

**BITOU  
LOCAL MUNICIPALITY**



**Audited**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2023**

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## 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 provides 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:

*Bossiesgif*  
*Covie*  
*Harkerville*  
*Keurbooms*  
*Kranshoek*  
*Kurland*  
*Kwanokuthula*  
*Natures Valley*  
*New Horizons*  
*Pinetrees*  
*Plettenberg Bay*  
*Qolweni*  
*Uplands*  
*Wittedrift*

### WARD INFORMATION

Ward 1	<i>Wittedrift/Kurland/Natures Valley/Keurbooms/Covie/Uplands</i>
Ward 2	<i>Plettenberg Bay South &amp; North</i>
Ward 3	<i>Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons</i>
Ward 4	<i>Portion of New Horizons/Portion of Kwanokuthula</i>
Ward 5	<i>Kwanokuthula</i>
Ward 6	<i>Kwanokuthula</i>
Ward 7	<i>Kranshoek/Harkerville/Portion of Kwanokuthula</i>

### MEMBERS OF THE MAYORAL COMMITTEE

#### Current

<i>Executive Mayor</i>	<i>Councillor D. Swart</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Deputy Executive Mayor</i>	<i>Councillor MP. Busakwe</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Speaker</i>	<i>Councillor CN. Terblanche</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor WJ. Nel</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor J. Kam Kam</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## General Information

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### WARD COUNCILLORS

#### Current

Ward 1	DA	Councillor J. Kam Kam	1-Jul-2022 to	30-Jun-2023
Ward 2	DA	Councillor D. Swart	1-Jul-2022 to	30-Jun-2023
Ward 3	ANC	Councillor T. Mhlana	1-Jul-2022 to	30-Jun-2023
Ward 4	PDC	Councillor CN. Terblanche	1-Jul-2022 to	30-Jun-2023
Ward 5	ANC	Councillor SA. Mangxaba	1-Jul-2022 to	30-Jun-2023
Ward 6	ANC	Councillor NT. Seti	1-Jul-2022 to	30-Jun-2023
Ward 7	DA	Councillor AR. Olivier	1-Jul-2022 to	30-Jun-2023

### PROPORTIONAL REPRESENTATIVE COUNCILLORS

#### Current

AUF	Councillor MP. Busakwe	1-Jul-2022 to	30-Jun-2023
ANC	Councillor SE. Gcabayi	1-Jul-2022 to	30-Jun-2023
DA	Councillor WJ. Nel	1-Jul-2022 to	30-Jun-2023
DA	Councillor NS. Ndayi	1-Jul-2022 to	30-Jun-2023
PA	Councillor MAM. Botha	1-Jul-2022 to	30-Sep-2022
PA	Councillor TS. Harmse	1-Oct-2023 to	28-Feb-2023
PA	Councillor M. Mitchell	16-Mar-2023 to	30-Jun-2023
IPM	Councillor NP. Kholwapi	1-Jul-2022 to	30-Jun-2023

### MUNICIPAL MANAGER

*Mr. M Memani*

### ACTING CHIEF FINANCIAL OFFICER

*Mr. FM Lötter*

### REGISTERED OFFICE

*Sewell street, Plettenberg Bay, 6600  
Private Bag X 1002. Plettenberg Bay, 6600*

### AUDITORS

*Auditor General of South Africa*

### PRINCIPLE BANKERS

*Standard Bank, Plettenberg Bay*

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## General Information

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### ATTORNEYS

*A Adriaans Incorporated t/a Adriaans Attorneys*  
*Boqwana Burns Inc*  
*Bowes, Loon & Connelan Inc t/a BLC Attorneys*  
*Dyushu and Majebe Inc t/a Dyushu and Majebe Attorneys*  
*HDRS Attorneys Inc*  
*Lizel Venter Attorneys*  
*Logan Martin Inc.*  
*Lulama Prince Inc Attorneys*  
*Mabheshwana & Associates*  
*Magqabi Seth Zita Attorneys Inc*  
*Mosdell Pama Cox Plettenberg Bay Inc t/a Mosdell Pama Cox*  
*Musethsho & Associates*  
*Nandi Bulabula Inc t/a Nandi Bulabula Attorneys*  
*Pagdens Incorporated*  
*Regan Brown Inc*  
*SA Dingi Attorneys*  
*Siyathemba Sokutu Attorneys Inc*  
*Tsotso and Associates Inc*  
*V Derrocks Incorporated t/a Derrocks Attorneys*

### 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*  
*SALBC Collective agreements*  
*Infrastructure grants*



# BITOU LOCAL MUNICIPALITY

Unaudited financial statements for the year ended 30 June 2023

## Approval of Financial Statements

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The Accounting Officer is required by the Municipal Finance Management Act (MFMA)(act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identified, accessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

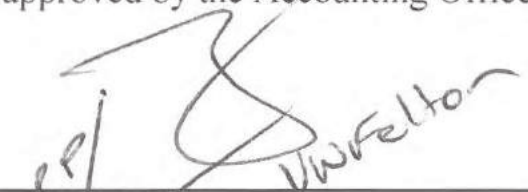
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

In terms of section 13g, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to note 78.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

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 office bearers act and the minister of provincial and local government's determination in accordance with this act.

The annual financial statements set out from page 5, which have been prepared on the going concern basis were approved by the Accounting Officer on 29 November 2023 and were signed on behalf of the municipality by:

  
\_\_\_\_\_  
Mr. M Memani  
Municipal Manager

29 November 2023

\_\_\_\_\_  
Date

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

	Note	2023	2022
		R	Restated R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	3	12 691 574.79	12 692 113
Property, plant and equipment	4	1 242 619 072.44	1 195 732 967
Heritage assets	6	35 193.00	35 193
		<b>1 255 345 840</b>	<b>1 208 460 273</b>
<b>Current assets</b>			
Inventories	9	15 356 713	15 801 922
Current investments	7	-	9 857 448
Operating lease asset	10	155 194	158 834
Receivables from exchange transactions	11	49 402 559	37 663 147
Receivables from non-exchange transactions	11	36 665 684	33 485 360
VAT receivable	12	9 986 386	4 654 797
Current portion of long-term receivables	8	-	1 093
Unpaid conditional grants	13	27 968 070	15 590 971
Cash and cash equivalents	14	95 078 061	48 627 266
		<b>234 612 667</b>	<b>165 840 839</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	15	82 546 469	65 547 008
Finance lease liabilities	16	-	1 250 915
Employee benefit obligation	17	79 529 000	83 872 403
		<b>162 075 469</b>	<b>150 670 326</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	15	18 279 782	16 979 655
Current portion finance lease liabilities	16	1 250 915	4 848 632
Trade and other payables from exchange transactions	20	94 872 529	80 993 804
Consumer deposits	21	10 793 475	9 848 007
Current employee benefit obligation	22	37 758 740	34 286 653
Current provisions	18	1 826 031	1 166 278
Unspent conditional grants	13	10 961 022	3 258 200
Operating lease liability	10	217 529	78 150
		<b>175 960 023</b>	<b>151 459 379</b>
<b>Total liabilities</b>		<b>338 035 492</b>	<b>302 129 705</b>
<b>Net Assets</b>		<b>1 151 923 015</b>	<b>1 072 171 407</b>
<b>NET ASSETS</b>			
Reserves	24	29 950 000	18 550 009
Accumulated surplus		1 121 973 015	1 053 621 398
<b>Total net assets</b>		<b>1 151 923 015</b>	<b>1 072 171 407</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Statement of Financial Performance as at 30 June 2023

	Note	2023	2022
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		57 565	182 276
Service charges (Exchange)	26	405 638 160	397 347 017
Rendering of services	27	6 809 439	6 611 981
Rental of facilities and equipment	29	1 123 668	1 282 720
Interest earned - cash and investments	30	8 034 704	3 746 776
Interest charged (trading)	31	17 119 510	12 130 801
Agency services	32	2 500 851	2 422 886
Licences and permits	33	1 195 759	1 091 085
Operational revenue	34	3 683 125	3 644 467
Gain on disposal of assets and liabilities	35	453 870	-
Actuarial gains	36	18 011 364	7 205 340
Inventories Increase to net realisable value	37	-	1 089
<b>Total revenue from exchange transactions</b>		<b>464 628 015</b>	<b>435 666 438</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	38	151 444 708	157 193 635
Availability charges (Non-Exchange)	39	16 984 306	16 331 649
Interest charged on non-exchange transactions	40	4 242 192	2 646 549
<b>Transfer revenue</b>			
Government grants & subsidies - monetary	41	192 536 933	190 634 549
Public Contributions and Donations	42	-	498 469
Fines, penalties and forfeits	43	46 722 358	54 430 462
Contributed Assets	44	-	325 150
<b>Total revenue from non-exchange transactions</b>		<b>411 930 496</b>	<b>422 060 463</b>
<b>Total revenue</b>		<b>876 558 511</b>	<b>857 726 900</b>
<b>EXPENDITURE</b>			
Employee related costs	45	287 508 367	276 657 416
Remuneration of councillors	46	6 721 149	6 197 993
Depreciation and amortization	47	36 393 366	35 506 740
Impairment	48	28 622 656	33 141 143
Finance costs	49	19 740 467	19 283 209
Operating leases	50	4 016 866	4 323 228
Bad debts written off	51	88 944 975	93 734 933
Bulk purchases	52	163 817 892	160 337 958
Contracted services	53	72 886 087	102 754 180
Transfers and subsidies	54	5 625 831	4 527 192
Inventory consumed	55	14 130 654	14 328 052
Operational cost	56	66 861 745	53 014 447
Loss on disposal of assets and liabilities	57	1 528 219	1 701 224
Actuarial losses	58	-	430 473
Water losses	59	1	2
Inventories Losses / Write-Downs	60	8 628	-
<b>Total expenditure</b>		<b>796 806 903</b>	<b>805 938 190</b>
<b>Surplus for the year</b>		<b>79 751 608</b>	<b>51 788 710</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

		Capital Replacement Reserve	Accumulated surplus / (deficit)	Total: Net assets
	Note	R	R	R
<b>Balance at 30 June 2021 as previously reported</b>		<b>102 000 000</b>	<b>913 642 165</b>	<b>1 015 642 166</b>
<b>Adjustments</b>		<b>-</b>	<b>1 684 499</b>	<b>1 684 499</b>
Corrections of errors	62	-	1 684 499	1 684 499
<b>Balance at 30 June 2021 as restated</b>		<b>102 000 000</b>	<b>915 326 664</b>	<b>1 017 326 664</b>
Surplus for the year		-	51 788 710	51 788 710
<b>Total recognised income and expenses for the year</b>		<b>-</b>	<b>51 788 710</b>	<b>51 788 710</b>
Transfers in/out		(83 449 991)	86 506 023	3 056 032
<b>Total Changes</b>		<b>(83 449 991)</b>	<b>86 506 023</b>	<b>3 056 032</b>
<b>Restated Balance at 30 June 2022</b>		<b>18 550 009</b>	<b>1 053 621 398</b>	<b>1 072 171 407</b>
Surplus for the year			79 751 608	79 751 608
<b>Total recognised income and expenses for the year</b>		<b>-</b>	<b>79 751 608</b>	<b>79 751 608</b>
Transfers in/out		11 399 991	(11 399 991)	-
<b>Total changes</b>		<b>11 399 991</b>	<b>(11 399 991)</b>	<b>-</b>
<b>Balance at 30 June 2023</b>		<b>29 950 000</b>	<b>1 121 973 015</b>	<b>1 151 923 015</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Cash flow statement as at 30 June 2023

	Note	2023	2022
		R	Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxes, levies and fines		162 101 542	153 115 623
Goods and services provided		357 153 263	355 361 393
Government grants		189 257 134	192 300 636
Interest income		11 406 887	5 998 797
Consumer deposits		1 286 540	1 120 104
		<b>721 205 366</b>	<b>707 896 552</b>
<b>Payments</b>			
Suppliers for goods and services		(304 538 769)	(334 129 531)
Employees		(286 300 583)	(272 981 766)
Remuneration of councillors		(6 721 149)	(6 197 993)
Finance cost		(8 776 139)	(11 102 815)
Government grants repaid		(1 407 244)	(1 266 335)
Transfers and grants		(5 625 831)	(4 527 192)
Consumer deposits		(341 072)	(285 384)
		<b>(613 710 786)</b>	<b>(630 491 017)</b>
<b>Net cash flows from operating activities</b>	61	<b>107 494 580.35</b>	<b>77 405 535</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(84 807 152)	(79 063 374.04)
Proceeds from sale of property, plant and equipment		453 870	-
Movement in non-current investments		9 857 448	(750 194)
Movement in non-current receivables		1 093	997
		<b>(74 494 741)</b>	<b>(79 812 571)</b>
<b>Net cash flows from investing activities</b>		<b>(74 494 741)</b>	<b>(79 812 571)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		35 255 300	-
Repayment of long-term borrowings		(16 955 712)	(18 017 495)
Repayment of finance leases		(4 848 632)	(4 408 678)
		<b>13 450 956</b>	<b>(22 426 173)</b>
<b>Net cash flows from financing activities</b>		<b>13 450 956</b>	<b>(22 426 173)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>46 450 795</b>	<b>(24 833 209)</b>
Cash and cash equivalent at the beginning of the year	14	48 627 266	73 460 475
<b>Cash and cash equivalents at the end of the year</b>		<b>95 078 061</b>	<b>48 627 266</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023	2023	2023	2023	2023
		R'000	R'000	R'000	R'000	R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	A1	27 525	(14 410)	13 115	49 906	(36 790)
Call investment deposits	A2	85 710	(83 560)	2 150	45 172	(43 022)
Consumer debtors	A3	112 671	(29 725)	82 946	68 450	14 496
Other debtors	A4	29 921	213 707	243 628	271 252	(27 623)
Current portion of long-term receivables		-	11	11	9	1
Inventory		16 201	249	16 450	15 357	1 093
		<b>272 028</b>	<b>86 272</b>	<b>358 300</b>	<b>450 146</b>	<b>(91 846)</b>
<b>Non current assets</b>						
Investments	B1	-	9 857	9 857	-	9 857
Investment property	B2	25 663	(12 971)	12 692	12 692	1
Property, plant and equipment	B3	1 319 883	(62 516)	1 257 368	1 242 619	14 749
Other non-current assets		35	0	35	35	-
		<b>1 345 582</b>	<b>(65 629)</b>	<b>1 279 953</b>	<b>1 255 346</b>	<b>24 607</b>
<b>Total assets</b>		<b>1 617 610</b>	<b>20 642</b>	<b>1 638 252</b>	<b>1 705 491</b>	<b>(67 239)</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Borrowing	C1	(328)	352	24	19 531	(19 507)
Consumer deposits		9 948	(100)	9 848	10 793	(945)
Trade and other payables	C2	91 269	206 938	298 207	321 366	(23 159)
Provisions	C3	49 889	41 214	91 103	39 585	51 519
		<b>150 778</b>	<b>248 404</b>	<b>399 182</b>	<b>391 275</b>	<b>7 907</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>Non current liabilities</b>						
Borrowing	D1	104 142	(1 991)	102 151	82 764	19 387
Provisions	D2	121 998	(53 222)	68 776	79 529	(10 753)
		<b>226 140</b>	<b>(55 213)</b>	<b>170 927</b>	<b>162 293</b>	<b>8 634</b>
<b>Total liabilities</b>		<b>376 918</b>	<b>193 192</b>	<b>570 110</b>	<b>553 568</b>	<b>16 541</b>
<b>Net Assets</b>		<b>1 240 692</b>	<b>(172 549)</b>	<b>1 068 143</b>	<b>1 151 923</b>	<b>(83 780)</b>
<b>NET ASSETS</b>						
Accumulated surplus	E1	1 114 615	(64 893)	1 049 722	1 121 973	(72 251)
Reserves	E2	126 077	(107 527)	18 550	29 950	(11 400)
<b>Total net assets</b>		<b>1 240 692</b>	<b>(172 420)</b>	<b>1 068 272</b>	<b>1 151 923</b>	<b>(83 651)</b>

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>REVENUE</b>						
<b>Revenue By Source</b>						
Property rates		159 956	(7 251)	152 705	151 445	1 260
Service charges - electricity revenue	F1	207 720	(6 080)	201 639	212 266	(10 626)
Service charges - water revenue		93 277	(5 262)	88 015	86 449	1 566
Service charges - sanitation revenue		87 047	(1 486)	85 561	78 406	7 155
Service charges - refuse revenue		53 272	(4 994)	48 278	45 502	2 776
Rental of facilities and equipment		1 193	(14)	1 179	1 124	55
Interest earned - external investments		4 600	1 100	5 700	8 035	(2 335)
Interest earned - outstanding debtors		14 572	3 860	18 432	21 362	(2 930)
Fines, penalties and forfeits	F2	35 870	(10 112)	25 758	46 722	(20 965)
Licences and permits		1 002	62	1 064	1 196	(132)
Agency services		2 414	122	2 536	2 501	35
Transfers and subsidies: Operational	F3	153 896	10 878	164 774	155 970	8 803
Other revenue		7 875	1 754	9 629	10 550	(921)
Gains	F4	-	522	522	18 452	(17 930)
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>822 693</b>	<b>(16 902)</b>	<b>805 791</b>	<b>839 979</b>	<b>(34 188)</b>

### Expenditure By Type

Employee related costs	G1	306 473	1 469	307 943	286 329	21 614
Remuneration of councillors		6 944	0	6 944	6 721	223
Debt impairment	G2	103 440	9 200	112 640	117 568	(4 928)
Depreciation & asset impairment		37 400	763	38 163	36 393	1 770
Finance charges	G3	10 739	(1 963)	8 776	19 740	(10 964)
Bulk purchases	G4	161 902	12 000	173 902	162 599	11 303



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Inventory Consumed		17 674	40	17 714	15 349	2 365
Contracted services	G5	91 004	7 175	98 179	72 886	25 293
Transfers and subsidies		4 750	2 535	7 285	5 626	1 659
Other expenditure	G6	78 447	1 832	80 279	72 058	8 221
Losses		-	-	-	1 524	(1 524)
<b>Total expenditure</b>		<b>818 774</b>	<b>33 052</b>	<b>851 826</b>	<b>796 794</b>	<b>55 032</b>
<b>Surplus/(Deficit) before capital transfers &amp; contributions</b>		<b>3 919</b>	<b>(49 954)</b>	<b>(46 035)</b>	<b>43 185</b>	<b>(89 220)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	H1	46 335	1 326	47 661	36 567	11 094
<b>Surplus after capital transfers &amp; contributions</b>		<b>50 254</b>	<b>(48 628)</b>	<b>1 626</b>	<b>79 752</b>	<b>(78 126)</b>

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	J1	159 956	(29 414)	130 542	149 399	(18 857)
Service charges	J2	375 118	(15 884)	359 234	353 211	6 023
Other revenue	J3	38 050	(25 263)	12 787	16 645	(3 858)
Transfers and Subsidies - Operational	J4	153 896	10 750	164 646	136 528	28 118
Transfers and Subsidies - Capital		46 335	676	47 011	51 322	(4 311)
Interest		4 600	1 100	5 700	11 407	(5 707)
		<b>777 955</b>	<b>(58 035)</b>	<b>719 920</b>	<b>718 512</b>	<b>1 408</b>
<b>Payments</b>						
Suppliers and employees	J5	(644 455)	42 444	(602 011)	(597 561)	(4 451)
Finance charges		(8 700)	(76)	(8 776)	(8 776)	(0)
Transfers and Grants		(4 750)	(2 235)	(6 985)	(5 626)	(1 359)
		<b>(657 906)</b>	<b>40 134</b>	<b>(617 772)</b>	<b>(611 962)</b>	<b>(5 810)</b>
<b>Net cash flows from operating activities</b>		<b>120 049</b>	<b>(17 901)</b>	<b>102 148</b>	<b>106 549</b>	<b>(4 401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE		-	-	-	454	(454)
Decrease (increase) in non-current receivables		-	-	-	1	(1)
Decrease (increase) in non-current investments	K1	-	-	-	9 857	(9 857)
		<b>-</b>	<b>-</b>	<b>-</b>	<b>10 312</b>	<b>(10 312)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>Payments</b>						
Capital assets	K2	(98 450)	(3 521)	(101 971)	(84 807)	(17 164)
<b>Net cash flows from investing activities</b>		<b>(98 450)</b>	<b>(3 521)</b>	<b>(101 971)</b>	<b>(74 495)</b>	<b>(27 476)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	L1	-	35 255	35 255	35 255	-
Increase (decrease) in consumer deposits		-	-	-	945	(945)
		<b>-</b>	<b>35 255</b>	<b>35 255</b>	<b>36 201</b>	<b>(945)</b>
<b>Payments</b>						
Repayment of borrowing		(21 828)	24	(21 804)	(21 804)	0
<b>Net cash flows from financing activities</b>		<b>(21 828)</b>	<b>35 279</b>	<b>13 451</b>	<b>14 396</b>	<b>(945)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(229)</b>	<b>13 857</b>	<b>13 628</b>	<b>46 451</b>	<b>(32 823)</b>
Cash and cash equivalent at the beginning of the year	K1	110 464	(61 837)	48 627	48 627	-
<b>Cash/cash equivalents at the year end:</b>		<b>110 234</b>	<b>(47 979)</b>	<b>62 255</b>	<b>95 078</b>	<b>(32 823)</b>

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 1. Accounting Policies

#### Presentation of the Annual Financial Statements

The 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 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.

