-	-	-
<b>Total Expenditure</b>	<b>4 709 427</b>	<b>3 700 439</b>	<b>30 896 152</b>	<b>43 954 671</b>	<b>40 448 455</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(4 709 427)</b>	<b>(2 265 017)</b>	<b>(25 244 219)</b>	<b>(33 279 617)</b>	<b>(37 949 852)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	Sport and Recreation R	Waste Management R	Waste Water Management R	Water Management R	Total R
<b>76.4 SEGMENTAL OF STATEMENT OF FINANCIAL PERI</b>					
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Sale of goods	-	-	-	-	125 893
Service Charges	-	43 565 675	73 742 159	82 153 643	361 944 386
Rendering of services	-	-	-	-	3 352 806
Rental of facilities and equipment	1 211	-	-	-	1 223 531
Interest earned - external investments	-	-	-	-	10 308 474
Interest charged on exchange transactions	-	2 880 734	5 067 326	4 704 963	13 627 708
Licences and permits	93 217	-	-	-	699 850
Agency services	-	-	-	-	1 784 517
Operational Revenue	-	-	55 532	-	1 965 165
Inventories Reversal To Net Realisable Value	-	-	-	-	3 136 534
<b>Total Revenue from Exchange Transactions</b>	<b>94 428</b>	<b>46 446 409</b>	<b>78 865 017</b>	<b>86 858 605</b>	<b>398 168 865</b>
<b>Revenue from Non-exchange transactions</b>					
<b>Taxation Revenue</b>					
Property rates	-	-	-	-	137 415 926
Interest charged on non-exchange transactions	-	-	-	-	1 703 418
<b>Transfer Revenue</b>					
Government grants & subsidies	-	-	-	14 788 106	148 708 280
Public contributions and donations	-	-	-	-	173 260
Fines, Penalties and Forfeits	-	-	-	-	8 777 758
<b>Total Revenue from Non-Exchange Transactions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 788 106</b>	<b>296 778 642</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## Notes to the Unaudited Annual Financial Statements

	<b>Sport and Recreation</b>	<b>Waste Management</b>	<b>Waste Water Management</b>	<b>Water Management</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Revenue from exchange transactions	94 428	46 446 409	78 865 017	86 858 605	398 168 865
Revenue from Non-exchange transactions	-	-	-	14 788 106	296 778 642
<b>Total Revenue</b>	<b>94 428</b>	<b>46 446 409</b>	<b>78 865 017</b>	<b>101 646 711</b>	<b>694 947 507</b>

### EXPENDITURE

Employee Related Costs	17 441 168	18 805 479	6 966 223	15 165 150	227 444 858
Remuneration of councillors	-	-	-	-	6 303 194
Depreciation And Amortisation	1 537 723	1 240 380	4 197 391	6 489 495	31 924 527
Impairment	-	12 290 760	20 726 320	22 424 873	22 689 997
Finance costs	97 587	1 373 546	1 296 239	1 895 989	14 824 811
Operating leases	-	-	-	-	2 821 830
Bad debts written off	-	5 804 694	20 887 483	-	76 663 233
Bulk purchases	-	-	-	211 174	127 552 295
Contracted Services	3 031 492	9 650 155	1 396 442	6 170 049	95 299 013
Transfers and Subsidies	-	-	-	-	5 847 556
Inventory Consumed	554 292	675 603	152 446	2 988 093	9 251 486
Operational Cost	745 428.58	(7 481 358.95)	1 824 229.27	790 769.03	28 779 542.80
Loss on disposal of assets and liabilities	118 943	15 404	44 053	105 438	515 774
Water Losses	-	-	-	3 112 320	3 112 320
<b>Total Expenditure</b>	<b>23 526 633</b>	<b>42 374 660</b>	<b>57 490 825</b>	<b>59 353 350</b>	<b>653 030 437</b>
<b>Surplus / (Deficit for the Year)</b>	<b>(23 432 205)</b>	<b>4 071 748</b>	<b>21 374 192</b>	<b>42 293 361</b>	<b>41 917 070</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2021