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 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.

#### 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 financial statements have been prepared on a going concern basis.

#### 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.

#### 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.

#### 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.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2022 to 30 Jun 2023.

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 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.

After initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, and equipment. 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.

#### Municipality as Lessor

Operating leases are those leases that do not fall within the scope of the above definition. The difference between the straight-lined revenue and actual payments made will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the lease asset is diminished.

### 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



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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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. The revenue received is driven from the agreed terms of the contract, rather than the legislation.
- 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.

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 considered 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.

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.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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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.

### **Performance Bonuses Accrued**

A Provision, in respect of the liability relating to the anticipated cost of performance bonuses, payable to Section 57 Employees, is recognized as it accrues. The performance bonuses provision is based on the annual performance assessment outcome. Payout of performance bonuses are only due after a performance evaluation has been concluded for the respective year. If a performance evaluation results in a non-entitlement to a performance bonus, that liability is reversed.

### **Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment 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 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.

### **Post-retirement medical obligations**

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% or 60% as a contribution, and the remaining 30% or 40% is paid by the members, based on the Collective agreement in terms of which the employee retired. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost, Finance Cost and Actuarial gains or losses upon valuation.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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These obligations are valued annually by independent qualified actuaries.

### 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.

### 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. Consumer Deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with the council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is set-off against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.15. 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, it's 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

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Subsequent to initial recognition, items of property, plant and equipment 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.

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. The annual depreciation rates are based on the following estimated useful lives (in years):

Item	Depreciation method	Expected useful life (years)
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		5-50
• ICT Network and Communication		7-10
• Refuse Sites		5-100
• Roads Infrastructure		6-100
• Sanitation Infrastructure		9-100
• Stormwater Infrastructure		5-50
• Water Supply Infrastructure		8-100
Community	Straight-line	
• Airports		15-100
• Cemeteries		10-50
• Community Halls		5-100
• Libraries		5-100
• Parks		5-100
• Public Ablution Facilities		5-100
• Sports grounds		5-100
• Testing Stations		15-100
Other Assets	Straight-line	
• Computer Equipment		5-7
• Furniture and Office Equipment		6-10
• Machinery and Equipment		5-10
• Transport Assets		5-20
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). 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

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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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 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 decided 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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)



# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### Derecognition

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.

## 1.16. 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, its 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.

### 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

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## Notes to the Audited Annual Financial Statements

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### 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.

## 1.17. 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.

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.

### Depreciation

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 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:

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- 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 decided 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.

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.

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### 1.18. 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.

#### 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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

#### Derecognition

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.

### 1.19. Recognition and derecognition 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.

### 1.20. Impairment of cash-generating assets

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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.
- 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 way, 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

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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.

### 1.21. 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.

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 way, 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 by the following approach:

- 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.

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.

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.



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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.

### 1.22. 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.

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, 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.

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

### 1.23. Financial instruments

#### Financial assets consist of:

- Long-term receivables
- Current portion of long-term receivables
- Unpaid conditional grants
- Non-current investments
- Current investments
- Receivables from exchange transactions
- Other receivables from non-exchange
- Cash and cash equivalents



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### Financial liabilities consist of:

- Long-term borrowings
- Current portion of long-term borrowings
- Finance lease liabilities
- Current portion of finance lease liabilities
- Unspent conditional grants
- Trade and other payables from exchange transactions

### 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 financial assets at amortised 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. 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 using 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 long-term borrowings

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Financial liabilities consist of payables and long-term borrowings. 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. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

### 1.22.4. Non-Current Investments

Investments which include 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 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.

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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-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

### 1.24. 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;

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- the municipality transfers to another party substantially all the risks and rewards of ownership of the receivable; or
- 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.

The carrying amounts of any statutory receivables transferred shall be allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. An entity shall consider whether any newly created rights and obligations are within the scope of GRAP 104 or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

### 1.25. 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, rebates and discounts are offset against the billed revenue, that is then recognised as revenue. 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 comprises of 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.

Other than services in-kind not recognised in terms of GRAP 23, paragraph .99, an inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when: (a) it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and (b) the fair value of the asset can be measured reliably.

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

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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.

Revenue arising from legislation is recognised in accordance with the approved tariffs and discloses as availability charges. This is only applicable on vacant stands where all the relevant services is available.

### 1.26. 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 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 monthly 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.

Service charges relating to sanitation and refuse removal is recognised monthly in arrears by applying the approved tariff to each developed. Tariffs are determined per category of property usage. Service charges are based on a basic charge as per Council resolution.

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 monthly 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.

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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.

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.

### 1.27. 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:



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- 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.

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.

### 1.28. 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 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.



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### 1.29. Accounting by principals and agents

#### Identification

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).

#### 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.

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 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.

### 1.30. 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 financial management reports to Council. 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

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made in preparing the entity's financial statements and allocations of revenues and expenses are included in 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.

### 1.31. 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.

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;

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- 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.

### 1.32. 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.

### 1.33. 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.

### 1.34. 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.

### 1.35. 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.

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A contingent asset is a possible asset 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 entity.

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.

### 1.36. 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 consumer debtors.

The calculation in respect of the impairment of fines is based on the legislative time frames on the aging of outstanding fines as well as the payment ratio.

#### 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.

### **Derecognition 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 derecognition 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.

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**

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.

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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 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.

### **Provision for performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on a successful annual performance assessment outcome.

### **Water inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

### **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.

#### **1.37. 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.

#### **1.38. 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.

#### **1.39. 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).

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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 based on the financial statements.

### 1.40. 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.

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.



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- 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.

### **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.

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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

#### 1.1. Standards and interpretations effective and adopted.

In the current year the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard	Description	Effective date
None	No new standards	None

#### 1.2. Standards and interpretations early adopted.

The municipality has chosen to early adopt the following standards and interpretations:

Standard	Description	Effective date
None	None	None

#### 1.3. 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 2023 or later periods:

##### 1.3.1. GRAP 1 (amended): Presentation of Financial statements.

The objective of this Standard is to prescribe basis for presentation of general-purpose financial statements. This Standard was amended in line with the Guideline on the application of materiality to financial statements.

The effective date of the standard is 1 April 2023.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the standard's requirements.

##### 1.3.2. GRAP 25 (amended): Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align to the requirements of the International Public Sector Accounting Standard on *Employee Benefits* (IPSAS 39)

The effective date of the standard is 1 April 2023.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

##### 1.3.3. GRAP 103 (amended): Financial Instruments

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

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

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 1.3.4. GRAP 104 (amended): Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The effective date of the standard is 1 April 2025.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

### 1.3.5. iGRAP 7 (Revised 2022) - Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interaction

The issues addressed in this Interpretation are:

- a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in paragraph .08 of GRAP 25.
- b) How a minimum funding requirement might affect the availability of reductions in future contributions.

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

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

### 1.3.6. iGRAP 21 (Revised 2022) - The Effect of Past Decisions on Materiality

The issues addressed in this Interpretation are:

- a) Whether past decisions about materiality affect subsequent reporting periods.
- b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

The effective date of the interpretation is 1 April 2023.

The effect of the Interpretation to the Standards of GRAP which is considered insignificant. The Interpretation to the Standards of GRAP mainly relate to the clarification of accounting principles.

### 1.3.7. Guideline: Accounting for Landfill Sites

The objective of this guideline: 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.

The effective date of the guideline is 1 April 2023.

It is unlikely that the guideline will have a material impact on the municipality's unaudited annual financial statements, as Municipality's current treatment is already to a large extent in line with the Guideline.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 1.3.8. Guideline: The Application of Materiality to Financial Statements

The objective of this guideline: to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. This Guideline aims to assist entities in achieving the overall financial reporting objective.

The effective date of the guideline is 1 April 2023.

The impact that the guideline will have a on the municipality's unaudited annual financial statements, was not yet determined.

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 2023

## 3 INVESTMENT PROPERTY

Note	2023			2022		
	R Cost	R Accumulated	R Carrying value	R Cost	R Accumulated	R Carrying value
Investment property	R 18 143 680	R (5 452 105)	R 12 691 575	R 18 143 680	R (5 451 567)	R 12 692 113
	<b>R 18 143 680</b>	<b>R (5 452 105)</b>	<b>R 12 691 575</b>	<b>R 18 143 680</b>	<b>R (5 451 567)</b>	<b>R 12 692 113</b>

### 3.1 Restrictions on Investment Property

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

### 3.2 Contractual commitments for the acquisition, maintenance and restoration of Investment Property

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

### 3.3 Pledged as security

There are no property, plant and equipment assets pledged as security for liabilities.

### 3.4 Additional Disclosure in terms of Investment Property

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standards 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

	2023 R	2022 R
Rental revenue from investment property	478 588	448 171

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited 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>3.5 Reconciliation of carrying value - 2023</b>									
Investment property	12 692 113	-	-	-	-	-	-	(538)	12 691 575
	<b>12 692 113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>12 691 575</b>
<b>3.6 Reconciliation of carrying value - 2022</b>									
Investment property	12 692 651	-	-	-	-	-	-	(538)	12 692 113
	<b>12 692 651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>12 692 113</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### Note

#### 4 PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	R	R	R	R	R	R
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	317 317 038	(26 388 723)	290 928 315	317 317 038	(26 388 723)	290 928 315
Plant and machinery	12 250 893	(8 386 956)	3 863 937	12 610 101	(8 068 226)	4 541 875
Motor vehicles	60 050 980	(28 639 565)	31 411 416	57 363 846	(25 400 772)	31 963 074
Office equipment	9 141 760	(7 488 940)	1 652 820	9 113 464	(7 118 384)	1 995 081
It equipment	14 124 305	(10 118 814)	4 005 490	15 193 287	(9 972 761)	5 220 526
Infrastructure	1 108 576 604	(295 450 046)	813 126 558	1 034 859 586	(271 154 686)	763 704 901
Community	95 091 537	(31 287 296)	63 804 241	91 092 512	(28 745 907)	62 346 605
Other property, plant and equipment	64 801 795	(30 975 499)	33 826 295	65 229 833	(30 197 243)	35 032 590
	<b>1 681 354 911</b>	<b>(438 735 839)</b>	<b>1 242 619 072</b>	<b>1 602 779 669</b>	<b>(407 046 701)</b>	<b>1 195 732 967</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Impairment loss	Impairment Reversal	Depreciation	Carrying value
<b>4.1 Reconciliation of carrying value - 2023</b>								
Land	290 928 315	-	-	-	-	-	-	290 928 315
Plant and machinery	4 541 875	554 358	-	(64 547)	-	-	(1 167 749)	3 863 937
Motor vehicles	31 963 074	3 094 989	-	(42 958)	-	-	(3 603 689)	31 411 416
Office equipment	1 995 081	205 228	-	(14 505)	-	-	(532 984)	1 652 820
It equipment	5 220 526	101 661	-	(71 066)	-	-	(1 245 631)	4 005 490
Infrastructure	763 704 901	76 860 126	-	(1 248 239)	-	-	(26 190 229)	813 126 558
Community	62 346 605	4 413 283	-	(84 836)	-	-	(2 870 811)	63 804 241
Other property, plant and equipment	35 032 590	(422 492)	-	(2 068)	-	-	(781 734)	33 826 295
Work in progress	-	-	-	-	-	-	-	-
	<b>1 195 732 967</b>	<b>84 807 152</b>	-	<b>(1 528 219)</b>	-	-	<b>(36 392 828)</b>	<b>1 242 619 072</b>

## 4.2 Reconciliation of carrying value - 2022

Land	290 928 315	-	-	-	-	-	-	290 928 315
Plant and machinery	4 582 016	1 319 856	-	(45 022)	-	-	(1 314 974)	4 541 875
Motor vehicles	33 150 483	3 116 089	-	(126 169)	-	-	(4 177 329)	31 963 074
Office equipment	2 512 589	243 060	-	(58 094)	-	-	(702 474)	1 995 081
It equipment	4 866 376	1 840 160	-	(58 658)	-	-	(1 427 351)	5 220 526
Infrastructure	720 583 571	68 712 053	-	(1 362 243)	-	-	(24 228 480)	763 704 901
Community	62 392 650	2 741 655	-	(32 405)	-	-	(2 755 295)	62 346 605
Other property, plant and equipment	34 184 029	1 601 411	-	(4 711)	-	-	(748 139)	35 032 590
	<b>1 153 200 028</b>	<b>79 574 285</b>	-	<b>(1 687 302)</b>	-	-	<b>(35 354 043)</b>	<b>1 195 732 967</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>4.3 Capital commitments</b>			
Capital commitments applicable	74	14 780 426	-

#### 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	14 054 237	732 100
Roads Infrastructure	7 758 837	1 001 792
Sanitation Infrastructure	533 000	3 292 198
Water Supply Infrastructure	1 793 332	4 529 792
Community Assets	401 085	15 645
Other Assets	-	1 513 272
	<b>24 540 491</b>	<b>11 084 799</b>

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

Infrastructure Assets	65 671 104	43 599 687
Community Assets	3 697 602	3 658 690
Other Assets	939 708	1 014 708
	<b>70 308 414</b>	<b>48 273 085</b>

##### Reasons for delay:

- Budgeting/Funding constraints
- Delays with EIA approvals
- Delays with SCM processes
- Contractor Performance

#### 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	17 237 521	14 115 311
Contracted Services	29 072 117	34 044 268
Materials	5 374 503	5 484 541
Other Expenses	39 626	34 712
	<b>51 723 766</b>	<b>53 678 832</b>

#### 4.6 Restrictions on property, plant and equipment assets

There are no restrictions on the realisability of property, plant and equipment assets or the remittance of revenue and proceeds of disposal.

#### 4.7 Pledged as security

There are no property, plant and equipment assets pledged as security for liabilities.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>4.8 Change in estimates in terms of GRAP 3</b>			
<b>Depreciation before adjustments:</b>			
Community Assets		61 631	69 940
Computer Equipment		145 426	289 902
Electrical Infrastructure		103 805	104 429
Furniture and Office Equipment		21 276	96 836
Machinery and Equipment		115 818	184 667
Network and Communication		465	635
Other Assets		32 011	40 703
Roads Infrastructure		232 658	278 149
Sanitation Infrastructure		31 385	108 066
Transport Assets		-	1 438
Water Supply Infrastructure		224 208	282 261
		<b>968 684</b>	<b>1 457 026</b>
<b>Depreciation after adjustments:</b>			
Community Assets		7 271	67 252
Computer Equipment		29 142	190 432
Electrical Infrastructure		20 722	103 961
Furniture and Office Equipment		4 428	42 246
Machinery and Equipment		23 432	137 468
Network and Communication		305	507
Other Assets		6 402	34 403
Roads Infrastructure		26 504	229 244
Sanitation Infrastructure		6 277	75 690
Transport Assets		-	359
Water Supply Infrastructure		44 842	239 832
		<b>169 326</b>	<b>1 121 394</b>

The remaining useful lives of these assets were reviewed and amended, with a minimum period of three years. The increase in the useful lives resulted in a reduction in depreciation charges as indicated above.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### **5 INTANGIBLE ASSETS**

#### **5.1 Useful life of Intangible Assets**

No intangible asset has an indefinite useful life.

#### **5.2 Internally Generated Intangible Assets**

There are no internally generated intangible assets at reporting date.

#### **5.3 Restrictions on Intangible Assets**

There are no intangible assets whose title is restricted.

#### **5.4 Pledged as security**

There are no intangible assets pledged as security for liabilities

#### **5.5 Contractual commitments for the acquisition, maintenance and restoration of Intangible Assets**

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023			2022		
		R	R	R	R	R	R
		Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
<b>6 HERITAGE ASSETS</b>							
Historic buildings		18 681	-	18 681	16 512	-	16 512
Other heritage assets		16 512	-	16 512	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 2023

## Notes to the Audited 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>6.6 Reconciliation of carrying value - 2023</b>									
Historic buildings	16 512	-	-	-	2 169	-	-	-	18 681
Other heritage assets	18 681	-	-	-	(2 169)	-	-	-	16 512
	<b>35 193</b>	-	-	-	-	-	-	-	<b>35 193</b>
<b>6.7 Reconciliation of carrying value - 2022</b>									
Historic buildings	16 512	-	-	-	-	-	-	-	16 512
Other heritage 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 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>7 INVESTMENTS</b>			
<b>7.1 NON - CURRENT</b>			
Fixed deposits		-	9 107 254
<b>Opening Balance</b>		-	<b>9 107 254</b>
Fixed deposits		-	750 194
<b>Interest Earned</b>		-	<b>750 194</b>
Fixed deposits		-	9 857 448
<b>Less: Transferred to current investments</b>		-	<b>9 857 448</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. The Maturity date of this Investment was 30 December 2022.

Interest accrued on the investment was capitalized annually.

<b>7.2 CURRENT</b>			
Fixed deposits		-	9 857 448
		-	<b>9 857 448</b>
<b>8 LONG-TERM RECEIVABLES</b>			
Long-term receivables		-	1 093
		-	<b>1 093</b>
<b>Less : Current portion transferred to current receivables</b>		-	<b>1 093</b>
Current portion of long-term receivables		-	1 093

### 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

<b>9 INVENTORIES</b>			
Consumable stores		12 859 023	13 295 603
Unsold properties held for resale		2 235 230	2 235 230
Water for distribution		262 460	271 089
		<b>15 356 713</b>	<b>15 801 922</b>
Inventories recognised as an expense during the year		14 130 654	14 328 052

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>9.1</b>			
<b>Inventory pledged as security</b>			
No inventory assets were pledged as security for liabilities.			
<b>9.2</b>			
<b>Water for distribution</b>			
Opening Balance		271 089	144 505
System input volume		21 668 014	25 116 985
Billed consumption		(13 919 817)	(15 585 013)
Data transfer and management errors		(7 756 825)	(9 405 386)
Unavoidable annual real losses	52	(1)	(2)
		<b>262 460</b>	<b>271 089</b>
<b>10</b>			
<b>OPERATING LEASE ( ACCRUAL)</b>			
Operating lease asset - Current		155 194	158 834
Operating lease liability - Current		(217 529)	(78 150)
		<b>(62 335)</b>	<b>80 684</b>
A further breakdown/ explanation can be found under note 74 sub-heading Operating lease			
<b>11</b>			
<b>DEBTORS DISCLOSURE</b>			
<b>Gross balances</b>			
Consumer debtors - electricity (exchange)		28 753 686	26 521 320
Consumer debtors - water (exchange)		78 402 742	68 879 432
Consumer debtors - waste water (exchange)		93 927 068	89 288 063
Consumer debtors - refuse (exchange)		55 219 138	50 173 835
Consumer debtors - housing rentals (exchange)		1 006 477	857 419
Consumer debtors - sundries (exchange)		16 627 935	11 341 544
Consumer debtors - rates (non-exchange)		54 786 008	52 341 473
Consumer debtors - electricity (non-exchange)		3 725 563	2 735 170
Consumer debtors - water (non-exchange)		5 508 032	4 749 556
Consumer debtors - waste water (non-exchange)		6 331 804	957 959
Consumer debtors - refuse (non-exchange)		3 533 269	3 370 087
Fines (non-exchange)		96 374 172	86 575 067
Consumer debtors - sundries (non-exchange)		275 071	489 331
		<b>444 470 964</b>	<b>398 280 255</b>
<b>Less: Allowance for impairment</b>			
Consumer debtors - electricity (exchange)		(8 046 095)	(10 187 874)
Consumer debtors - water (exchange)		(70 843 486)	(62 472 434)
Consumer debtors - waste water (exchange)		(87 655 248)	(84 062 591)
Consumer debtors - refuse (exchange)		(51 753 124)	(47 558 460)
Consumer debtors - housing rentals (exchange)		(968 731)	(884 670)
Consumer debtors - sundries (exchange)		(5 267 802)	(4 232 436)
Consumer debtors - rates (non-exchange)		(32 909 401)	(32 013 485)
Consumer debtors - electricity (non-exchange)		(2 746 980)	(2 407 504)
Consumer debtors - water (non-exchange)		(4 369 465)	(4 137 515)
Consumer debtors - waste water (non-exchange)		(5 134 848)	(803 790)
Consumer debtors - refuse (non-exchange)		(3 396 087)	(3 130 832)
Fines (non-exchange)		(85 311 453)	(75 240 158)
		<b>(358 402 721)</b>	<b>(327 131 748)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Net balance</b>			
Consumer debtors - electricity (exchange)		20 707 591	16 333 446
Consumer debtors - water (exchange)		7 559 256	6 406 998
Consumer debtors - waste water (exchange)		6 271 820	5 225 472
Consumer debtors - refuse (exchange)		3 466 014	2 615 375
Consumer debtors - housing rentals (exchange)		37 745	(27 251)
Consumer debtors - sundries (exchange)		11 360 133	7 109 107
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Consumer debtors - electricity (non-exchange)		978 582	327 666
Consumer debtors - water (non-exchange)		1 138 567	612 040
Consumer debtors - waste water (non-exchange)		1 196 957	154 169
Consumer debtors - refuse (non-exchange)		137 182	239 255
Fines (non-exchange)		11 062 718	11 334 909
Consumer debtors - sundries (non-exchange)		275 071	489 331
		<b>86 068 243</b>	<b>71 148 507</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>			
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Fines (non-exchange)		11 062 718	11 334 909
		<b>32 939 326</b>	<b>31 662 898</b>
<b>Financial asset receivables included in consumer debtors above</b>		53 128 917	39 485 609
<b>Total debtors</b>		<b>86 068 243</b>	<b>71 148 507</b>
<b>11.01 Included in above is receivables from exchange transactions - current</b>			
Consumer debtors - electricity (exchange)		20 707 591	16 333 446
Consumer debtors - water (exchange)		7 559 256	6 406 998
Consumer debtors - waste water (exchange)		6 271 820	5 225 472
Consumer debtors - refuse (exchange)		3 466 014	2 615 375
Consumer debtors - housing rentals (exchange)		37 745	(27 251)
Consumer debtors - sundries (exchange)		11 360 133	7 109 107
		<b>49 402 559</b>	<b>37 663 147</b>
<b>11.02 Included in above is receivables from non-exchange transactions - current</b>			
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Consumer debtors - electricity (non-exchange)		978 582	327 666
Consumer debtors - water (non-exchange)		1 138 567	612 040
Consumer debtors - waste water (non-exchange)		1 196 957	154 169
Consumer debtors - refuse (non-exchange)		137 182	239 255
Fines (non-exchange)		11 062 718	11 334 909
Consumer debtors - sundries (non-exchange)		275 071	489 331
		<b>36 665 684</b>	<b>33 485 360</b>
<b>Net balance</b>		<b>86 068 243</b>	<b>71 148 507</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>11.03</b>			
<b>Ageing of receivables from exchange and non-exchange transactions:</b>			
<p>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.</p>			
<b>Consumer debtors - electricity (exchange)</b>			
Current (0 – 30 days)		16 954 048	15 501 920
31 - 60 Days		888 572	1 482 777
61 - 90 Days		410 117	698 215
+ 90 Days		10 500 949	8 838 408
		<b>28 753 686</b>	<b>26 521 320</b>
<b>Consumer debtors - water (exchange)</b>			
Current (0 – 30 days)		7 689 638	11 080 397
31 - 60 Days		2 706 203	2 717 015
61 - 90 Days		2 539 161	2 915 837
+ 90 Days		65 467 740	52 166 183
		<b>78 402 742</b>	<b>68 879 432</b>
<b>Consumer debtors - waste water (exchange)</b>			
Current (0 – 30 days)		6 858 111	5 932 589
31 - 60 Days		3 182 788	2 714 365
61 - 90 Days		2 358 555	2 636 388
+ 90 Days		81 527 614	78 004 721
		<b>93 927 068</b>	<b>89 288 063</b>
<b>Consumer debtors - refuse (exchange)</b>			
Current (0 – 30 days)		3 981 277	3 279 476
31 - 60 Days		1 745 195	1 511 113
61 - 90 Days		1 367 040	1 447 961
+ 90 Days		48 125 626	43 935 285
		<b>55 219 138</b>	<b>50 173 835</b>
<b>Consumer debtors - housing rentals (exchange)</b>			
Current (0 – 30 days)		44 434	235 032
31 - 60 Days		15 190	37 450
61 - 90 Days		14 658	15 380
+ 90 Days		932 196	569 557
		<b>1 006 477</b>	<b>857 419</b>
<b>Consumer debtors - sundries (exchange)</b>			
Current (0 – 30 days)		6 644 080	3 941 166
31 - 60 Days		694 963	94 764
61 - 90 Days		154 859	140 109
+ 90 Days		9 134 033	7 165 504
		<b>16 627 935</b>	<b>11 341 544</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Consumer debtors - rates (non-exchange)</b>			
Current (0 – 30 days)		657 683	8 448 150
31 - 60 Days		8 013 099	2 019 823
61 - 90 Days		1 709 152	1 522 557
+ 90 Days		44 406 074	40 350 944
		<b>54 786 008</b>	<b>52 341 473</b>
<b>Consumer debtors - electricity (non-exchange)</b>			
Current (0 – 30 days)		136 677	679 062
31 - 60 Days		83 410	93 239
61 - 90 Days		76 539	89 015
+ 90 Days		3 428 937	1 873 854
		<b>3 725 563</b>	<b>2 735 170</b>
<b>Consumer debtors - water (non-exchange)</b>			
Current (0 – 30 days)		308 000	649 540
31 - 60 Days		136 586	147 409
61 - 90 Days		112 724	144 255
+ 90 Days		4 950 722	3 808 352
		<b>5 508 032</b>	<b>4 749 556</b>
<b>Consumer debtors - waste water (non-exchange)</b>			
Current (0 – 30 days)		295 107	195 634
31 - 60 Days		149 718	37 863
61 - 90 Days		123 757	26 770
+ 90 Days		5 763 223	697 692
		<b>6 331 804</b>	<b>957 959</b>
<b>Consumer debtors - refuse (non-exchange)</b>			
Current (0 – 30 days)		241 938	295 124
31 - 60 Days		109 238	121 655
61 - 90 Days		90 540	114 506
+ 90 Days		3 091 553	2 838 803
		<b>3 533 269</b>	<b>3 370 087</b>
<b>Fines (non-exchange)</b>			
Current (0 – 30 days)		3 961 900	2 929 350
31 - 60 Days		3 916 450	2 771 700
61 - 90 Days		4 353 200	3 539 850
+ 90 Days		84 142 622	77 334 167
		<b>96 374 172</b>	<b>86 575 067</b>
<b>Consumer debtors - sundries (non-exchange)</b>			
Current (0 – 30 days)		112 520	16 247
+ 90 Days		162 551	473 084
		<b>275 071</b>	<b>489 331</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Total</b>			
Current (0 – 30 days)		47 885 411	53 183 686
31 - 60 Days		21 641 413	13 749 173
61 - 90 Days		13 310 301	13 290 842
+ 90 Days		361 633 839	318 056 553
		<b>444 470 964</b>	<b>398 280 255</b>
<b>11.04 Summary of debtors by customer classification</b>			
<b>Residential</b>			
Current (0 – 30 days)		46 905 763	48 325 263
31 - 60 Days		19 990 467	12 811 895
61 - 90 Days		12 310 896	12 471 090
+ 90 Days		317 804 174	291 877 512
		<b>397 011 301</b>	<b>365 485 761</b>
<b>Less: Allowance for impairment</b>		<b>(358 402 721)</b>	<b>(320 033 414)</b>
		<b>38 608 580</b>	<b>45 452 347</b>
<b>Industrial/ commercial</b>			
Current (0 – 30 days)		(1 609 071)	4 503 660
31 - 60 Days		337 034	819 476
61 - 90 Days		356 054	724 690
+ 90 Days		18 748 653	24 125 025
		<b>17 832 670</b>	<b>30 172 851</b>
<b>Less: Allowance for impairment</b>		<b>-</b>	<b>(6 043 247)</b>
		<b>17 832 670</b>	<b>24 129 604</b>
<b>National and provincial government</b>			
Current (0 – 30 days)		2 588 719	354 762
31 - 60 Days		1 313 912	117 803
61 - 90 Days		643 351	95 061
+ 90 Days		25 081 011	2 054 016
		<b>29 626 993</b>	<b>2 621 643</b>
<b>Less: Allowance for impairment</b>		<b>-</b>	<b>(1 055 087)</b>
		<b>29 626 993</b>	<b>1 566 556</b>
<b>Total</b>			
Current (0 – 30 days)		47 885 411	53 183 686
31 - 60 Days		21 641 413	13 749 173
61 - 90 Days		13 310 301	13 290 842
+ 90 Days		361 633 839	318 056 553
		<b>444 470 964</b>	<b>398 280 255</b>
<b>Less: Allowance for impairment</b>		<b>(358 402 721)</b>	<b>(327 131 748)</b>
		<b>86 068 243</b>	<b>71 148 507</b>

### 11.05 Material losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2022. A new service provider was only appointed, with effect 01 December 2022. For the period of approximately two and a half months (Mid September to end of November 2022), no traffic fines were issued.

The estimated loss for the 2022-23 financial year, resulting from the non-issuing of fines for the period of approximately two and a half months is estimated at R 8 654 856

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>11.06</b>	<b>Trade and other receivables pledged as security</b>		
	No receivables are pledged as security for financial liabilities		
<b>11.07</b>	<b>Fair value of trade and other receivables</b>		
	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.		
<b>11.08</b>	<b>Reconciliation of allowance for impairment</b>		
	Balance at beginning of the year	327 131 748	293 440 550
	Contributions to allowance	283 162 563	281 620 786
	Reversal of allowance	(251 891 591)	(247 929 588)
	<b>Balance at end of year</b>	<b>358 402 721</b>	<b>327 131 748</b>

**The total amount of this provision consists of:**

Consumer debtors - electricity (exchange)	8 046 095	10 187 874
Consumer debtors - water (exchange)	70 843 486	62 472 434
Consumer debtors - waste water (exchange)	87 655 248	84 062 591
Consumer debtors - refuse (exchange)	51 753 124	47 558 460
Consumer debtors - housing rentals (exchange)	968 731	884 670
Consumer debtors - sundries (exchange)	5 267 802	4 232 436
Consumer debtors - rates (non-exchange)	32 909 401	32 013 485
Consumer debtors - electricity (non-exchange)	2 746 980	2 407 504
Consumer debtors - water (non-exchange)	4 369 465	4 137 515
Consumer debtors - waste water (non-exchange)	5 134 848	803 790
Consumer debtors - refuse (non-exchange)	3 396 087	3 130 832
Fines (non-exchange)	85 311 453	75 240 158
	<b>358 402 721</b>	<b>327 131 748</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	9 986 386	4 654 797
	<b>9 986 386</b>	<b>4 654 797</b>
<b>Net VAT receivable</b>		
VAT receivable	R 256 270 538	R 212 583 821
VAT payable	R (246 284 151)	R (207 929 024)
	<b>R 9 986 386</b>	<b>R 4 654 797</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13 GRANTS</b>			
<b>Monetary allocations - other</b>			
Local Government, Water And Related Service SETA		359 886	496 544
		<b>359 886</b>	<b>496 544</b>
<b>Monetary Allocations: District Municipalities</b>			
Safety Plans		120 000	120 000
		<b>120 000</b>	<b>120 000</b>
<b>Monetary Allocations: Provincial Government</b>			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)		(1 392 542)	-
Local Government Public Employment Support		-	127 771
Western Cape Financial Management Capability		366 407	-
Community Development Workers (CDW)		4 864	15 616
Human Settlement Development		(26 575 528)	(15 590 971)
Regional Social Economic Projects (RSEP)		-	894 628
Thusong Services Centres		70 541	-
Western Cape Municipal Energy Resilience (WC MER)		12 766	-
		<b>(27 513 493)</b>	<b>(14 552 957)</b>
<b>Monetary Allocations: National Government</b>			
Local Government Financial Management		677 707	-
Municipal Infrastructure		9 348 852	1 588 228
Integrated National Electrification Programme		-	15 414
		<b>10 026 559</b>	<b>1 603 642</b>
<b>Total grants</b>		<b>(17 007 048)</b>	<b>(12 332 771)</b>
<b>Unspent conditional grants</b>		10 961 022	3 258 200
<b>Unpaid conditional grants</b>		(27 968 070)	(15 590 971)
		<b>(17 007 048)</b>	<b>(12 332 771)</b>
See below for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.			
<b>Conditional and unconditional</b>			
Included in above are the following grants and subsidies received:			
Conditional grants received		60 238 134	80 347 636
Unconditional grants received		129 019 000	111 442 000
		<b>189 257 134</b>	<b>191 789 636</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13.1 Grants breakdown</b>			
<b>13.1.1 Monetary allocations - other</b>			
<b>13.1.1.01 Local Government, Water And Related Service SETA</b>			
Opening balance		496 544	351 844
Receipts		398 900	420 756
Conditions met - transferred to revenue - operating		(535 558)	(276 057)
<b>Conditions still to be met - remain liabilities.</b>		<b>359 886</b>	<b>496 544</b>

To facilitate skills development through learning programmes like learnerships, skills programmes, internships and other learning programmes, and offer training to employed and unemployed learners

### 13.1.2 Monetary Allocations: District Municipalities

#### 13.1.2.01 Safety Plans

Opening balance	120 000	-
Receipts	-	120 000
<b>Conditions still to be met - remain liabilities.</b>	<b>120 000</b>	<b>120 000</b>

This allocation is to coordinate the Community Safety Plan initiatives within the district

#### 13.1.3 Monetary Allocations: Provincial Government

##### 13.1.3.01 Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)

Receipts	-	7 954 369
Conditions met - transferred to revenue - operating	-	(7 954 369)
Conditions met - transferred to revenue - capital	(1 392 542)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>(1 392 542)</b>	<b>-</b>

To provide the means for households to receive water, electricity and sanitation services, and to supply informal settlements with public lighting, roads, stormwater drainage systems and refuse removal

##### 13.1.3.02 Local Government Public Employment Support

Opening balance	127 771	-
Receipts	-	1 200 000
Conditions met - transferred to revenue - operating	(127 771)	(1 072 229)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>127 771</b>

To provide an employment safety net for those without access to opportunities designed to lift them out of poverty

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13.1.3.03 Library Services Replacement Funding for most vulnerable B3 Municipalities</b>			
Opening balance		-	306 460
Receipts		9 572 000	9 884 000
Conditions met - transferred to revenue - operating		(9 560 659)	(9 884 000)
Conditions met - transferred to revenue - capital		(11 341)	-
Re-payment of unspent grant		-	(306 460)
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>

The grant is to partially fund the Provincial function of public libraries services that the municipality is managing

### 13.1.3.04 Local Government Graduate Internship

Opening balance	-	266 175
Re-payment of unspent grant	-	(266 175)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

### 13.1.3.05 Western Cape Financial Management Capability

Opening balance	-	75 142
Receipts	800 000	250 000
Conditions met - transferred to revenue - operating	(433 593)	(250 000)
Re-payment of unspent grant	-	(75 142)
<b>Conditions still to be met - remain liabilities.</b>	<b>366 407</b>	<b>-</b>

Is to assist municipalities in building their capacity for efficient, effective and transparent financial management as well as strengthen their said capabilities

### 13.1.3.06 Community Development Workers (CDW)

Opening balance	15 616	51 894
Receipts	19 000	19 000
Conditions met - transferred to revenue - operating	(14 136)	(3 384)
Re-payment of unspent grant	(15 616)	(51 894)
<b>Conditions still to be met - remain liabilities.</b>	<b>4 864</b>	<b>15 616</b>

The grant aims to facilitate community development and stronger interaction and partnerships between government and communities, and to improve quality of life for people in marginalised economic areas

### 13.1.3.07 Community Library Services

Receipts	2 295 000	1 329 000
Conditions met - transferred to revenue - operating	(2 295 000)	(1 329 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

To transform urban and rural community 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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13.1.3.08 Human Settlement Development</b>			
Opening balance		(15 590 971)	(16 165 067)
Receipts		-	15 570 510
Conditions met - transferred to revenue - operating		(10 984 557)	(1 173 466)
Conditions met - transferred to revenue - capital		-	(13 822 948)
<b>Conditions still to be met - remain liabilities.</b>		<b>(26 575 528)</b>	<b>(15 590 971)</b>

HSDG is the largest conditional grant in Human Settlements Sector and the primary tool used to resource the Province to implement the subsidy programmes contained in the National Housing code

### 13.1.3.09 Proclaimed Roads Maintenance

Receipts	135 000	230 000
Conditions met - transferred to revenue - operating	(135 000)	(230 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

To financially assist municipalities with the maintenance/construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

### 13.1.3.1 Municipal Disaster

Opening balance	-	7
Conditions met - transferred to revenue - operating	-	(7)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

### 13.1.3.11 Thusong Services Centres

Receipts	150 000	150 000
Conditions met - transferred to revenue - operating	(79 459)	(150 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>70 541</b>	<b>-</b>

To ensure that citizens of the Western Cape Province can seamlessly access a wide range of Integrated Public Services irrespective of where they live

### 13.1.3.12 Regional Social Economic Projects (RSEP)

Opening balance	894 628	1 869 771
Receipts	-	500 000
Conditions met - transferred to revenue - capital	(500 000)	(1 419 479)
Re-payment of unspent grant	(394 628)	(55 664)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>894 628</b>

RSEP programme is about a capable state partnering with active citizens, communities and other stakeholders to plan and implement project that improves quality of life

### 13.1.3.13 Western Cape Municipal Energy Resilience (WC MER)

Receipts	587 234	750 000
Conditions met - transferred to revenue - operating	(574 468)	(750 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>12 766</b>	<b>-</b>

To reduce the impacts of loadshedding on businesses and citizens in the Western Cape and facilitate a lower level of reliance in Eskom

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13.1.3.14 Municipal Library Support</b>			
Receipts		-	911 000
Conditions met - transferred to revenue - operating		-	(634 076)
Conditions met - transferred to revenue - capital		-	(276 924)
<b>Conditions still to be met - remain liabilities.</b>		-	-

To cover the shortfall on the Conditional Library Grant

### 13.1.3.15 Emergency Municipal Loadshedding Relief

Receipts	5 600 000	-
Conditions met - transferred to revenue - capital	(5 600 000)	-
<b>Conditions still to be met - remain liabilities.</b>	-	-

To assist municipalities with the unforeseen and immediate impact of prolonged load-shedding on water and wastewater services

### 13.1.4 Monetary Allocations: National Government

#### 13.1.4.01 Energy Efficiency And Demand Side Management

Receipts	-	4 159 000
Conditions met - transferred to revenue - operating	-	(4 159 000)
<b>Conditions still to be met - remain liabilities.</b>	-	-

#### 13.1.4.02 Extended public works program (EPWP)

Opening balance	-	454
Receipts	1 155 000	996 000
Conditions met - transferred to revenue - operating	(1 155 000)	(996 000)
Re-payment of unspent grant	-	(454)
<b>Conditions still to be met - remain liabilities.</b>	-	-

EPWP focuses on Skill Development and providing work opportunities. It gives unemployed people access to temporary work.

#### 13.1.4.03 Local Government Financial Management

Receipts	1 721 000	1 550 000
Conditions met - transferred to revenue - operating	(1 043 293)	(1 550 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>677 707</b>	-

FMG aims to secure sound and sustainable management of the fiscal affairs of the municipality, focuses on Skill Development and providing work opportunities for Finance Interns.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>13.1.4.04 Municipal Infrastructure</b>			
Opening balance		1 588 228	454 503
Receipts		22 508 000	30 104 000
Conditions met - transferred to revenue - capital		(13 765 376)	(28 515 772)
Re-payment of unspent grant		(982 000)	(454 503)
<b>Conditions still to be met - remain liabilities.</b>		<b>9 348 852</b>	<b>1 588 228</b>

MIG aims at eradicate municipal infrastructure backlogs in poor communities to ensure the provision of Basic Services such as water, sanitation, roads and community lighting

### 13.1.4.05 Water Services Infrastructure

Receipts	6 579 000	-
Conditions met - transferred to revenue - capital	(6 579 000)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

WSIG to facilitate the planning, acceleration and implementation of various project that will ensure water supply to communities identified as not receiving basic water supply services

### 13.1.4.06 Integrated National Electrification Programme

Opening balance	15 414	56 293
Receipts	8 718 000	4 250 000
Conditions met - transferred to revenue - capital	(8 718 414)	(4 234 836)
Re-payment of unspent grant	(15 000)	(56 043)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>15 414</b>

INEP is an initiative of Government to provide capital subsidies to municipalities to address the Electrification Backlogs of permanently occupied residential dwellings.