Grant Description	Opening Balance R	Contributions during the year R	Repaid to National Revenue Fund R	Operating Expenditure during the year Transferred to Revenue R	Capital Expenditure during the year Transferred to Revenue R	Closing Balance R
<b>National Government Grants</b>						
Equitable Share	-	121 667 671	-	(121 667 671)	-	-
Municipal Infrastructure (MIG)	5 422 959	19 817 000	-	-	(24 785 456)	454 503
Integrated National Electrification Program (INEP)	-	4 000 000	-	-	(3 943 707)	56 293
Financial Management (FMG)	-	1 550 000	-	(1 550 000)	-	-
Energy Efficiency and Demand Side Management	22 671	-	(22 671)	-	-	-
Extended Public Works Programme (EPWP)	-	2 173 000	-	(2 172 546)	-	454
<b>Total National Government Grants</b>	<b>5 445 630</b>	<b>149 207 671</b>	<b>(22 671)</b>	<b>(125 390 217)</b>	<b>(28 729 163)</b>	<b>511 250</b>
<b>Provincial Government Grants</b>						
Local Government Graduate Internship	266 175	-	-	-	-	266 175
Financial Management Support - Drought	-	734 000	-	-	(734 000)	-
Financial Management Capacity Building	75 142	-	-	-	-	75 142
Community Development Workers (CDW)	37 967	19 000	-	(5 073)	-	51 894
Provincial Housing	(10 065 796)	4 286 746	-	(10 386 017)	-	(16 165 067)
Disaster Management - Housing	0	-	-	(0)	-	-
Proclaimed Roads Maintenance	-	870 000	-	(870 000)	-	-
Municipal Replacement Funding (MRF)	306 460	11 018 000	-	(11 018 000)	-	306 460
LG SETA	706 759	401 410	-	(756 325)	-	351 844
Disaster Management - Provincial	7	-	-	-	-	7
Regional Social Economic Projects (RSEP)	2 350 504	3 000 000	-	-	(3 480 733)	1 869 771
Electricity Master Plan Grant	-	800 000	-	(800 000)	-	-
<b>Total Provincial Government Grants</b>	<b>(6 322 781)</b>	<b>21 129 156</b>	<b>-</b>	<b>(23 835 415)</b>	<b>(4 214 733)</b>	<b>(13 243 773)</b>
<b>Total Grants</b>	<b>(877 151)</b>	<b>170 336 827</b>	<b>(22 671)</b>	<b>(149 225 632)</b>	<b>(32 943 895)</b>	<b>(12 732 523)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2021

<b>Grant Description</b>	<b>Opening Balance</b>	<b>Contributions</b>	<b>Repaid to</b>	<b>Operating</b>	<b>Capital</b>	<b>Closing Balance</b>
	<b>R</b>	<b>during the year</b>	<b>National</b>	<b>Expenditure</b>	<b>Expenditure</b>	
		<b>R</b>	<b>Revenue Fund</b>	<b>during the year</b>	<b>during the year</b>	
			<b>R</b>	<b>Transferred to</b>	<b>Transferred to</b>	
				<b>Revenue</b>	<b>Revenue</b>	
				<b>R</b>	<b>R</b>	
<b>Public Contributions</b>						
Nedbank - LED Contribution	38 469	460 000	-	-	-	498 469
<b>Total Public Contributions</b>	<b>38 469</b>	<b>460 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498 469</b>
<b>Grand Total</b>	<b>(838 682)</b>	<b>170 796 827</b>	<b>(22 671)</b>	<b>(149 225 632)</b>	<b>(32 943 895)</b>	<b>(12 234 053)</b>

The Unspent Grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PU

Grant Description	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	R (Creditor)	R (Creditor)	R (Debtor)
<b><u>National Government Grants</u></b>			
Equitable Share	-	-	-
Municipal Infrastructure (MIG)	454 503	-	-
Integrated National Electrification Program (INEP)	56 293	-	-
Financial Management (FMG)	-	-	-
Energy Efficiency and Demand Side Management	-	-	-
Extended Public Works Programme (EPWP)	454	-	-
<b>Total National Government Grants</b>	<b>511 250</b>	<b>-</b>	<b>-</b>
<b><u>Provincial Government Grants</u></b>			
Local Government Graduate Internship	266 175	-	-
Financial Management Support - Drought	-	-	-
Financial Management Capacity Building	75 142	-	-
Community Development Workers (CDW)	51 894	-	-
Provincial Housing	-	-	(16 165 067)
Disaster Management - Housing	-	-	-
Proclaimed Roads Maintenance	-	-	-
Municipal Replacement Funding (MRF)	306 460	-	-
LG SETA	351 844	-	-
Disaster Management - Provincial	7	-	-
Regional Social Economic Projects (RSEP)	1 869 771	-	-
Electricity Master Plan Grant	-	-	-
<b>Total Provincial Government Grants</b>	<b>2 921 295</b>	<b>-</b>	<b>(16 165 067)</b>
<b>Total Grants</b>	<b>3 432 545</b>	<b>-</b>	<b>(16 165 067)</b>