### 13.1.5 Total grants

Opening balance	(12 332 771)	(12 732 523)
Receipts	60 238 134	191 789 636
Conditions met - transferred to revenue - operating	(26 938 494)	(141 853 589)
Conditions met - transferred to revenue - capital	(36 566 673)	(48 269 960)
Re-payment of unspent grant	(1 407 244)	(1 266 335)
<b>Conditions still to be met - remain liabilities.</b>	<b>(17 007 048)</b>	<b>(12 332 771)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>14 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cashier floats		3 880	3 880
Cash at bank		49 901 920	48 623 386
Short-term deposits		45 172 261	-
		95 078 061	48 627 266
<b>Current assets</b>		95 078 061	48 627 266

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 than the intended purposes as stated below:

Cash and cash equivalents	95 078 061	48 627 266
Current investments	-	9 857 448
	<b>95 078 061</b>	<b>58 484 714</b>
<b>Less:</b>		
Unspent conditional grants	10 961 022	3 258 200
Secured Investments - DBSA (Nedbank)	-	5 243 673
Consumer deposits	10 793 475	9 848 007
Capital Replacement Reserve	29 950 000	18 550 009
<b>Resources available for working capital requirements</b>	<b>43 373 563</b>	<b>21 584 825</b>

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

Nedbank - current account number 1089911513 (Primary bank account)	1 975 173	9 574 069
Nedbank - current account number 1089913079 (Traffic account)	60 302	40 684
Nedbank - current account number 1089913974 (Direct deposits)	1 132 909	901 947
Standard bank - current account number 372884709 (Primary bank account)	19 464 330	11 190 274
Standard bank - current account number 372884741 (Bitou grants)	25 694 868	-



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>The municipality had the following bank accounts as at 30 June: -</b>			
Nedbank - current account number 1089911513 (Primary bank account)		5 146 435.68	1 975 173
Nedbank - current account number 1089913079 (Traffic account)		49 144.22	60 302
Nedbank - current account number 1089913974 (Direct deposits)		3 455 318.56	1 132 909
Standard bank - current account number 372884709 (Primary bank account)		4 776 338.24	19 464 330
Standard bank - current account number 372884741 (Ring-fencing Account)		51 576 948.44	25 694 868
Cash book balance at beginning of year		<u>48 623 385.97</u>	<u>48 623 386</u>
Cash book balance at end of year		<u>49 901 919.69</u>	<u>48 623 386</u>
Bank statement balance at beginning of year		<u>48 327 582.43</u>	<u>21 706 974</u>
Bank statement balance at end of year		<u>65 004 185.14</u>	<u>48 327 582</u>
<b>15 BORROWINGS</b>			
<b>At amortised cost</b>			
<b>Annuity loans</b>			
<b>Banks: ABSA</b>			
ABSA - 2015/2016		8 285 867	10 525 495
ABSA - 2016/2017		13 000 142	15 529 786
		<u>21 286 009</u>	<u>26 055 281</u>
<b>Banks: Nedbank</b>			
Nedbank - 7831 033912 / 000 001		3 034 795	4 305 108
Nedbank - 2017/2018		19 322 721	22 134 392
Nedbank 2022/2023		35 255 300	-
		<u>57 612 816</u>	<u>26 439 501</u>
<b>Banks: Standard Bank</b>			
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)		5 112 841	7 273 289
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)		-	1 888 488
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)		1 888 287.24	3 577 351
		<u>7 001 128</u>	<u>12 739 129</u>
<b>Banks: Development Bank of South Africa</b>			
DBSA - 100225/1		-	412 000
DBSA - 103437/1		14 566 439	16 198 315
DBSA - 103437/2		359 859	682 438
		<u>14 926 297</u>	<u>17 292 753</u>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Annuity loans total</b>		<b>100 826 251</b>	<b>82 526 663</b>
<b>Borrowings total</b>		<b>100 826 251</b>	<b>82 526 663</b>
<b>Development Bank loans</b>			

Bitou Local Municipality currently has 2 active loans with the Development Bank of South Africa. The loans instalments are payable bi annually, during December and June, on a "Fixed capital plus interest" basis as per Loan Agreements. Interest rates applicable on the loans are 11,16% and 11,24% respectively. Maturity dates on the loans are June 2024 and June 2029. Both the loans are unsecured. One DBSA loan, reference 100225/1, was repaid in full during December 2022, and the Ceded investment held in respect thereof matured.

### Standard Bank loans

Bitou Local Municipality currently has 2 active loans with Standard Bank. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans are 11,43% and 11,45% respectively. Maturity dates on the loans are June 2024 and June 2025. The loans are unsecured. One Standard Bank loan, reference 537648, was repaid in full during June 2023.

### Nedbank loans

Bitou Local Municipality currently has 3 active loans with Nedbank. One of the loans is repayable in monthly instalments, while the other two are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10,54% to 11,87%. Maturity dates on the loans vary from June 2025 to June 2033. A new R35,255,300 Nedbank loan has been taken up during the current 2022/2023 financial year, at a fixed interest rate of 11,87% repayable by fixed semi annual instalments over a ten year period. The loans are unsecured.

### ABSA loans

Bitou Local Municipality currently has 2 active loans with ABSA. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10,04 % to 10,36%. Interest are compounded monthly on the Absa 2017/2018 loan (R20 million loan amount at 10,36% pa). Maturity dates on the loans are June 2026 and June 2027 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>	82 546 469	65 547 008
<b>Current liabilities</b>	18 279 782	16 979 655
<b>Total borrowings</b>	<b>100 826 251</b>	<b>82 526 663</b>

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

#### Amounts payable under annuity loans

Within 1 year	29 003 367	25 357 752
Between 1 and 5 years	81 656 856	71 544 733
After 5 years	34 008 806	11 861 312
Less: Future finance obligations	(43 842 778)	(26 237 135)

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Present value of annuity loans obligations</b>		<b>100 826 251</b>	<b>82 526 663</b>

### 15.2 Utilisation of long-term liabilities reconciliation

Long-term borrowings	100 826 251	82 526 663
Used to finance property, plant and equipment	(100 826 251)	(82 526 663)

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

Refer to Appendix B for more detail on borrowings.

### 16 FINANCE LEASE LIABILITIES

#### At amortised cost

##### Standard Bank

Finance lease - SCM/2020/20/ENG

1 250 915	6 099 547
<b>1 250 915</b>	<b>6 099 547</b>

##### Standard bank

The municipality has historically entered into a Vehicle Finance Lease agreement with Standard Bank. The lease repayment period are for 36 months, and commenced on 30 August 2020. Lease instalments are payable monthly. No escalation is applicable.

The effective rate is fixed at 9.55%

The fair value of finance lease 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>	-	1 250 915
<b>Current liabilities</b>	1 250 915	4 848 632
<b>Total finance leases</b>	<b>1 250 915</b>	<b>6 099 547</b>

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

#### Amounts payable under finance leases

Within 1 year	1 272 881	5 222 731
Between 1 and 5 years	-	1 272 881
Less: Future finance obligations	(21 966)	(396 065)
<b>Present value of finance lease obligations</b>	<b>1 250 915</b>	<b>6 099 547</b>

### 16.2 Utilisation of finance lease liabilities reconciliation

Finance lease liabilities	1 250 915	6 099 547
Used to finance property, plant and equipment	(1 250 915)	(6 099 547)

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

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>17</b>	<b>EMPLOYEE BENEFIT OBLIGATION</b>		
Post-retirement benefits	17.1	66 477 000	70 208 890
Long service awards	17.2	13 052 000	13 663 513
<b>Total non-current employee benefit liabilities</b>		<b>79 529 000</b>	<b>83 872 403</b>
<b>17.1</b>	<b>Post retirement benefits</b>		
Opening balance		72 292 810	68 989 000
Current service cost		5 209 350	5 056 000
Interest cost		9 355 236	6 972 000
Actual employer benefit payments		(1 552 788)	(1 518 850)
Actuarial loss/ (gain) recognised in the year		(16 882 608)	(7 205 340)
<b>Closing balance</b>		<b>68 422 000</b>	<b>72 292 810</b>
<b>Less: Transfer of current portion</b>		<b>(1 945 000)</b>	<b>(2 083 920)</b>
<b>Non-current portion</b>		<b>66 477 000</b>	<b>70 208 890</b>
<b>17.2</b>	<b>Long-service awards</b>		
Opening balance		15 383 998	12 937 000
Current service cost		1 480 584	1 410 000
Interest cost for the year		1 587 446	1 209 000
Expenditure for the year		(1 721 271)	(602 475)
Actuarial loss/(gain)		(1 128 756)	430 473
<b>Closing balance</b>		<b>15 602 000</b>	<b>15 383 998</b>
<b>Less: Transfer of current portion</b>		<b>(2 550 000)</b>	<b>(1 720 485)</b>
<b>Non-current portion</b>		<b>13 052 000</b>	<b>13 663 513</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R		
<b>17.3 Post-retirement benefits</b>				
<b>17.3.1</b> The post retirement benefit plan is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members	474	489		
In-service (employee)- non members	88	49		
Continuation members (e.g. Retirees, widows, orphans)	36	44		
<b>Total members</b>	<b>598</b>	<b>582</b>		
<b>17.3.2</b> The liability in respect of past service has been estimated to be as follows:				
In-service (employee) members	48 696 000	48 402 724		
In-service (employee)- non members	833 000	466 775		
Continuation members (e.g. Retirees, widows, orphans)	18 893 000	23 423 311		
<b>Total liability - unfunded</b>	<b>68 422 000</b>	<b>72 292 810</b>		
<b>17.3.3</b> The liability in respect of past service has been estimated to be as follows:				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
In-service (employee) members	46 853 000	39 666 000	44 237 818	77 084 170
In-service (employee)- non members	452 000	365 000	391 250	2 579 704
Continuation members (e.g. Retirees, widows, orphans)	21 684 000	18 156 000	17 423 874	16 537 120
<b>Total liability</b>	<b>68 989 000</b>	<b>58 187 000</b>	<b>62 052 942</b>	<b>96 200 994</b>
<b>17.3.4</b> Experience adjustments were calculated as follows:				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Liabilities: (gain) / loss	(6 441)	(6 547)	(4 387)	1 200
<b>Total liability</b>	<b>(6 441)</b>	<b>(6 547)</b>	<b>(4 387)</b>	<b>1 200</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
<p><b>17.3.5</b> The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p> <ul style="list-style-type: none"> <li>▪ Bonitas</li> <li>▪ LA Health</li> <li>▪ SAMWUMed</li> <li>▪ KeyHealth</li> <li>▪ Sizwe-Hosmed</li> </ul>		

### 17.3.6 Key assumptions used

#### i) Rate of interest

Discount rates used  
Health care cost inflation rate  
Net discount rate

	%	%
	12.56%	13.13%
	8.16%	9.65%
	4.07%	3.17%

#### ii) Mortality rates

The PA 90 ultimate table, adjusted down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries

#### 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 2018

### 17.3.7 The amount recognised in the statement of financial position is as follows:

Present value of fund obligations  
**Net liability - unfunded**

	R	R
	1 945 000	2 083 920
	<b>1 945 000</b>	<b>2 083 920</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
<b>17.3.8 Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	72 292 810	68 989 000
Current service cost (Included in employee cost in the statement of financial performance)	5 209 350	5 056 000
Interest cost (Included in employee cost in the statement of financial performance)	9 355 236	6 972 000
Benefits paid	(1 552 788)	(1 518 850)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(16 882 608)	(7 205 340)
<b>Present value of fund obligation at the end of the year</b>	<b>68 422 000</b>	<b>72 292 810</b>
<b>Less: Transfer of current portion</b>	<b>(1 945 000)</b>	<b>(2 083 920)</b>
<b>Balance 30 June</b>	<b>66 477 000</b>	<b>70 208 890</b>

The total liability has decreased by -5.4% (or R -3.871 million) since the last valuation. The main reasons for the actual movement in the liability are:

### 17.3.9 In-service Members

- 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

### 17.3.10 In-service Non-Members

- an increase in the average post-employment subsidy
- an increase in the average past service
- an increase in the net discount rate

### 17.3.11 Continuation Members

- an increase in the average age
- an increase in the net discount rate
- an increase in the average post-employment subsidy



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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023			2022
	R			R
<b>17.3.12 Sensitivity analysis on the accrued liability in (R millions) on 30 June 2023</b>				
	<b>In-service members liability</b>	<b>In-service Non-members liability</b>	<b>Continuation members liability</b>	<b>Total liability</b>
<b>Assumptions</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Central Assumptions	48 696	833	18 893	68 422
	<b>48 696</b>	<b>833</b>	<b>18 893</b>	<b>68 422</b>

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

<b>Assumptions</b>	<b>Change</b>	<b>In-service members liability</b>	<b>Continuation members liability</b>	<b>Total liability</b>	<b>% change</b>
	<b>%</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
Central Assumptions		49 529	18 893	68 422	
Health care inflation	1.0	59 162	20 475	79 637	16%
Health care inflation	(1.0)	41 822	17 501	59 323	-13%
Discount rate	1.0	42 151	17 564	59 715	-13%
Discount rate	(1.0)	58 833	20 424	79 257	16%
Post-retirement mortality	+ 1 Year	48 357	18 241	66 598	-3%
Post-retirement mortality	- 1 Year	50 686	1 955	52 641	3%
Average retirement age	- 1 Year	55 046	18 893	73 939	8%
Membership after retirement	(10.0)	43 427	18 893	62 320	-9%

### 17.3.14 Current service

<b>Assumptions</b>	<b>Change</b>	<b>Current service cost</b>	<b>Interest cost</b>	<b>Total liability</b>	<b>% change</b>
	<b>%</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Central Assumptions		5 209	9 355	14 565	
Health care inflation	1.0	6 277	10 898	17 175	18%
Health care inflation	(1.0)	4 335	8 091	12 426	-15%
Discount rate	1.0	4 405	7 686	12 091	-17%
Discount rate	(1.0)	6 193	8 907	15 100	4%
Post-retirement mortality	- 1 Year	5 347	9 649	14 996	3%
Average retirement age	- 1 Year	5 394	10 043	15 437	6%
Withdrawal rate	(10.0)	2 611	8 503	11 114	-24%

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R		
<b>17.4 Long service bonuses</b>				
<b>17.4.1</b> 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.	562	538		
The current-service cost for the ensuing year is estimated to be R1.658 million, whereas the interest cost for the next year is estimated to be R1.645 million:				
<b>17.4.2 Key assumptions used</b>				
i) Rate of interest				
	%	%		
Discount rates used	11.45%	10.93%		
Salary Increase rate	6.68%	7.76%		
Net Discount Rate	4.47%	2.94%		
<b>17.4.3 The amount recognised in the statement of financial position is as follows:</b>				
	R	R		
Present value of fund obligations	15 602 000	15 383 998		
<b>Net liability - unfunded</b>	<b>15 602 000</b>	<b>15 383 998</b>		
<b>17.4.4</b> The liability in respect of periods commencing prior to the comparative year has been:				
	2021 R	2020 R	2019 R	
In-service (employee) members	12 937 000	11 306 000	10 952 070	
<b>Total liability</b>	<b>12 937 000</b>	<b>11 306 000</b>	<b>10 952 070</b>	
<b>17.4.5</b> Experience adjustments were calculated as follows:				
	2023 R	2022 R	2021 R	2020 R
Liabilities: (gain) / loss	44 243	36 084	999 593	33 571
<b>Total liability</b>	<b>44 243</b>	<b>36 084</b>	<b>999 593</b>	<b>33 571</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
<b>17.4.6 Reconciliation of present value of fund obligation:</b>	<b>R</b>	<b>R</b>
Present value of fund obligation at the beginning of the year	15 383 998	12 937 000
Current service cost (Included in employee cost in the statement of financial performance)	1 480 584	1 410 000
Interest cost (Included in employee cost in the statement of financial performance)	1 587 446	1 209 000
Benefits paid	(1 721 271)	(602 475)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(1 128 756)	430 473
<b>Present value of fund obligation at the end of the year</b>	<b>15 602 000</b>	<b>15 383 998</b>
<b>Less: Transfer of current portion</b>	<b>(2 550 000)</b>	<b>(1 720 485)</b>
<b>Balance 30 June</b>	<b>13 052 000</b>	<b>13 663 513</b>

### 17.4.7 Sensitivity analysis on the accrued liability on 30 June 2023

Assumptions	Change %	Liability R'000	% change
Central assumption		15 602	
General salary inflation	1.0	16 541	6%
General salary inflation	(1.0)	14 751	-5%
Discount rate	1.0	14 734	-6%
Discount rate	(1.0)	16 573	6%
Average retirement age	+ 2 Year	17 598	13%
Average retirement age	- 2 Year	13 872	-11%
Withdrawal rate	x 2	12 665	-19%
Withdrawal rate	x 0.5	17 614	13%

### 17.5 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

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

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



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>17.5.1 LA RETIREMENT FUND</b>			
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended		<b>R</b>	<b>R</b>
Contributions paid recognised in the statement of financial performance		407 497	287 478
<b>17.5.2 CAPE RETIREMENT FUND</b>			
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended		<b>R</b>	<b>R</b>
Contributions paid recognised in the statement of financial performance		26 424 910	24 918 083
<b>17.5.3 DEFINED CONTRIBUTION FUNDS</b>			
Council contribute to the Government employees pension fund, Municipal council pension fund, IMATU retirement fund and		<b>R</b>	<b>R</b>
Contributions paid recognised in the statement of financial performance		90 409	181 332

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### Note

#### 18 PROVISIONS

##### 18.1 Reconciliation of provisions - 2023

	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
Legal proceedings	1 166 278	2 113 254	(1 453 501)	-	-	-	1 826 031
	<b>1 166 278</b>	<b>2 113 254</b>	<b>(1 453 501)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 826 031</b>

##### 18.2 Reconciliation of provisions - 2022

	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
Legal proceedings	5 055 347	849 384	(4 738 453)	-	-	-	1 166 278
<b>Balance at the end of year</b>	<b>5 055 347</b>	<b>849 384</b>	<b>(4 738 453)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 166 278</b>

	2023 R	2022 R
<b>Current Liabilities</b>	<b>1 826 031</b>	<b>1 166 278</b>
<b>Total Provisions</b>	<b>1 826 031</b>	<b>1 166 278</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited 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 submitted a proposal to the claimant, but the claimant was not prepared to accept the proposed settlement of the municipality.
- c) Due to an arbitration award verdict in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.
- d) Due to an variation ruling in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.

#### 19 LANDFILL SITE

Opening balance  
Utilised during the year

-	15 322 375
-	(15 322 375)

#### 19.1 Rehabilitation of landfill site - provision

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 estimate 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 0.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>20</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Affiliates, related parties and associated companies		77 000	-
Auditor-general of South Africa		1 507	-
Bulk water		979 921	-
Control, clearing and interface accounts		69 060	64 301
Other creditors		61 442	2 266 206
Payments received in advance		24 216 447	23 223 516
Retention		5 294 628	2 194 172
Trade payables		62 929 139	49 479 883
Unclaimed deposits		1 243 386	3 765 726
<b>Total</b>		<b>94 872 529</b>	<b>80 993 804</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 that might be related to either municipal account or traffic fine payments. No interest is raised and the credits held by the municipality are refunded/allocated once the services have been rendered or applied to the service account or traffic fine 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 CONSUMER DEPOSITS

Building plans	1 135 500	567 457
Electricity & water	9 595 515	9 223 457
Rental properties	62 461	57 093
<b>Total</b>	<b>10 793 475</b>	<b>9 848 007</b>
Guarantees held in lieu of electricity and water deposits	246 125	246 125

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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.

### 22 EMPLOYEE BENEFIT OBLIGATION

Current portion of post retirement benefits	17.1	1 945 000	2 083 920
Current portion of long-service awards	17.2	2 550 000	1 720 485
Leave	22.1	25 618 963	25 882 448
Annual bonus	22.2	6 974 491	4 233 898
Performance bonus	22.3	670 286	365 902
<b>Total current employee benefit liabilities</b>		<b>37 758 740</b>	<b>34 286 653</b>

The movement in current employee benefits are reconciled as follows:

#### 22.1 Leave

Opening balance	25 882 448	25 422 808
Increases	2 649 757	2 897 974
Reductions (outflow of economic benefits)	(2 913 242)	(2 438 334)
<b>Closing balance</b>	<b>25 618 963</b>	<b>25 882 448</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of

#### 22.2 Annual bonus

Opening balance	4 233 898	4 521 010
Increases	14 976 023	8 631 889
Reductions (outflow of economic benefits)	(12 235 431)	(11 331 294)
Reversals	-	2 412 292
<b>Closing balance</b>	<b>6 974 491</b>	<b>4 233 898</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.

#### 22.3 Performance bonus

Opening balance	365 902	-
Increases	568 274	365 902
Reversals	(263 890)	-
<b>Closing balance</b>	<b>670 286</b>	<b>365 902</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.