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2021

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PU

<b>Grant Description</b>	<b>Unspent Grants R</b>	<b>Unspent Public Contributions R</b>	<b>Unpaid Grants R</b>
<b><u>Public Contributions</u></b>			
Nedbank - LED Contribution		498 469	
<b>Total Public Contributions</b>	-	<b>498 469</b>	-
<b>Grand Total</b>	<b>3 432 545</b>	<b>498 469</b>	<b>(16 165 067)</b>

The Unspent Grants are cash-backed. The municipality ca

**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

**APPENDIX B****SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

Description & Account / Vehicle Reference	Opening Balance R	Received during the period R	Repayment / written off during the period R	Interest Charged during the period R	Closing Balance R
<b>Annuity Loans</b>					
DBSA - 11200/102	0	-	-	-	0
DBSA - 13665/101	196 842	-	(196 842)	-	-
DBSA - 100225/1	2 060 000	-	(824 000)	-	1 236 000
DBSA - 103437/1	18 978 199	-	(1 314 544)	-	17 663 655
DBSA - 103437/2	1 231 119	-	(259 355)	-	971 764
Standard Bank - 282024913 (Old Acc Number)/ 000537504 (New Acc number)	10 935 248	-	(1 729 152)	-	9 206 096
Standard Bank - 282044426	2 566 169	-	(2 566 169)	-	(0)
Standard Bank - 282029087 (Old Acc Number)/ 000536658 (New Acc number)	3 357 492	-	(2 179 630)	-	1 177 863
Standard Bank - 251981282 (Old Acc Number)/ 000536894 (New Acc number)	3 255 878	-	(2 112 881)	-	1 142 997
Standard Bank - 282022589 (Old Acc Number)/ 000537648 (New Acc number)	5 107 852	-	(1 524 037)	-	3 583 814
Standard Bank - 082602247 (Old Acc Number)/ 000536665 (New Acc number)	6 440 569	-	(1 352 127)	-	5 088 442
Standard Bank - 082602573	0	-	-	-	0
NedBank - 7831 033912 / 000 001	6 438 842	-	(1 004 320)	-	5 434 523
NedBank - 2017/2018	26 959 874	-	(2 288 936)	-	24 670 938
ABSA - 2015/2016	14 366 932	-	(1 821 741)	-	12 545 192
ABSA - 2016/2017	19 901 980	-	(2 079 106)	-	17 822 873
<b>Total Annuity Loans</b>	<b>121 796 997</b>	<b>-</b>	<b>(21 252 839)</b>	<b>-</b>	<b>100 544 158</b>



**BITOU LOCAL MUNICIPALITY**

Audited Financial Statements for the year ended 30 June 2021

**APPENDIX B****SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

<b>Description &amp; Account / Vehicle Reference</b>	<b>Opening Balance R</b>	<b>Received during the period R</b>	<b>Repayment / written off during the period R</b>	<b>Interest Charged during the period R</b>	<b>Closing Balance R</b>
<b>Finance Leases</b>					
JCB 3DX4 Backhoe Loader - CX40104	-	1 230 109	(338 812)	-	891 297
JCB 3DX4 Backhoe Loader - CX40065	-	1 230 109	(338 812)	-	891 297
JCB 3DX4 Backhoe Loader - CX40126	-	1 230 109	(338 812)	-	891 297
Tomcat Chipper M4375 AE - CX43517	-	1 161 328	(321 384)	-	839 943
UD Croner H37 PKE250 Compactor (15 Cube) - CX44661	-	1 795 779	(356 125)	-	1 439 654
UD Croner H37 PKE250 Compactor (15 Cube) - CX42928	-	1 795 779	(356 125)	-	1 439 654
Isuzu NPR400 AMT Crew Jetting Truck - CX24197	-	1 262 183	(250 306)	-	1 011 876
UD Quester E53 GWE390 Tipper Truck (10 Cube) - CX60677	-	1 648 550	(326 927)	-	1 321 623
UD Croner PKE 250 Dump Alli Skip Truck - CX60668	-	1 151 947	(228 445)	-	923 502
Hino 300 915 LWB MT Crane Tipper Truck - CX44281	-	1 070 342	(212 262)	-	858 080
<b>Total Finance Leases</b>	<b>-</b>	<b>13 576 234</b>	<b>(3 068 009)</b>	<b>-</b>	<b>10 508 225</b>
<b>Grand Total</b>	<b>121 796 997</b>	<b>13 576 234</b>	<b>(24 320 848)</b>	<b>-</b>	<b>111 052 383</b>