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>23</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
	See below for reconciliation of public contributions and receipts. These amounts are invested in ring-fenced investment until utilised.		
<b>23.1</b>	<b>Operational</b>		
<b>23.1.1</b>	<b>Unspent public contributions and donations (operational) - other</b>		
<b>23.1.1.01</b>	<b>Nedbank</b>		
	Opening balance	-	498 469
	Conditions met - transferred to revenue - operating	-	(498 469)
	<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>
	To provide financial assistance to LED projects		
<b>23.1.2</b>	<b>Total operational public contributions and donations</b>		
	Opening Balance	-	498 469
	Conditions Met - Transferred to Revenue - Operating	-	(498 469)
	<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>
<b>23.1.3</b>	<b>Total public contributions and donations</b>		
	Opening Balance	-	498 469
	Conditions Met - Transferred to Revenue - Operating	-	(498 469)
	<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>RESERVES</b>		
	Capital Replacement Reserve	29 950 000	18 550 009
		<b>29 950 000</b>	<b>18 550 009</b>
<b>24.01</b>	<b>CAPITAL REPLACEMENT RESERVE</b>		
	Opening balance	18 550 009	102 000 000
	<b>Restated opening balance</b>	<b>18 550 009</b>	<b>102 000 000</b>
	Transfers in	30 603 251	(51 672 624)
	Transfers out	(19 203 260)	(31 777 367)
	<b>Closing balance</b>	<b>29 950 000</b>	<b>18 550 009</b>
<b>25</b>	<b>SERVICE CONCESSION ASSETS</b>		
	Bitou Local Municipality has no service concession assets		
<b>26</b>	<b>SERVICE CHARGES</b>		
	Refuse removal	41 353 150	33 439 158
	Sale of electricity	210 201 356	201 024 874
	Sale of water	81 438 662	80 134 467
	Sewerage and sanitation charges	72 644 993	82 748 518
		<b>405 638 160</b>	<b>397 347 017</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>27</b>	<b>RENDERING OF SERVICES</b>		
Entrance fees		50 494	53 444
Building/ town planning fees		5 374 717	5 219 781
Cemetary fees		37 879	47 842
Clearance certificate		150 868	148 206
Escort/ road closure fees		10 581	5 824
Fire services		295 747	107 979
Housing (boarding services)		793 108	920 613
Other revenue from rendering of services		7 956	36 292
Parking fees		45 065	41 482
Photocopies, faxes an telephone charges		43 025	30 517
		<b>6 809 439</b>	<b>6 611 981</b>
<b>28</b>	<b>CONTRUCTION CONTRACTS AND RECEIVABLES</b>		
	At 30 June 2023, Bitou local municipality had no construction contracts in place		
<b>29</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>Premises</b>			
Premises		830 884	866 435
		<b>830 884</b>	<b>866 435</b>
<b>Facilities and equipment</b>			
Rental of facilities		292 784	240 884
Rental of equipment		-	175 400
		<b>292 784</b>	<b>416 284</b>
<b>Total</b>		<b>1 123 668</b>	<b>1 282 720</b>
<b>30</b>	<b>INTEREST EARNED - CASH AND INVESTMENTS</b>		
Bank accounts		3 371 916	2 507 679
Investments		4 662 789	1 239 096
		<b>8 034 704</b>	<b>3 746 776</b>
<b>31</b>	<b>INTEREST CHARGED ON EXCHANGE TRANSACTIONS</b>		
Electricity		1 159 916	908 271
Property rental debtors		65 364	50 718
Refuse removal		3 598 356	2 462 772
Waste water management		6 634 205	4 482 561
Water		5 661 669	4 226 478
<b>Total</b>		<b>17 119 510</b>	<b>12 130 801</b>
<b>32</b>	<b>AGENCY SERVICES</b>		
Vehicle registration		2 500 851	2 422 886
<b>Total</b>		<b>2 500 851</b>	<b>2 422 886</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>33</b>	<b>LICENSES AND PERMITS (EXCHANGE)</b>		
Boat		116 062	173 080
Road and transport		1 070 740	918 005
Trading		8 956	-
<b>Total</b>		<b>1 195 759</b>	<b>1 091 085</b>
<b>34</b>	<b>OPERATIONAL REVENUE</b>		
Administrative handling fees		208 576	306 401
Breakages and losses recovered		1 898	1 706
Collection charges		-	26 591
Commision		205 825	244 685
Development Charges		1 539 969	1 562 368
Incidental cash surplus		139	3 878
Insurance refunds		369 583	1 003 327
Landing fees		995 844	162 029
Request for information		1 100	-
Staff and councillors recoveries		360 192	333 483
<b>Total</b>		<b>3 683 125</b>	<b>3 644 467</b>
<b>35</b>	<b>GAINS ON THE DISPOSAL OF ASSETS</b>		
Property, plant and equipment		453 870	-
<b>Total</b>		<b>453 870</b>	<b>-</b>
<b>36</b>	<b>ACTUARIAL GAINS</b>		
Post Retirement Benefits		16 882 608	7 205 340
Long service awards		1 128 756	-
<b>Total</b>		<b>18 011 364</b>	<b>7 205 340</b>
<b>37</b>	<b>INVENTORIES INCREASE TO NET REALISABLE VALUE</b>		
Inventories increase to net realisable value		-	1 089
<b>Total</b>		<b>-</b>	<b>1 089</b>
<b>38</b>	<b>PROPERTY RATES</b>		
<b>38.1</b>	<b>Rates received</b>		
Residential		127 726 680	133 841 925
Commercial		17 903 603	17 367 301
State		-	1 914 810
Small holdings and farms		2 714 922	2 677 607
Industrial		990 455	1 316 685
Other		2 109 048	75 306
<b>Total</b>		<b>151 444 708</b>	<b>157 193 635</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>38.2</b>	<b>Valuations</b>		
		<b>R'000</b>	<b>R'000</b>
Residential		26 115 609	25 721 447
Commercial		1 916 713	2 120 773
State		215 860	210 710
Municipal		652 082	647 982
Small holdings and farms		2 041 746	2 079 910
Industrial		119 300	129 860
Other		524 887	316 560
<b>Total</b>		<b>31 586 197</b>	<b>31 227 242</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 2021.

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.

### 38.3 Basic rate

	c / R	c / R
Residential	0.562	0.536
Commercial	0.937	0.894
Small holdings and farms	0.140	0.134
Industrial	0.937	0.894

### 39 AVAILABILITY CHARGES (NON-EXCHANGE)

Electricity - availability	2 064 215	2 156 063
Refuse - availability	4 148 853	4 014 880
Waste Water - availability	5 760 587	5 315 554
Water - availability	5 010 651	4 845 151
<b>Total</b>	<b>16 984 306</b>	<b>16 331 649</b>

### 40 INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS

Property rates	4 242 192	2 646 549
<b>Total</b>	<b>4 242 192</b>	<b>2 646 549</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>41</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Operating grants</b>		
	<b>National Government</b>		
	Energy Efficiency and Demand Side Management	-	4 159 000
	Extended public works program (EPWP)	1 155 000	996 000
	Local Government Financial Management	1 043 293	1 550 000
	Municipal Disaster Relief	-	7
	Equitable Share	129 019 000	111 953 000
		<b>131 217 293</b>	<b>118 658 007</b>
	<b>Provincial Government</b>		
	Disaster Management: Emergency Housing	-	0
	Human Settlement Development (Beneficiaries)	10 984 557	1 173 466
	Community Development Workers (CDW)	-	3 384
	Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	135 000	230 000
	Local Government Graduate Internship	-	0
	Thusong Services Centres	79 459	150 000
	Community Library Services	2 295 000	1 329 000
	Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	-	7 954 369
	Western Cape Municipal Energy Resilience (WC MER)	587 234	750 000
	Local Government Public Employment Support	127 771	1 072 229
	Western Cape Financial Management Capability	433 593	-
	Municipal replacement funding	9 560 659	9 884 000
	Municipal Library Support	-	634 076
	Financial Management Capacity Building	14 136	250 000
		<b>24 217 410</b>	<b>23 430 525</b>
	Local Government, Water And Related Service SETA	535 558	276 057
		<b>535 558</b>	<b>276 057</b>
	<b>Total operating grants</b>	<b>155 970 260</b>	<b>142 364 589</b>
	<b>Capital grants</b>		
	<b>National Government</b>		
	Integrated National Electrification Programme	8 718 414	4 234 836
	Municipal Infrastructure	13 765 376	28 515 772
	Water Services Infrastructure	6 579 000	-
		<b>29 062 790</b>	<b>32 750 608</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Provincial Government</b>			
Library Services Replacement Funding for most vulnerable B3 Municipalities		11 341	-
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries) - Capital		1 392 542	-
Regional Social Economic Projects (RSEP)		500 000	1 419 479
Human Settlement Development		-	13 822 948
Municipal Library Support		-	276 924
Emergency Municipal Loadshedding Relief		5 600 000	-
		<b>7 503 883</b>	<b>15 519 351</b>
<b>Total capital grants</b>		<b>36 566 673</b>	<b>48 269 960</b>
<b>Total grants</b>		<b>192 536 933</b>	<b>190 634 549</b>

### 42 PUBLIC CONTRIBUTIONS AND DONATIONS

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

### 43 FINES, PENALTIES AND FORFEITS

Disconnection fees penalties	42 120	40 006
Illegal connections fines	85 147	125 508
Municipal traffic fines	43 878 345	52 369 532
Overdue books fines	3 311	8 071
Retentions forfeits	-	445 150
Unclaimed money forfeits	2 713 436	1 442 196
<b>Total</b>	<b>46 722 358</b>	<b>54 430 462</b>

In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

#### 43.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

Fines reduced amount	1 306 205	827 425
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Reduced fines are requests that customers submit to either the local municipal office or court. It will state that the customers can't afford to pay the full fine issued therefore requesting for reduction formally.

For a 341 first notice the clients submit a letter to the traffic chief officer of the municipality who then decides whether the fine will be reduced or not, if approval is granted the traffic chief officer will indicate the reduced amount.

For summonses the letter is submitted to court where the public prosecutor decided on the reduced amount and/or decided whether the request for reduction is approved.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>44</b>	<b>CONTRIBUTED ASSETS</b>		
	Donated asset at Piesang River Bank	-	325 150
	<b>Total</b>	<b>-</b>	<b>325 150</b>

<b>45</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Basic	172 850 332	171 717 177
	Performance bonus	304 384	365 902
	Medical aid - company contributions	18 124 481	17 881 636
	UIF and pension - company contributions	27 865 134	26 422 058
	Workman's compensation (WCA)	1 179 318	-
	Leave pay	2 649 757	2 897 974
	Travel, motor car and other allowances	11 741 603	10 813 982
	Overtime payments	16 282 516	15 170 240
	Long-service awards	1 480 584	1 410 000
	13th cheques contribution	14 976 023	11 044 181
	Acting allowances	11 389	-
	Housing benefits and allowances	965 076	886 960
	Contribution to post employment medical	5 209 350	5 056 000
	Group insurance - company contributions	5 792 409	5 391 161
	Standby allowances	6 085 200	5 626 225
	Cellphone allowances	1 914 445	1 898 474
	Other benefits	76 365	75 444
	<b>Total</b>	<b>287 508 367</b>	<b>276 657 416</b>

### 45.01 Remuneration of municipal manager - Adv. LMR Ngoqo

Basic	-	543 555
Travel, motor car and other allowances	-	254 887
UIF and pension - company contributions	-	1 063
Medical aid - company contributions	-	28 639
Cellphone allowances	-	30 000
	<b>-</b>	<b>858 144</b>

*Mr Ngoqo resigned on 31 December 2021.*

### 45.02 Remuneration of municipal manager - Mr. RG Bosman

Basic	-	166 573
Travel, motor car and other allowances	-	40 436
UIF and pension - company contributions	-	354
Cellphone allowances	-	10 000
	<b>-</b>	<b>217 363</b>

*Mr RG Bosman was appointed on 1 December 2021 and resigned on 25 January 2022.*

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>45.03</b>	<b>Remuneration of municipal manager - Mr. NI Van Stade</b>		
Basic		-	180 803
UIF and pension - company contributions		-	520
Cellphone allowances		-	7 500
Leave		-	11 075
		-	<b>199 899</b>

*Mr NI Van Stade was appointed on 15 February 2022 and resigned on 1 April 2022.*

<b>45.04</b>	<b>Remuneration of municipal manager - Mr. M Memani</b>		
Basic		1 316 867	263 593
Travel, motor car and other allowances		120 000	30 000
UIF and pension - company contributions		215 247	48 750
Cellphone allowances		60 000	15 000
		<b>1 712 114</b>	<b>357 342</b>

*Mr M Memani was appointed on 04 April 2022.*

<b>45.05</b>	<b>Remuneration of chief financial officer - Mr M Dyushu</b>		
Basic		-	891 560
Travel, motor car and other allowances		-	466 693
UIF and pension - company contributions		-	2 125
Cellphone allowances		-	60 000
Leave		-	90 677
		-	<b>1 511 055</b>

*Mr. Dyushu was appointed on 01 March 2021. He resigned on 30 June 2022*

<b>45.06</b>	<b>Remuneration of director corporate services - Me MP Mpahlwa</b>		
Basic		143 710	745 017
Travel, motor car and other allowances		71 382	428 293
UIF and pension - company contributions		23 234	136 365
Medical aid - company contributions		8 764	50 494
Cellphone allowances		10 000	60 000
Leave		72 542	-
Settlement		1 133 463	-
		<b>1 463 095</b>	<b>1 420 168</b>

*Me. Mpahlwa was appointed on the 01 February 2021 till 31 August 2022*



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>45.07</b>	<b>Remuneration of director community services - Mr TM Sompani</b>		
Basic		-	826 106
Travel, motor car and other allowances		-	363 347
UIF and pension - company contributions		-	1 771
Cellphone allowances		-	50 000
Leave		-	44 024
		-	<b>1 285 248</b>

*Mr TM Sompani past away on 26 April 2022*

<b>45.08</b>	<b>Remuneration of director community services - Mr. MJ Fourie</b>		
Basic		-	223 049
UIF and pension - company contributions		-	531
Cellphone allowances		-	15 000
		-	<b>238 581</b>

*Mr. MJ Fourie's contract started on 1 March 2022 and ended on 31 May 2022*

<b>45.09</b>	<b>Remuneration of director community services - Ms A M Paulsen</b>		
Basic		970 429	-
Travel, motor car and other allowances		160 861	-
UIF and pension - company contributions		85 190	-
Medical aid - company contributions		31 424	-
Cellphone allowances		50 000	-
		<b>1 297 905</b>	-

*Ms AM Paulsen was appointed on the 01 September 2022*

<b>45.1</b>	<b>Remuneration of director economic planning and development - Mr L Gericke</b>		
Basic		633 660	910 116
Travel, motor car and other allowances		151 128	226 693
UIF and pension - company contributions		110 380	165 999
Medical aid - company contributions		40 056	57 277
Cellphone allowances		40 000	60 000
		<b>975 224</b>	<b>1 420 085</b>

*Mr. L Gericke was appointed on the 01 November 2020 till 31 December 2022*

<b>45.11</b>	<b>Remuneration of director economic planning and development - D Friedman</b>		
Basic		287 052	-
UIF and pension - company contributions		708	-
Cellphone allowances		15 000	-
Leave		18 407	-
		<b>321 168</b>	-

*Temporary contract appointment for 3 months 1 March 2023 till 31 May 2023*

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023	2022
		R	R
<b>45.12</b>	<b>Remuneration of director engineering services - Mr V W Felton</b>		
Basic		937 838	-
Travel, motor car and other allowances		102 600	-
UIF and pension - company contributions		156 526	-
Cellphone allowances		51 750	-
		<b>1 248 715</b>	-

*Mr FV Felton was appointed on 01 October 2022.*

### **45.13 The aggregated effect of remuneration of key management personnel**

Basic	4 289 557	4 750 372
Travel, motor car and other allowances	605 972	1 810 348
UIF and pension - company contributions	591 285	357 479
Medical aid - company contributions	80 244	136 410
Cellphone allowances	226 750	307 500
Leave	90 949	145 776
Settlement	1 133 463	-
	<b>7 018 220</b>	<b>7 507 884</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	2023	2022
	R	R
<b>46 REMUNERATION OF COUNCILLORS</b>		
<b>46.1 List of councillors</b>		
Councillor J. Kam Kam	718 624	546 746
Councillor D. Swart	943 977	680 140
Councillor T. Mhlana	324 452	202 819
Councillor CN. Terblanche	761 523	459 827
Councillor SA. Mangxaba	324 452	202 819
Councillor NT. Seti	324 451	202 819
Councillor AR. Olivier	458 173	472 337
Councillor X. Matyila	-	114 011
Councillor AS. Windvogel	-	114 010
Councillor MM. Mbali	-	248 312
Councillor MP. Busakwe	761 523	459 827
Councillor SE. Gcabayi	330 139	495 315
Councillor WJ. Nel	717 852	547 263
Councillor NS. Ndayi	325 976	316 830
Councillor MAM. Botha	110 183	202 819
Councillor TS. Harmse	121 164	-
Councillor M. Mitchell	93 162	-
Councillor NP. Kholwapi	405 500	244 768
Councillor PM . Lobese	-	61 206
Councillor EV. Wildeman	-	263 801
Councillor LM. Seyisi	-	248 312
Councillor VP . Van Rhyner	-	114 011
	<b>6 721 149</b>	<b>6 197 993</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

							2023	2022
							R	R
46.2 Remuneration paid to councillors can be summarised as follows:								2023
	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	753 309	-	41 400	17 280	131 987	-	-	943 977
Deputy executive mayor	597 798	-	41 400	17 280	105 045	-	-	761 523
Mayoral committee members	1 439 556	330 893	124 200	-	-	-	-	1 894 650
Speaker	666 855	-	41 400	4 320	48 948	-	-	761 523
Councillors	1 786 742	-	289 955	78 196	136 476	-	68 108	2 359 477
	<b>5 244 261</b>	<b>330 893</b>	<b>538 355</b>	<b>117 076</b>	<b>422 456</b>	<b>-</b>	<b>68 108</b>	<b>6 721 149</b>

The newly elected executive council was sworn in on 18 November 2021.

							2022	
46.3 Remuneration paid to councillors can be summarised as follows:								
	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	447 623	-	29 600	11 520	85 788	-	-	574 530
Deputy executive mayor	537 378	71 738	51 800	10 080	70 466	-	-	741 462
Mayoral committee members	1 045 308	126 734	91 155	7 200	20 302	107 608	-	1 398 307
Speaker	587 565	57 391	44 400	-	34 272	-	-	723 628
Councillors	2 096 827	-	352 845	63 360	100 188	-	146 847	2 760 066
	<b>4 714 702</b>	<b>255 863</b>	<b>569 799</b>	<b>92 160</b>	<b>311 015</b>	<b>107 608</b>	<b>146 847</b>	<b>6 197 993</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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	2023	2022
	R	R

### 46.4 In-kind Benefits

The executive mayor, deputy executive mayor, speaker and mayoral committee members are full-time members. 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 and the use of a council owned vehicle for official duties.

The speaker has use of separate council owned vehicles for official duties.

The deputy mayor and speaker each has one full-time bodyguard.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>47</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	36 392 828	35 506 202
	Investment Property	538	538
		<b>36 393 366</b>	<b>35 506 740</b>
<b>48</b>	<b>IMPAIRMENT</b>		
	<b>Impairments</b>		
	Other receivables from non-exchange revenue	10 967 212	70 855 412
	Trade and other receivables	208 084 519	182 085 621
		<b>219 051 731</b>	<b>252 941 034</b>
	<b>Reversal of impairments</b>		
	Other receivables from non-exchange revenue	-	(32 268 578)
	Trade and other receivables	(190 429 075)	(187 531 313)
		<b>(190 429 075)</b>	<b>(219 799 891)</b>
	<b>Total impairment losses recognized / (reversed)</b>	<b>28 622 656</b>	<b>33 141 143</b>
<b>49</b>	<b>FINANCE COSTS</b>		
	Employee Benefits	10 942 682	8 181 000
	Finance leases	378 888	814 044
	Non-current borrowings	8 418 897	10 288 165
	<b>Total</b>	<b>19 740 467</b>	<b>19 283 209</b>
<b>50</b>	<b>OPERATING LEASES</b>		
	<b>Premises</b>		
	Premises - contractual amounts	306 712	213 943
	<b>Motor vehicles</b>		
	Motor vehicles - contractual amounts	19 796	271 910
	<b>Equipment</b>		
	Equipment - contractual amounts	199 547	608 031
	<b>Lease rentals on operating lease - other</b>		
	Lease rentals on operating lease - other - contractual amounts	3 490 811	3 229 344
		<b>4 016 866</b>	<b>4 323 228</b>
<b>51</b>	<b>BAD DEBTS WRITTEN OFF</b>		
	<b>Exchange transactions</b>		
	Electricity	1 262 445	2 818 937
	Water distribution	21 321 820	39 340 345
	Sewerage	23 152 233	23 514 333
	Solid waste removal	13 344 602	13 642 153
	Sundries	-	2 096 581
		<b>59 081 100</b>	<b>81 412 349</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>Non-exchange transactions</b>			
Property rates		2 007 831	475 187
Fines		26 291 200	8 831 800
Electricity		265 497	1 007 905
Solid waste removal		306 956	11 958
Sewerage		390 488	17 358
Water distribution		601 903	1 978 377
		<b>29 863 874</b>	<b>12 322 584</b>
<b>Total</b>		<b>88 944 975</b>	<b>93 734 933</b>
<b>52 BULK PURCHASES</b>			
Electricity - eskom		162 599 090	159 802 421
Water		1 218 802	535 538
		<b>163 817 892</b>	<b>160 337 958</b>
<b>52.01 Electricity losses</b>			
		<b>MWh</b>	<b>MWh</b>
Units purchased		96 320	107 019
Units sold		(81 633)	(86 815)
<b>Total loss</b>		<b>14 687</b>	<b>20 204</b>
<b>Comprising of:</b>			
		<b>MWh</b>	<b>MWh</b>
Technical + non-technical losses		8 947	14 300
Authorised consumption (metered)		4 636	4 801
Authorised consumption (unmetered)		1 103	1 103
<b>Total</b>		<b>14 686</b>	<b>20 204</b>
<b>Percentage loss:</b>			
		<b>%</b>	<b>%</b>
Technical + non-technical losses		9.29%	13.36%
Authorised consumption (metered)		4.81%	4.49%
Authorised consumption (unmetered)		1.14%	1.03%
<b>Total</b>		<b>15.25%</b>	<b>18.88%</b>
<b>52.02 Water losses</b>			
		<b>ML</b>	<b>ML</b>
Units purchased		4 052	4 137
Units sold		(2 599)	(2 577)
<b>Total Loss</b>		<b>1 453</b>	<b>1 560</b>
<b>Comprising of:</b>			
		<b>ML</b>	<b>ML</b>
Technical + non-technical losses		1 453	1 560
<b>Total</b>		<b>1 453</b>	<b>1 560</b>
<b>Percentage loss:</b>			
		<b>%</b>	<b>%</b>
Technical + non-technical losses		35.85%	37.71%
<b>Total</b>		<b>35.85%</b>	<b>37.71%</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>53</b>			
<b>CONTRACTED SERVICES</b>			
<b>Outsourced services</b>			
Alien vegetation control		-	100 519
Burial services		29 400	64 003
Business and advisory		1 160 747	346 922
Clearing and grass cutting services		1 445 637	1 610 889
Connection/dis-connection		155 700	341 800
Drivers licence cards		275 236	256 229
Electrical		1 113 046	1 932 848
Hygiene services		-	13 026
Illegal dumping		724 039	2 940 779
Litter picking and street cleaning		659 438	716 106
Meter management		1 463 979	408 293
Organic and building refuse removal		612 645	454 948
Printing services		230 970	319 669
Security services		12 723 073	18 556 753
Traffic fines management		2 905 645	913 710
Transport services		-	14 650
		<b>23 499 554</b>	<b>28 991 143</b>
<b>Consultants and professional services</b>			
Business and advisory		5 150 536	7 257 935
Infrastructure and planning		10 836 024	3 602 361
Laboratory services		7 223	72 890
Legal cost		4 250 571	16 572 367
		<b>20 244 353</b>	<b>27 505 553</b>
<b>Contractors</b>			
Artists and performers		222 170	-
Auctioneers		26 098	-
Building		1 293 232	7 477 467
Catering services		307 404	945 213
Chipping		-	299 344
Electrical		1 148 689	3 672 028
Fire services		546 140	540 629
First aid		95 844	59 549
Haulage		-	581 606
Maintenance of buildings and facilities		3 769 309	6 189 598
Maintenance of equipment		4 343 299	5 427 667
Maintenance of unspecified assets		15 714 888	20 131 613
Pest control and fumigation		-	177 313
Removal of hazardous waste		341 016	270 900
Stage and sound crew		135 500	-
Stream cleaning and ditching		1 198 592	484 558
		<b>29 142 180</b>	<b>46 257 483</b>
<b>Total</b>		<b>72 886 087</b>	<b>102 754 180</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>54</b>	<b>GRANTS AND SUBSIDIES PAID</b>		
	<b>Other subsidies</b>		
	Tourism	3 400 000	3 400 000
	Bursaries	342 239	-
	Grant in aid	1 298 592	877 545
	Monetary allocations	585 000	249 647
		<b>5 625 831</b>	<b>4 527 192</b>
	<b>Total</b>	<b>5 625 831</b>	<b>4 527 192</b>
<b>55</b>	<b>INVENTORY CONSUMED</b>		
	<b>Inventory consumed</b>		
	Standard rated	5 025 887	5 072 897
	Materials and supplies	9 104 767	9 255 155
		<b>14 130 654</b>	<b>14 328 052</b>
	<b>Total</b>	<b>14 130 654</b>	<b>14 328 052</b>
<b>56</b>	<b>OPERATIONAL COST</b>		
	Advertising	419 790	556 022
	Assessment rates & municipal charges	3 116 637	2 853 242
	Assets expensed	51 304	87 629
	Audit fees	5 362 717	4 808 607
	Bank charges	2 177 881	1 781 007
	Bargaining council	389	-
	Bursaries	798 612	394 498
	Commission paid	1 745 160	1 973 268
	Communication costs	1 164 739	1 649 491
	Conferences and seminars	155 599	114 710
	Contribution to provisions	-	(204 488)
	Dumping fees (district council)	2 193 459	1 194 974
	Entertainment	10 173	-
	External computer service	6 689 895	5 768 750
	Fuel and oil	14 754 006	8 877 741
	Full time union representative	118 062	56 244
	Hire	5 710 722	2 891 724
	Insurance	4 449 024	3 213 501
	Learnerships and internships	2 650 764	2 650 972
	Levies	2 212 991	2 124 397
	Licences	553 184	488 374
	Motor vehicle expenses	208 933	305 281
	Postage and courier	1 068 601	864 110
	Printing and stationery	9 246	54 263
	Promotions and sponsorships	-	9 000
	Protective clothing and uniforms	2 743 635	2 445 077
	Remuneration of committee members	418 000	352 500
	Resettlement cost	67 100	52 658
	Servitudes and land surveys	8 500	-

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Signage		841 521	645 173
Software expenses		2 903 952	3 446 917
Storage of files (archiving)		24 126	11 144
Subscriptions and membership fees		3 121 880	2 992 269
Title deed search fees		176	920
Transport provided as part of departmental activities		87 385	61 772
Travel - local		1 023 581	492 699
<b>Total</b>		<b>66 861 745</b>	<b>53 014 447</b>
<b>57</b>	<b>LOSS ON THE DISPOSAL OF ASSETS</b>		
Property, plant and equipment		1 528 219	1 701 224
<b>Total</b>		<b>1 528 219</b>	<b>1 701 224</b>
<b>58</b>	<b>ACTUARIAL LOSSES</b>		
Long service awards		-	430 473
<b>Total</b>		<b>-</b>	<b>430 473</b>
<b>59</b>	<b>WATER LOSSES</b>		
Water losses		1	2
<b>Total</b>		<b>1</b>	<b>2</b>
<b>60</b>	<b>INVENTORIES LOSSES / WRITE-DOWNS</b>		
Inventories losses/write-downs		8 628	-
<b>Total</b>		<b>8 628</b>	<b>-</b>
<b>61</b>	<b>CASH (USED IN) GENERATED BY OPERATIONS</b>		
Surplus for the year		79 751 608	51 788 710
<b>Adjustment for:-</b>			
Depreciation and amortisation		36 393 366	35 506 740
Contributed property, plant and equipment		-	(325 150)
Loss on disposal of non-current assets		1 074 350	1 701 224
Water losses		1	2
Inventories (losses)/write-downs/Inventories increase to net realisable value		8 628	(1 089)
(Impairment loss) / Reversal of impairment loss on exchange receivables		17 655 444	(5 445 692)
Reversal of impairment loss on non-exchange receivables		10 967 212	38 586 834
Bad debts written off - exchange transactions		59 081 100	81 412 349
Bad debts written off - non-exchange transactions		29 863 874	12 322 584
Movement in unspent conditional grants and receipts		(4 674 277)	399 752
Movement in unspent public contributions		-	(498 469)
Movement in operating lease assets and accruals		143 019	(30 401)
Movement in retirement benefits assets and liabilities		(871 316)	6 289 238
Movement in landfill site		-	(15 322 375)
Movement in provisions		659 753	(3 889 069)
<b>Operating surplus before working capital changes:</b>		<b>230 052 763</b>	<b>202 495 188</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
Decrease in inventories	436 579	666 082
(Increase) in receivables from exchange transactions	(88 475 956)	(78 301 234)
(Increase) in receivables from non-exchange transactions	(44 011 411)	(60 597 586)
Increase in consumer deposits	945 468	834 720
(Decrease)/increase in taxes	(5 331 589)	3 249 596
Increase in payables from exchange transactions	13 878 726	9 692 470
(Decrease)/increase in payables from non-exchange transactions	-	(633 701)
<b>Changes in working capital:</b>	<b>(122 558 183)</b>	<b>(125 089 653)</b>
<b>Cash generated by operations</b>	<b>107 494 580</b>	<b>77 405 535</b>



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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the audited annual financial statements

### 62 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.

- a) Correction of Prior year payments for MDL Engineering that was only paid in the current year, but was in respect of the 2021-22, 2020-21 and 2019-20 financial years respectively. This Correction is as follows: Trade and other payables from exchange transactions (2021-22) Cr R 138 074.12, (2020-21) Cr R 86 126.85, Accumulated surplus / (deficit) (2021-22) Dt R 86 126.85, (2020-21) Dt R 86 126.85 and Contracted services (2021-22) Dt R 51 947.27
- b) Reclassification of Development charges from Rendering of services to Operational revenue and Correction of the Employee Post Retirement Medical benefit, Long Service Awards and Net increase/ decrease of Inventory Net Realisable Value that was incorrectly disclosed. This Correction is as follows: Rendering of services (2021-22) Dt R 1 562 368.12, Operational revenue (2021-22) Cr R 1 562 368.12, Actuarial gains (2021-22) Cr R 7 205 340.00, Employee related costs (2021-22) Cr R 3 513 517.05, Finance costs (2021-22) Dt R 8 181 000.00, Actuarial losses (2021-22) Dt R 430 473.00 and Contracted services (2021-22) Cr R 17 013.33 and Inventories Losses / Write-Downs (2021-22) Cr R 125 496.06 and Inventories Increase to net realisable value (2021-22) Dt R 125 496.06, Operational cost (2021-22) Dt R 2 124 397.38
- c) Correcting of SALGA Payments that was incorrectly accounted for in the 2020-21 and 2021-22 Financial years. This Correction is as follows: Operational cost (2021-22) Cr R 167 219.04, (2020-21) Cr R 2 675 319.70, Receivables from exchange transactions (2021-22) Dt R 2 842 538.74, (2020-21) Dt R 2 675 319.70 and Accumulated surplus / (deficit) (2021-22) Cr R 2 675 319.70
- d) Correction of Water inventory calculation for the 2021-22 financial year. This Correction is as follows: Inventories (2021-22) Dt R 37 544.40, Inventories Increase to net realisable value (2021-22) Dt R 6 814 307.24 and Water losses (2021-22) Cr R 6 851 851.64
- e) Correction of Leave, Performance Bonus and Annual Bonus provision in terms of COMAF 35 of 2021-22 Audit. This Correction is as follows: Receivables from non-exchange transactions (2021-22) Cr R 9 936.84, (2020-21) Cr R 70 144.37, Accumulated surplus / (deficit) (2021-22) Dt R 70 144.37, (2020-21) Dt R 70 144.37, Employee related costs (2021-22) Cr R 53 562.60 and Contracted services (2021-22) Cr R 6 644.93
- f) Reversal of Landing Fees that was incorrectly billed to Cemair during the 2021-22 financial year. This Correction is as follows: Rendering of services (2021-22) Dt R 464 373.92, Receivables from exchange transactions (2021-22) Cr R 534 030.01 and VAT receivable (2021-22) Dt R 69 656.09
- g) Correction of the Cashflow of interest that was incorrectly calculated during the 2021-22 financial year and Correction of in terms of COMAF 29 This Correction is as follows: Receipts - Taxes, levies and fines (2021-22) Cr R 3 991 343.60, Receipts - Goods and services provided (2021-22) Dt R 12 241 583.57, Receipts - Interest income (2021-22) Cr R 8 250 239.97 and Payments - Suppliers for goods and services (2021-22) Dt R 682 257.07 Purchase of property, plant and equipment (2021-22) Cr R 682 257.07

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the audited annual financial statements

- h)** Reversing of Debtor corrections that was done in 2021-22, because the correction at the time was based on the fact that it was billing of prior years. After investigating it was found that the information was only received on the time of correction, which wasn't consistent with the definition of a correction of error. This Correction is as follows: Accumulated surplus / (deficit) (2021-22) Dt R 199 333.82, Service charges (Exchange) (2021-22) Cr R 199 333.82, (2020-21) Dt R 199 333.82 and Receivables from exchange transactions (2020-21) Cr R 199 333.82
- i)** First Time Recognition of Moveable Assets as part of the Moveable assets verification that was done. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 89 900.21, (2020-21) Dt R 110 239.36, Accumulated surplus / (deficit) (2021-22) Cr R 110 239.36, (2020-21) Cr R 110 239.36 and Depreciation and amortization (2021-22) Dt R 20 339.15
- j)** Recognition of Donated Asset's Cost that was donated. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 325 150.00 and Contributed Assets (2021-22) Cr R 325 150.00
- k)** Correction of Inventory to PPE Finding by AG (COMAF 29). This Correction is as follows: Property, plant and equipment (2021-22) Dt R 1 116 156.80, (2020-21) Dt R 442 873.07, Accumulated surplus / (deficit) (2021-22) Cr R 442 873.07, (2020-21) Cr R 444 089.75 and Depreciation and amortization (2021-22) Dt R 8 973.34, (2020-21) Dt R 1 216.68 Inventories (2021-22) Cr R 682 257.07
- l)** Derecognition of bulk filer. This Correction is as follows: Property, plant and equipment (2021-22) Cr R 75 000.00, (2020-21) Cr R 75 000.00 and Receivables from non-exchange transactions (2021-22) Dt R 75 000.00, (2020-21) Dt R 75 000.00
- m)** Correction of depreciation incorrectly reversed on derecognised assets (2021-22) (Additional) an Depreciation reversal relating to Infrastructure Writ offs for 2020/21 This Correction is as follows: Property, plant and equipment (2021-22) Dt R 98 554.24, (2020-21) Dt R 152 158.46, Depreciation and amortization (2021-22) Dt R 53 604.22, (2020-21) Cr R 152 158.46 and Accumulated surplus / (deficit) (2021-22) Cr R 152 158.46
- n)** Derecognition of Infrastructure assets and Community Assets This Correction is as follows: Property, plant and equipment (2021-22) Cr R 2 662 892.81, (2020-21) Cr R 2 648 970.68, Accumulated surplus / (deficit) (2021-22) Dt R 2 648 970.68, (2020-21) Dt R 2 648 970.68 and Loss on disposal of assets and liabilities (2021-22) Dt R 13 922.13
- o)** Allocation of incorrectly allocated Unauthorized Expenditure from the Debtors Account to the correct Expenditure items. This Correction is as follows: Receivables from non-exchange transactions (2021-22) Cr R 1 160 916.65, (2020-21) Cr R 1 160 916.65, Accumulated surplus / (deficit) (2021-22) Dt R 1 160 916.65, (2020-21) Dt R 501 882.62, Contracted services (2020-21) Dt R 657 929.89 and Operational cost (2020-21) Dt R 652.17 and Finance costs (2020-21) Dt R 451.97
- p)** Correction of Collection charges of previous financial years that should not have been raised against these accounts. This Correction is as follows: Receivables from exchange transactions (2021-22) Cr R 17 288.63, (2020-21) Cr R 17 288.63, Accumulated surplus / (deficit) (2021-22) Dt R 17 288.63, (2020-21) Dt R 7 399.33 and Operational revenue (2020-21) Dt R 9 889.30

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the audited annual financial statements

- q) Reversal of Performance Bonusses prior to 2021/22 financial year due to the performance evaluations been done and the result was not to pay out any bonusses. This Correction is as follows: Current employee benefit obligation (2021-22) Dt R 2 483 132.69, (2020-21) Dt R 2 483 132.69, Accumulated surplus / (deficit) (2021-22) Cr R 2 483 132.69, (2020-21) Cr R 1 921 088.39 and Employee related costs (2020-21) Cr R 562 044.30
- r) Accounting For Rental income escalation that was unaccounted for in the 2021-22 financial year. This Correction is as follows: Receivables from exchange transactions (2021-22) Dt R 28 163.84 and Rental of facilities and equipment (2021-22) Cr R 28 163.84
- s) Correction of Unspent grant that was actually spent in the 2021-22 financial year, but not recognized as revenue. This Correction is as follows: Unspent conditional grants (2021-22) Dt R 2 836 995.67 and Government grants & subsidies - monetary (2021-22) Cr R 2 836 995.67
- t) Depreciation rollback and remaining useful live adjustments - subsequent depreciation charges and recognition of recalculated depreciation charges in terms of 2020-21 nad 2021-22 Financial Years. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 802 913.82, (2020-21) Dt R 3 556.41, Accumulated surplus / (deficit) (2021-22) Cr R 3 556.41 and Depreciation and amortization (2021-22) Cr R 799 357.41, (2020-21) Cr R 3 556.41

	Note	R As previously reported	R Correction of prior period error	R Changes in accounting policy	R Reclassification	R Restated
<b>62.01 Statement of financial position - non current assets</b>						
<b>2022</b>						
Property, plant and equipment	i,j,k,l,m,n,t	1 196 038 185	(305 218)	-	-	1 195 732 967
<b>Total</b>		<b>1 208 765 491</b>	<b>(305 218)</b>	<b>-</b>	<b>-</b>	<b>1 208 460 273</b>
<b>2021</b>						
Property, plant and equipment	i,j,k,l,m,n,t	1 154 698 995	(2 015 143)	-	-	1 152 683 851
<b>Total</b>		<b>1 176 535 178</b>	<b>(2 015 143)</b>	<b>-</b>	<b>-</b>	<b>1 174 520 034</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>62.02 Statement of financial position - current assets</b>						
<b>2022</b>						
Inventories	d,k	16 446 634	(644 713)	-	-	15 801 922
Receivables from exchange transactions	c,f,h,p,r	35 343 763	2 319 384	-	-	37 663 147
Receivables from non-exchange transactions	e,l,o	34 581 213	(1 095 853)	-	-	33 485 360
VAT receivable	f	4 585 141	69 656	-	-	4 654 797
<b>Total</b>		<b>165 192 365</b>	<b>648 474</b>	<b>-</b>	<b>-</b>	<b>165 840 839</b>
<b>2021</b>						
Receivables from exchange transactions	c,f,h,p,r	30 681 867	2 458 697	-	-	33 140 564
Receivables from non-exchange transactions	e,l,o	24 953 253	(1 156 061)	-	-	23 797 192
<b>Total</b>		<b>169 951 594</b>	<b>1 302 636</b>	<b>-</b>	<b>-</b>	<b>171 254 231</b>
<b>62.03 Statement of financial position - current liabilities</b>						
<b>2022</b>						
Trade and other payables from exchange transactions	a	80 855 729	138 074	-	-	80 993 804
Current employee benefit obligation	q	36 769 786	(2 483 133)	-	-	34 286 653
Unspent conditional grants	s	6 095 196	(2 836 996)	-	-	3 258 200
<b>Total</b>		<b>156 641 433</b>	<b>(5 182 054)</b>	<b>-</b>	<b>-</b>	<b>151 459 379</b>
<b>2021</b>						
Trade and other payables from exchange transactions	a	71 215 207	86 127	-	-	71 301 334
Current employee benefit obligation	q	35 163 951	(2 483 133)	-	-	32 680 818
<b>Total</b>		<b>162 482 376</b>	<b>(2 397 006)</b>	<b>-</b>	<b>-</b>	<b>160 085 370</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>62.04</b>	<b>Statement of financial position - net assets</b>					
<b>2022</b>						
Accumulated surplus	a,b,c,d,e,f,h,i,j,k,m, n,o,p,q,r,s,t	1 048 096 087	5 525 310	-	-	1 053 621 398
<b>Total</b>		<b>1 066 646 096</b>	<b>5 525 310</b>	<b>-</b>	<b>-</b>	<b>1 072 171 407</b>
<b>2021</b>						
Accumulated surplus	a,b,c,d,e,f,h,i,j,k,m, n,o,p,q,r,s,t	913 642 165	1 684 499	-	-	915 326 664
<b>Total</b>		<b>1 015 642 166</b>	<b>1 684 499</b>	<b>-</b>	<b>-</b>	<b>1 017 326 664</b>
<b>62.05</b>	<b>Statement of financial performance - revenue from exchange transactions</b>					
<b>2022</b>						
Service charges (Exchange)	h	397 147 683	199 334	-	-	397 347 017
Rendering of services	b,f	8 638 723	(464 374)	-	(1 562 368)	6 611 981
Rental of facilities and equipment	r	1 254 556	28 164	-	-	1 282 720
Operational revenue	b,p	2 082 099	-	-	1 562 368	3 644 467
Actuarial gains	b	-	-	-	7 205 340	7 205 340
Inventories Increase to net realisable value	b,d	6 940 892	(6 814 307)	-	(125 496)	1 089
<b>Total</b>		<b>435 637 777</b>	<b>(7 051 184)</b>	<b>-</b>	<b>7 079 844</b>	<b>435 666 438</b>
<b>62.06</b>	<b>Statement of financial performance - revenue from non-exchange transactions- transfer revenue</b>					
<b>2022</b>						
Government grants & subsidies - monetary	s	187 797 553	2 836 996	-	-	190 634 549
Contributed Assets	j	-	325 150	-	-	325 150
<b>Total</b>		<b>242 726 484</b>	<b>3 162 146</b>	<b>-</b>	<b>-</b>	<b>245 888 630</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>62.06</b>	<b>Statement of financial performance - expenditure</b>					
<b>2022</b>						
Employee related costs	b,e,q	280 224 496	(53 563)	-	(3 513 517)	276 657 416
Depreciation and amortization	i,k,m,t	36 223 181	(716 441)	-	-	35 506 740
Finance costs	b,o	11 102 209	-	-	8 181 000	19 283 209
Contracted services	a,b,e,o	102 725 891	45 302	-	(17 013)	102 754 180
Operational cost	b,c,o	51 057 269	(167 219)	-	2 124 397	53 014 447
Loss on disposal of assets and liabilities	n	1 687 302	13 922	-	-	1 701 224
Actuarial losses	b	-	-	-	430 473	430 473
Water losses	d	6 851 853	(6 851 852)	-	-	2
Inventories Losses / Write-Downs	b	125 496	-	-	(125 496)	-
<b>Total</b>		<b>806 588 195</b>	<b>(7 729 850)</b>	<b>-</b>	<b>7 079 844</b>	<b>805 938 190</b>
<b>62.07</b>	<b>Cash flow statement - cash flows from operating activities</b>					
<b>2022</b>						
Receipts - Taxes, levies and fines	g	157 106 967	(3 991 344)	-	-	153 115 623
Receipts - Goods and services provided	g	343 119 809	12 241 584	-	-	355 361 393
Receipts - Interest income	g	14 249 037	(8 250 240)	-	-	5 998 797
Payments - Suppliers for goods and services	g	(334 811 788)	682 257	-	-	(334 129 531)
<b>Total</b>		<b>76 723 278</b>	<b>682 257</b>	<b>-</b>	<b>-</b>	<b>77 405 535</b>
<b>62.08</b>	<b>Cash flow statement - cash flows from investing activities</b>					
<b>2022</b>						
Purchase of property, plant and equipment	g	(78 381 117)	(682 257)	-	-	(79 063 374)
<b>Total</b>		<b>(79 130 314)</b>	<b>(682 257)</b>	<b>-</b>	<b>-</b>	<b>(79 812 571)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>63 UNAUTHORISED EXPENDITURE</b>			
Opening balance as previously reported		1 231 121 183	340 635 976
Correction of prior period error		(799 357)	5 530 878
<b>Opening balance as restated</b>		<b>1 230 321 826</b>	<b>346 166 854</b>
Add: Operating Expenditure identified		-	805 938 190
Add: Capital Expenditure identified		-	78 216 782
Less: Approved/condoned/authorised by council		(1 230 321 826)	-
<b>Closing balance</b>		<b>-</b>	<b>1 230 321 826</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Operating Expenditure identified -2022	None	-	805 938 190
Capital Expenditure identified -2022	None	-	78 216 782
		-	<b>884 154 972</b>

### 63.1 Operating Expenditure determination

Operating	Expenditure	Budget	Difference	Unauthorized Expenditure
	2023 R'000	2023 R'000	2023 R'000	2023 R
Council And General	8 072	9 268	1 196	-
Office Of The Municipal Manager	28 233	30 938	2 705	-
Corporate Services	58 195	69 303	11 108	-
Community Services	247 040	247 054	14	-
Economic Development And Planning	22 294	23 233	940	-
Financial Services	47 102	62 948	15 847	-
Engineering Services	385 871	409 082	23 210	-
	<b>796 807</b>	<b>851 826</b>	<b>55 019</b>	-

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Operating	Note				2023	2022
	Expenditure	Budget	Difference	Unauthorized Expenditure	R	R
	2022 R'000	2022 R'000	2022 R'000	2022 R	-	-
Council And General	7 818	-	(7 818)	(7 818 482)		
Office Of The Municipal Manager	23 313	-	(23 313)	(23 313 146)		
Corporate Services	73 833	-	(73 833)	(73 832 960)		
Community Services	246 220	-	(246 220)	(246 219 996)		
Economic Development And Planning	23 677	-	(23 677)	(23 677 387)		
Financial Services	38 673	-	(38 673)	(38 673 244)		
Engineering Services	392 403	-	(392 403)	(392 402 975)		
	<b>805 938</b>	<b>-</b>	<b>(805 938)</b>	<b>(805 938 190)</b>		

### 63.2 Capital Expenditure determination

Capital	Expenditure	Budget	Difference	Unauthorized Expenditure
	2023 R'000	2023 R'000	2023 R'000	2023 R
Corporate Services	2 145	2 339	194	-
Community Services	7 249	9 715	2 466	-
Economic Development And Planning	435	435	-	-
Engineering Services	74 978	89 482	14 504	-
	<b>84 807</b>	<b>101 971</b>	<b>17 164</b>	<b>-</b>

Capital	Expenditure	Budget	Difference	Unauthorized Expenditure
	2022 R'000	2022 R'000	2022 R'000	2022 R
Corporate Services	3 111	-	(3 111)	(3 111 368)
Community Services	8 978	-	(8 978)	(8 977 669)
Financial Services	19	-	(19)	(19 402)
Engineering Services	66 108	-	(66 108)	(66 108 342)
	<b>78 217</b>	<b>-</b>	<b>(78 217)</b>	<b>(78 216 782)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>64</b>	<b>FRUITLESS AND WASTEFUL EXPENDITURE</b>		
	Opening balance as previously reported	4 465 508	4 465 508
	Add: Expenditure identified - Prior Period	75 000	-
	Less: Amounts repaid - Current	(75 000)	-
	<b>Closing balance</b>	<b>4 465 508</b>	<b>4 465 508</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Payment for the Bulk Filer (HR Archives) not delivered	Under investigation	75 000	-
		<b>75 000</b>	<b>-</b>

### 65 IRREGULAR EXPENDITURE

Opening balance as previously reported	226 813 065	226 162 103
Correction of prior period error	-	2 661 284
<b>Opening balance as restated</b>	<b>226 813 065</b>	<b>228 823 388</b>
Add: Expenditure identified - Current	175 345	70 573 758
Less: Amounts written off - Prior Period	(106 452 560)	(72 584 081)
<b>Closing balance</b>	<b>120 535 850</b>	<b>226 813 065</b>

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

Incident	Disciplinary steps taken/criminal proceedings		
SCM policy section 16- Processes for Written Price Quotations	To be reported to council	4 083	102 546
SCM policy section 17- Competitive bidding processes not followed	To be reported to council	-	485 036
Non-compliance with Section 13(b) and Section 43 of the MSCMR	To be reported to council	-	3 288 086
SCM policy section 13(c)(i): Supplier false declaration of interest	To be reported to council	3 760	413 641
SCM policy section 19- Competitive bidding processes not followed	To be reported to council	167 502	5 338 812

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
SCM policy section 38(1)(g): Cancel a contract awarded to a person	To be reported to council	-	19 633
Non-compliance with Section 46(2) ( e) and (f)	To be reported to council	-	286 487
SCM policy section 29: Composition of the Bid Adjudication Committee	To be reported to council	-	26 257 549
PPR 2017 section 8(2) - Non compliance	As identified by AG during audit -to be reported to council	-	30 812
PPR 2017 section 4,5 & 9 - Non compliance	As identified by AG during audit -to be reported to council	-	35 749
PPR 2018 section 8(2) - Non compliance	As identified by AG during audit -to be reported to council	-	232 458
MFMA Sec 116(3)(a) & MSCMR 38(1)	To be reported to council	-	28 187
	To be reported to council	-	29 086 189
Non-compliance with Section 6(1) and Section 6(6) of the PPR		-	4 968 576
SCM policy section 52(1)(iii)- Contract Implementation	To be reported to council	-	
		<b>175 345</b>	<b>70 573 758</b>

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

#### 66.1 Contributions to organised local government

Opening balance	(2 842 539)	(2 675 320)
Council subscriptions	2 842 539	2 675 320
Amount paid - current	(3 233 163)	(2 842 539)
	<b>(3 233 163)</b>	<b>(2 842 539)</b>

#### 66.2 Audit fees

Current year audit fee	6 190 682	5 529 898
Amount paid - current year	(6 189 175)	(5 529 898)
	<b>1 507</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>66.3</b>	<b>VAT</b>		
VAT receivable		256 270 538	212 583 821
VAT payable		(246 284 151)	(207 929 024)
		<b>9 986 386</b>	<b>4 654 797</b>
Amount paid in relation to VAT for current year		(21 360 441)	(6 499 218)
Amount received in relation to VAT for current year		3 118 009	6 454 096
Amount received in relation to VAT for prior year		5 089 244	3 145 885
All VAT returns have been submitted by the due date throughout the year.			
<b>66.4</b>	<b>PAYE, UIF and SDL</b>		
Current year payroll deductions		44 277 055	42 767 619
Amount paid - current year		(44 277 055)	(42 767 619)
		-	-
<b>66.5</b>	<b>Pension and medical aid deductions</b>		
Current year payroll deductions and council contributions		73 462 496	70 379 780
Amount paid - current year		(73 462 496)	(70 379 780)
		-	-
<b>66.6</b>	<b>Investments as at 30 June:</b>		
	<b>Short Term Investments</b>		
Standard Bank		20 570 562	-
ABSA		10 267 051	-
NedBank		14 334 649	-
		<b>45 172 261</b>	-
	<b>Long Term Investments</b>		
NedBank		-	9 857 448
		-	<b>9 857 448</b>
<b>Total Investments</b>		<b>45 172 261</b>	<b>9 857 448</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R	
<b>66.7 Councillor's arrear consumer accounts</b>			
There was no councillors that had arrear accounts outstanding for more than 90 days during any time during the current and previous financial years.			
	<b>Outstanding less than 90 days R</b>	<b>Outstanding more than 90 days R</b>	<b>Total R</b>
The following councillors had arrear accounts outstanding for more than 90 days: -			
<b>as at 30 June 2023</b>			
Councillor J. Kam Kam	1 369	-	1 369
Councillor D. Swart	13 936	-	13 936
Councillor NT. Seti	1 369	-	1 369
Councillor AR. Olivier	1 454	-	1 454
Councillor MP. Busakwe	1 390	-	1 390
Councillor SE. Gcabayi	1 369	-	1 369
Councillor WJ. Nel	1 504	-	1 504
Councillor NS. Ndayi	1 369	-	1 369
	<b>23 758</b>	<b>-</b>	<b>23 758</b>

### 66.8 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 by the municipal manager and noted by council. The expenses incurred as listed hereunder have been condoned.

Category from SCM policy	Section		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	36(1)(a)(i)	1 787 068	3 182 490
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	207 147	596 806
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	350 958	2 602 858
		<b>2 345 174</b>	<b>6 382 154</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R		
<b>66.9</b>	<b>Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).</b>				
Company	Relation	Name	Designation	Organ of state	Amount
Shelf Plett 40 T/A Isolomzi	Spouse	Yonn LB	SAPS officer	South African police service	12 139 500
Zutari (Pty) Ltd	Spouse	Ahlschlager HC	Legal representative	Special investigating unit	1 936 115
	Sibling	Seegers S	Head of security: architecture	City of Cape Town	
	Spouse	Nadasen K	Director: Key account management	Department of public works	
	Son	Mncube T	Specialist category manager: Supply chain	Airports company South Africa	
Ducharme Asset Management & Accounting (Pty) Ltd	Spouse	Mbekeni L	Administrator	Department of Rural Development	28 980
Ikapa Distribution Network	Daughter	Davids C	Teacher	Western Cape: Department of Education	179 055
Sky High Consulting Engineers	Spouse	Mhlongo T	Administrator	Department of Home Affairs	63 308
SMS ICT Choice	Spouse	Maqula NJ	Administrator	Department of Human Settlement	121 224
Sonqua Consulting	Spouse	Adams BL	Administrator	Department of Health	2 437 815
Furicom (Pty) Ltd	Spouse	Nqolo / Nguza T	IDP coördinator	Bitou Municipality	546 859
Inga & Sihle (Pty) Ltd	Spouse	Pita Z	Traffic Officer	Bitou Municipality	40 253
					<b>17 493 109</b>



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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 67 RELATED PARTIES

#### 67.1 Related party transactions

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

2022

Company	Description	Related name	Relation to company	Relation to official	Name of official	Designation	Organ of state	Amount
Kuaco group	Construction	Mbali M	Director	Brother	Mbali M	Councillor	Bitou municipality	4 339 090
		Mbali M	Director	Wife	Mbali NA	Environmental inspector	Garden route district municipality	
								<b>4 339 090</b>

#### 67.2 Councillors - rates and services billed 01 July 2022 - 30 June 2023

Councillor J. Kam Kam  
 Councillor D. Swart  
 Councillor NT. Seti  
 Councillor AR. Olivier  
 Councillor MP. Busakwe  
 Councillor SE. Gcabayi  
 Councillor WJ. Nel  
 Councillor NS. Ndayi

	Rates and services billed	Outstanding balance as at 30 June 2023
	R	R
	16 423	1 369
	115 458	13 926
	16 423	1 369
	17 027	1 454
	16 445	1 390
	16 423	1 369
	19 924	1 504
	16 423	1 369
	<b>234 544</b>	<b>23 748</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 67.3 Directors - rates and services billed 01 July 2022 - 30 June 2023

Mr. M Memani  
Me MP Mpahlwa  
Mr. MJ Fourie  
Ms A M Paulsen  
Mr L Gericke  
D Friedman  
Mr V W Felton

Rates and services billed	Outstanding balance as at 30 June 2023
R	R
4 451	-
2 278	2 209
55 953	4 237
48 844	-
8 156	4 971
31 923	2 592
2 350	2 350
<b>153 954</b>	<b>16 358</b>

### 67.4 Councillors - rates and services billed 01 July 2021 - 30 June 2022

Councillor J. Kam Kam  
Councillor D. Swart  
Councillor NT. Seti  
Councillor AR. Olivier  
Councillor X. Matyila  
Councillor AS. Windvogel  
Councillor MP. Busakwe  
Councillor SE. Gcabayi  
Councillor WJ. Nel  
Councillor NS. Ndayi  
Councillor PM . Lobese  
Councillor VP . Van Rhyner

Rates and services billed	Outstanding balance as at 30 June 2022
R	R
15 671	1 306
122 039	11 681
10 471	1 306
17 431	1 306
5 224	-
5 255	-
10 447	1 306
15 894	1 306
23 524	1 859
10 543	1 306
11 634	5 630
5 224	-
<b>253 356</b>	<b>27 005</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Rates and services billed	Outstanding balance as at 30 June 2022
	R	R
<b>67.5 Directors - rates and services billed 01 July 2021 - 30 June 2022</b>		
Adv. LMR Ngoqo	35 794	-
M Memani	2 010	503
Mr M Dyushu	6 655	3 584
Me MP Mpahlwa	14 774	234
MJ Fourie	13 652	-
Mr L Gericke	32 378	43 736
	<b>105 263</b>	<b>48 057</b>

The remuneration of key management and councillors can be found on notes 45 & 46.

## 68 FINANCIAL RISK MANAGEMENT

### 68.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipalities treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 future commitments and credit facilities.

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 maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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 difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash. The liability could not be financed by raising a loan and thus the municipality is depended on cash reserves as a resource to finance the future expenditure.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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 evident of the contractual obligations the municipality has because the landfill site is closed and is in the de-commissioning phase, which already started of which the cost and future cost would be allocated to the landfill provision.

### At 30 June 2023

Long-term liabilities  
Financial lease obligation  
Trade and other payables  
Unspent conditional grant and receipts

	Within 1 year	Between 1 and 5 years	After 5 years
	R	R	R
	29 003 367	81 656 856	34 008 806
	1 272 881	-	-
	70 656 082	-	-
	10 961 022	-	-

### At 30 June 2022

Long-term liabilities  
Financial lease obligation  
Trade and other payables  
Unspent conditional grant and receipts

	Within 1 year	Between 1 and 5 years	After 5 years
	R	R	R
	25 357 752	71 544 733	11 861 312
	5 222 731	1 272 881	-
	57 770 288	-	-
	3 258 200	-	-

## 68.2 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 high quality credit standing and limits exposure to any one counter-party.

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 sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavours to collect such accounts by 'levying of penalty charges', 'demand for payment', 'restriction of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of council's credit control and debt collection policy.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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 year end which defaulted on their credit terms.

Balance past due not impaired:

### Non-exchange receivables

Rates  
Traffic fines  
Sundries

	2023 %	2023 R	2022 %	2022 R
Rates	74.50%	21 218 924	57.23%	11 879 839
Traffic fines	24.93%	7 100 819	40.49%	8 405 559
Sundries	0.57%	162 551	2.28%	473 084
		<b>28 482 294</b>		<b>20 758 482</b>

### Exchange receivables

Electricity  
Sundries

	2023 %	2023 R	2022 %	2022 R
Electricity	44.32%	3 753 543	20.79%	831 527
Sundries	55.68%	4 716 053	79.21%	3 167 941
		<b>8 469 596</b>		<b>3 999 468</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 overdue balances are included at prime lending rate plus 1% where applicable.

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

### Non-exchange receivables

Rates  
Traffic fines

	2023 %	2023 R	2022 %	2022 R
Rates	27.84%	32 909 401	29.85%	32 013 485
Traffic fines	72.16%	85 311 453	70.15%	75 240 158
		<b>118 220 854</b>		<b>107 253 642</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### Exchange Receivables

	2023 %	2023 R	2022 %	2022 R
Electricity	3.58%	8 046 095	4.87%	10 187 874
Water	31.55%	70 843 486	29.83%	62 472 434
Waste water	39.04%	87 655 248	40.14%	84 062 591
Refuse removal	23.05%	51 753 124	22.71%	47 558 460
Housing rentals	0.43%	968 731	0.42%	884 670
Sundries	2.35%	5 267 802	2.02%	4 232 436
		<b>224 534 487</b>		<b>209 398 465</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 9 857 448 was held as security for a loan raised with DBSA. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

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 required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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 no expectation of counter party default.

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

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

	2023 R	2022 R
Receivables from exchange transactions	49 402 559	37 663 147
Receivables from non-exchange transactions	36 665 684	33 485 360
Current investments	-	9 857 448
Long-term receivables	-	1 093
Cash and cash equivalents	95 078 061	48 627 266
	<b>181 146 304</b>	<b>129 634 314</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 68.3 Interest rate risk

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 current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

#### Sensitivity analysis

1% (2022: 1%) Increase in interest rates

1% (2022: 1%) Decrease in interest rates

	2023	2022
	R	R
1% (2022: 1%) Increase in interest rates	(354 553)	(609 933)
1% (2022: 1%) Decrease in interest rates	354 553	609 933

### 68.4 Foreign exchange risk

The municipality does not engage in foreign exchange transactions.

### 68.5 Price risk

The municipality is not exposed to price risk.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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### 69 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as

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

#### 69.1 Financial assets (at amortised cost)

Current portion of long-term receivables	-	1 093
Unpaid conditional grants	27 968 070	15 590 971
Current investments	-	9 857 448
Receivables from exchange transactions	49 402 559	37 663 147
Other receivables from non-exchange	19 108 106	11 822 210
Cash and cash equivalents	95 078 061	48 627 266
	<b>191 556 795</b>	<b>123 562 135</b>

#### 69.2 Accumulated surplus / (deficit)

Long-term borrowings	82 546 469	65 547 008
Current portion of long-term borrowings	18 279 782	16 979 655
Finance lease liabilities	-	1 250 915
Current portion finance lease liabilities	1 250 915	4 848 632
Unspent conditional grants	10 961 022	3 258 200
Trade and other payables from exchange transactions	94 872 529	80 993 804
	<b>207 910 718</b>	<b>172 878 214</b>

### 70 STATUTORY RECEIVABLES

In accordance with the principles of GRAP108, statutory receivables are classified as follows:

VAT receivable	9 986 386	4 654 797
Consumer debtors - rates (non-exchange)	21 876 607	20 327 989
Fines (non-exchange)	11 062 718	11 334 909
	<b>42 925 712</b>	<b>36 317 695</b>

### 71 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

Expenditure for PPE	-	417 291
Fogging / disinfecting offices	-	103 073
	-	<b>520 363</b>

### 72 IN-KIND DONATIONS AND ASSISTANCE

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



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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### 73 PRIVATE PUBLIC PARTNERSHIPS

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

### 74 CAPITAL COMMITMENTS

#### 74.1 Authorised capital expenditure

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

SCM/2023/37/ENG	3 087 063	-
SCM/2023/41/ENG	509 575	-
SCM/2023/44/ENG	6 064 939	-
SCM/2023/49/COMM	531 165	-
SCM/2023/57/ENG	4 587 685	-
	<b>14 780 426</b>	<b>-</b>

##### Total capital commitments

Already contracted for but not provided for	14 780 426	-
	<b>14 780 426</b>	<b>-</b>

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

#### 74.2 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	2 735 832	1 213 334
- in second to fifth year inclusive	10 092 636	45 000
	<b>12 828 468</b>	<b>1 258 334</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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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### 74.3 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	652 195	860 628
- in second to fifth year inclusive	49 968	702 160
-later than five years	25	27
	<b>702 187</b>	<b>1 562 815</b>

### 75 ACCOUNTING BY PRINCIPALS AND AGENTS

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

#### 75.1 Municipality as agent

##### 75.1.1 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.

##### 75.1.2 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.

##### 75.1.3 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 2 500 851 (2022: R 2 422 886).

##### 75.1.4 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 Liabilities incurred, have a net effect of R 69 060 that is still owed to the municipality and will be paid over by the department of transport in the new financial year.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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### 75.1.5 Additional information

#### 75.1.5.1 Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-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	16 141 300	15 799 041
	<b>16 141 300</b>	<b>15 799 041</b>

#### 75.1.5.2 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	64 301	(270 313)
Revenue received on behalf of the principal	16 141 300	15 799 041
Amounts transferred to the principal	(16 136 541)	(15 464 426)
	<b>69 060</b>	<b>64 301</b>

##### All Categories

Opening balance	64 301	(270 313)
Revenue received on behalf of the principal	16 141 300	15 799 041
Amounts transferred to the principal	(16 136 541)	(15 464 426)
	<b>69 060</b>	<b>64 301</b>

### 75.2 Municipality as Principle

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

The municipality appointed TMT and Utilities world as agents to collect revenue on its behalf. TMT receives a fixed amount per fine closed and Utilities world receives a percentage of Electricity sales

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

No resources are under the agents custodianship .

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>75.2.3 Fees Paid</b>			
<b>Fee paid as compensation to the agent</b>			
TMT		2 905 645	1 257 197
Utilities World		1 217 333	1 281 053
		<b>4 122 978</b>	<b>2 538 250</b>

### 75.2.4 Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No implication on the Municipality as no new service provider will be appointed

### 76 GOING CONCERN

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.

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 1 121 973 015 and that the municipality's total assets exceed its liabilities by R 1 151 923 015.

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.

The possible outflow of resources due to contingent liabilities is disclosed in note 80

### 77 LIVING AND NON-LIVING RESOURCES

The municipality has no living resources under its control

The non-living resources that the municipality have right to use via license agreements are rivers and boreholes, however a value cannot be determined since it is rivers and boreholes that is not disturbed in its natural state.

### 78 BBBEE PERFORMANCE

Information on compliance with the B-BBEE act is included in the annual report under the section titled B-BBEE compliance performance information.

### 79 EVENTS AFTER THE REPORTING DATE

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.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
<b>80</b>	<b>CONTINGENT LIABILITIES</b>		
		<b>2023 R</b>	<b>2022 R</b>
	<b>Sugar Sweet Props 26 (Pty)Ltd</b>	150 000	-
	Town planning matter, concerning the proclamation of an access road and related matters		
	<b>Teniqua Wildfire rehabilitation and awareness</b>	286 400	286 400
	The Plaintiff issued summons against Bitou Local 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.		
	<b>Proudafrique 0004 t/a Powerhouse</b>	600 000	-
	The company claimed monies for the work performed during the coalition strategic session held in 2016 between AUF and DA. Bitou has filed an opposition to defend the matter.		
	<b>Johann Victor</b>	100 000	-
	This matter involves the enforcement of the river by-law, which the applicant sued the municipality after he was arrested by the law enforcement for the contravention of the river by-law		
	<b>South African Revenue Services - Library Grant</b>	-	-
	Due to the issue around the VAT treatment on Grant allocations for Library Services that was raised by SARS, the municipality will disclose the matter as a contingent liability until such time that clarity is obtained. The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities, the municipality is not assigned a Library function in terms of the Constitution, and is also not acting formally in terms of an SLA as agent of the Province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from Government, the amount of the obligation cannot be measured as it is currently unknown.		
	<b>Total</b>	<b>1 136 400</b>	<b>286 400</b>
<b>81</b>	<b>CONTINGENT ASSETS</b>		
		<b>2023 R</b>	<b>2022 R</b>
	<b>CANCOM vs Bitou municipality and others</b>	5 500 000	5 500 000
	Bitou Local 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>5 500 000</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
<b>82</b>	<b>EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES</b>				
<b>82.1</b>	<b>Disclosure in terms of GRAP 24 par 38 &amp; 42</b>				
	The Approved budget was prepared on the accrual accounting basis. The classification basis used was the mSCOA classification method.				
	The Approved budget was prepared on the 3 year MTREF basis as prescribed by National treasury.				
<b>82.2</b>	<b>Comparable Basis</b>				
	Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.				
	The following items are affected by these classification differences:				
<b>82.2.1</b>	<b>Statement of financial position</b>				
<b>82.2.1.1</b>	<b>Current assets</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Cash	49 906	Cash and cash equivalents	95 078	-
	Call investment deposits	45 172	Current investments	-	-
	Consumer debtors	68 450	Receivables from exchange transactions	49 403	215 533
	Other debtors	271 252	Receivables from non-exchange transactions	36 666	
			VAT receivable	9 986	
			Operating lease asset	155	
			Unpaid conditional grants	27 968	
	Current portion of long-term receivables	9	Current portion of long-term receivables	-	
	Inventory	15 357	Inventories	15 357	-
		<b>450 146</b>		<b>234 613</b>	<b>215 533</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No		Explanation on material differences		
	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
<b>82.2.1.2</b>	<b>Non current assets</b>			
	Investment property	Investment property	12 692	-
	Property, plant and equipment	Property, plant and equipment	1 242 619	-
	Other non-current assets	Heritage assets	35	-
	<b>1 255 346</b>		<b>1 255 346</b>	<b>-</b>
<b>82.2.1.3</b>	<b>Current liabilities</b>			
	Borrowing	Current portion of long-term borrowings	18 280	-
		Current portion finance lease liabilities	1 251	
	Consumer deposits	Consumer deposits	10 793	-
	Trade and other payables	Trade and other payables from exchange transactions	94 873	215 533
		Unspent conditional grants	10 961	
	Provisions	Current employee benefit obligation	37 759	-
		Current provisions	1 826	
	<b>391 275</b>		<b>175 742</b>	<b>215 533</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No		Explanation on material differences		
	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
82.2.1.4	<b>Non current liabilities</b>			
	Borrowing	Current Assets - Operating lease liability	218	-
		Long-term borrowings	82 546	
	Provisions	Employee benefit obligation	79 529	-
	<b>162 293</b>		<b>162 293</b>	<b>-</b>
82.2.1.5	<b>Net Assets</b>			
	Accumulated surplus	Accumulated surplus	1 121 973	-
	Reserves	Reserves	29 950	-
	<b>1 151 923</b>		<b>1 151 923</b>	<b>-</b>



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30 Nov 2023



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

82.2.2	Ref No	Explanation on material differences			
82.2.2.1	Statement of financial performance	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Revenue By Source				
	Property rates	151 445	Property rates	151 445	-
	Service charges - electricity revenue	212 266	Service charges (Exchange)	405 638	-
	Service charges - water revenue	86 449			
	Service charges - sanitation revenue	78 406			
	Service charges - refuse revenue	45 502	Availability charges (Non-Exchange)	16 984	-
	Rental of facilities and equipment	1 124	Rental of facilities and equipment	1 124	-
	Interest earned - external investments	8 035	Interest earned - cash and investments	8 035	-
	Interest earned - outstanding debtors	21 362	Interest charged (trading)	17 120	-
			Interest charged on non-exchange transactions	4 242	
	Fines, penalties and forfeits	46 722	Fines, penalties and forfeits	46 722	-
	Licences and permits	1 196	Licences and permits	1 196	-
	Agency services	2 501	Agency services	2 501	-
	Transfers and subsidies: Operational - Operational	155 970	Government grants & subsidies - monetary	192 537	(36 567)
	Other revenue	10 550	Sale of goods	58	-
			Rendering of services	6 809	
			Operational revenue	3 683	
	Gains	18 452	Gain on disposal of assets and liabilities	454	(13)
			Actuarial gains	18 011	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>839 979</b>		<b>876 559</b>	<b>(36 580)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
82.2.2.2	Expenditure By Type	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Employee related costs	286 329	Employee related costs	287 508	(1 179)
	Remuneration of councillors	6 721	Remuneration of councillors	6 721	-
	Debt impairment	117 568	Impairment	28 623	-
			Bad debts written off	88 945	-
	Depreciation & asset impairment	36 393	Depreciation and amortization	36 393	-
	Finance charges	19 740	Finance costs	19 740	-
	Bulk purchases	162 599	Bulk purchases	163 818	(1 219)
	Inventory Consumed	15 349	Inventory consumed	14 131	1 219
	Contracted services	72 886	Contracted services	72 886	-
	Transfers and subsidies	5 626	Transfers and subsidies	5 626	-
	Other expenditure	72 058	Operating leases	4 017	1 179
			Operational cost	66 862	-
	Losses	1 524	Loss on disposal of assets and liabilities	1 528	(13)
			Water losses	0	-
			Inventories Losses / Write-Downs	9	-
	<b>Total expenditure</b>	<b>796 794</b>		<b>796 807</b>	<b>(13)</b>
82.2.2.3	<b>Transfers and Subsidies - Capital</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 567	Included under Transfers and Subsidies	-	36 567
	<b>Surplus after capital transfers &amp; contributions</b>	<b>36 567</b>		<b>-</b>	<b>36 567</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
<b>82.2.3</b>	<b>Cash flow statement</b>				
<b>82.2.3.1</b>	<b>Cash Flow from Operating Activities</b>				
<b>82.2.3.1.1</b>	<b>Receipts</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Property rates	149 399	Taxes, levies and fines	162 102	
	Service charges	353 211	Goods and services provided	357 153	-
	Other revenue	16 645	Other cash item	-	
	Transfers and Subsidies - Operational	136 528	Government grants	189 257	
	Transfers and Subsidies - Capital	51 322	Payments / Government grants repaid	(1 407)	-
	Interest	11 407	Interest income	11 407	-
		<b>718 512</b>		<b>718 512</b>	<b>-</b>
<b>82.2.3.1.2</b>	<b>Payments</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Suppliers and employees	(597 561)	Suppliers for goods and services	(304 539)	
			Employees	(286 301)	-
			Remuneration of councillors	(6 721)	
	Finance charges	(8 776)	Finance cost	(8 776)	-
	Transfers and Grants	(5 626)	Transfers and grants	(5 626)	-
		<b>(611 962)</b>		<b>(611 962)</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No

Explanation on material differences

### 82.2.3.2 Cash Flow from Investing Activities

82.2.3.2.1	Receipts	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Proceeds on disposal of PPE	454	Proceeds from sale of biological assets that form part of an agricultural	-	-
			Proceeds from sale of property, plant and equipment	454	-
	Decrease (increase) in non-current receivables	1	Movement in non-current receivables	1	-
	Decrease (increase) in non-current investments	9 857	Movement in non-current investments	9 857	-
		<b>10 312</b>		<b>10 312</b>	<b>-</b>

82.2.3.2.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Capital assets	(84 807)	Purchase of biological assets that form part of an agricultural activity	-	-
			Purchase of property, plant and equipment	(84 807)	-
		<b>(84 807)</b>		<b>(84 807)</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
<b>82.2.3.3 Cash Flow from Financing Activities</b>					
<b>82.2.3.3.1</b>	<b>Receipts</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Borrowing long term/refinancing	35 255	Proceeds from long-term borrowings	35 255	-
	Increase (decrease) in consumer deposits	945	CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits	1 287	-
			CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits	(341)	
		<b>36 201</b>		<b>36 201</b>	<b>-</b>
<b>82.2.3.3.2</b>	<b>Payments</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Performance R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>
	Repayment of borrowing	(21 804)	Repayment of long-term borrowings	(16 956)	-
			Repayment of finance leases	(4 849)	
		<b>(21 804)</b>		<b>(21 804)</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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Ref No	Explanation on material differences
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### 82.3 Material differences between original budget and final budget

#### 82.3.1 Statement of financial position

##### 82.3.1.1 Current assets

Cash	A1	Decrease in cash is due to the under-performance of Revenue, based on this, the Municipality had to adjust the budget downward
Call investment deposits	A2	Decrease in the Investment was due to the lack of revenue received to be utilised for investments, thus we had to adjust the investments downwards because anticipated revenue targets were not met.
Consumer debtors	A3	Decrease is due to the under-performance of revenue targets and subsequently the debtors needed to be adjusted downward
Other debtors	A4	Increase is due to the Opening Balance that were not captured as part of the Budget submission and was included after the Audit concluded

##### 82.3.1.2 Non current assets

Investments	B2	Investments Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Investment property	B2	Investment Property Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Property, plant and equipment	B3	Property, Plant and Equipment's Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded

##### 82.3.1.3 Current liabilities

Trade and other payables	C2	Trade and other Payables Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Provisions	C3	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the Audit was concluded

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>82.3.1.4 Non current liabilities</b>		
Provisions	D2	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the Audit was concluded
<b>82.3.1.5 Net assets</b>		
Accumulated surplus	E1	Surplus was adjusted to incorporate the actual Opening balances after audit and movement
Reserves	E2	Reserves were adjusted as per the Audited Financial Statements and calculation done according to the reserve policy
<b>82.3.2 Statement of financial performance</b>		
<b>82.3.2.1 Revenue</b>		
<b>82.3.2.1.1 Revenue By Source</b>		
Fines, penalties and forfeits	F2	Difference is due to the late appointment of the service provider for traffic violations prosecution, we have anticipated that not all revenue initially budgeted will be collected by the end of the financial year. It was thus necessary to adjust the revenue downward by R10 Million for the financial year.
Transfers and subsidies: Operational	F3	Transfers and Subsidies (Operating) increased due to the approved Roll-over applications as well as additional funding received.
<b>82.3.2.2 Expenditure By Type</b>		
Debt impairment	G2	Due to the decrease in revenue, we anticipate an increase in our consumers not being able to pay their accounts. Based on this and past experience, we have adjusted the figure upwards
Bulk purchases	G4	NERSA has indicated a 18.65% increase in electricity tariffs which resulted in an adjustment to our Bulk Purchases from ESKOM. Looking at the previous years actuals and taking the percentage increase into account, it was necessary to adjust the expenditure in respect of bulk purchases

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>82.3.3 Cash flow statement</b>		
<b>82.3.3.1 Cash flows from operating activities</b>		
<b>82.3.3.1.1 Receipts</b>		
Property rates	J1	Property rates decreased due to the an under-estimation of the effect of the R350,000 valuation rebate applied to all ratepayers for the financial year
Service charges	J2	Decrease is due to various adjustment done, including Electricity and Sanitation that got adjusted downward
Other revenue	J3	Decrease is due to various adjustment done, including fines penalties and Forfeits that got adjusted downward
Transfers and Subsidies - Operational	J4	Adjustment due to additional funding received as per roll-over outcomes
<b>82.3.3.1.2 Payments</b>		
Suppliers and employees	J5	The adjustment was due to additional funding of positions and the increase in overtime, standby and acting allowance
<b>82.3.3.2 Cash flows from financing activities</b>		
<b>82.3.3.2.1 Receipts</b>		
Borrowing long term/refinancing	L1	The increase is due to the Long term loan that was taken up by the Municipality and subsequently budgeted for
<b>82.3.3.3 Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalent at the beginning of the year	K1	Cash decrease is due to the decrease in the anticipated revenue and investment that was under performing causing the subsequent decrease in cash and cash equivalents



# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>82.4</b>		<b>Material differences between final budget and actuals</b>
<b>82.4.1</b>		<b>Statement of financial position</b>
<b>82.4.1.1</b>		<b>Current assets</b>
Cash	A1	Difference can be attributed to the underspending on certain projects coupled with a more conservative approach to procurement
Call investment deposits	A2	Investments consists of a portion relating to grant funding and the rest is due to underspending on certain projects
Consumer debtors	A3	Decrease is due to the under-performance of revenue targets and subsequently there will be a negative effect on the debtors
Other debtors	A4	This is mainly due to the unpaid grant from the provincial housing department.
<b>82.4.1.2</b>		<b>Non current assets</b>
Investments	B1	Investment was matured
Property, plant and equipment	B3	Decrease is due to under spending on capital related projects and some projects not commencing
<b>82.4.1.3</b>		<b>Current liabilities</b>
Borrowing	C1	Difference is due to the current portion not being budgeted for separately. This has now been corrected
Trade and other payables	C2	Difference is due to an increase in Retentions and Trade Payables
Provisions	C3	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the previous Audit was concluded
<b>82.4.1.4</b>		<b>Non current liabilities</b>
Borrowing	D1	Difference is due to the current portion not being budgeted for separately. This has now been corrected
Provisions	D2	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the previous Audit was concluded
<b>82.4.1.5</b>		<b>Net Assets</b>
Accumulated surplus	E1	The increase is due to underspending on projects and an over-performance of fines and other revenue items
Reserves	E2	Reserves were adjusted as per the Audited Financial Statements and calculation done according to the reserve policy



# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>82.4.2</b>		<b>Statement of financial performance</b>
<b>82.4.2.1</b>		<b>Revenue</b>
<b>82.4.2.1.1</b>		<b>Revenue By Source</b>
Service charges - electricity revenue	F1	Electricity revenue is influenced by fluctuating consumption during peak and off-peak periods, the performance improved as we entered the colder season.
Fines, penalties and forfeits	F2	This revenue source is overperforming after the downward adjustment which means a concerted effort was made to increase this source of revenue. Final income recognition was done and thus increased the total revenue
Transfers and subsidies: Operational	F3	Transfers and Subsidies (Operating) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.
Gains	F4	The increase is due to the actuarial outcome and cannot be estimated upon initial budgeting
<b>82.4.2.1.2</b>		<b>Expenditure By Type</b>
Employee related costs	G1	The main factor contributing to the under-spending remains the vacant positions that have not been filled to date coupled with the year-end post retirement and employee benefits gains/ losses that previously formed part of employee related costs
Finance charges	G3	Increase is due to Employee obligations interest cost being accounted for now under Finance Costs
Bulk purchases	G4	Anticipated consumption was not met due to prolonged loadshedding, thus the municipality over provided for this item
Contracted services	G5	Underspending is due to the late start to the procurement plan as a result of the judgement reading the preferential points.
Other expenditure	G6	Underspending is due to the late start to the procurement plan as a result of the judgement reading the preferential points.
<b>82.4.3.4.3</b>		<b>Capital Funding</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and	H1	Transfers and Subsidies (Capital) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>82.4.4</b>		<b>Cash flow statement</b>
<b>82.4.4.1</b>		<b>Cash flows from operating activities</b>
<b>82.4.4.1.1</b>		<b>Receipts</b>
Property rates	J1	There was an overperformance due to the collection rate not taken into account during the amendment budget period
Service charges	J2	Under performance is due to final bad debts being written off as part of the year end processes
Other revenue	J3	Difference is due to fines penalties and Forfeits as well as other revenue items that are overperforming
Transfers and Subsidies - Operational	J4	Transfers and Subsidies (Operating) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.
<b>82.4.4.2</b>		<b>Cash flows from investing activities</b>
<b>82.4.4.2.1</b>		<b>Receipts</b>
Decrease (increase) in non-current	K1	The ceded investment matured.
<b>82.4.4.2.2</b>		<b>Payments</b>
Capital assets	K2	Transfers and Subsidies (Capital) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 83 SEGMENTAL REPORTING

#### 83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	41 353 150
Rendering of services	-	-	-	1 222 293
Rental of facilities and equipment	-	830 884	-	292 784
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	65 364	-	3 598 356
Agency services Accumulated surplus / (deficit)	-	-	-	2 500 851
Licences and permits	-	8 956	-	1 186 802
Operational revenue	18 417	361 292	4 966	1 094 407
Gain on disposal of assets and liabilities	-	-	-	-
Actuarial gains	-	1 384 959	3 014 531	6 444 903
<b>Total revenue from exchange transactions</b>	<b>18 417</b>	<b>2 651 456</b>	<b>3 019 497</b>	<b>57 693 546</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	4 148 853
Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	-	129 019 000	670 558	22 865 693
Fines, penalties and forfeits	-	-	-	43 881 656
<b>Total revenue from non-exchange transactions</b>	<b>-</b>	<b>129 019 000</b>	<b>670 558</b>	<b>70 896 202</b>
<b>Total revenue</b>	<b>18 417</b>	<b>131 670 456</b>	<b>3 690 055</b>	<b>128 589 748</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 83 SEGMENTAL REPORTING

#### 83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
<b>EXPENDITURE</b>				
Employee Related Costs	-	23 502 718	30 631 392	116 174 437
Remuneration of councillors	6 721 149	-	-	-
Depreciation and amortization	55 705	150 106	832 817	7 885 705
Impairment	-	-	-	9 570 159
Finance costs	-	767 454	2 672 419	6 024 583
Operating leases	-	-	199 547	3 797 523
Bad debts written off	-	259 496	-	39 942 758
Bulk purchases	-	-	-	-
Contracted services	51 376	1 360 774	4 111 577	38 154 563
Transfers and subsidies	-	1 698 592	-	285 000
Inventory Consumed	122 646	29 955	386 625	4 320 707
Operational Cost	1 120 827	462 777	19 281 627	20 708 222
Loss on disposal of assets and liabilities	638	1 149	78 549	176 428
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
<b>Total expenditure</b>	<b>8 072 341</b>	<b>28 233 020</b>	<b>58 194 552</b>	<b>247 040 086</b>
<b>Surplus / (deficit) for the year</b>	<b>(8 053 924)</b>	<b>103 437 436</b>	<b>(54 504 497)</b>	<b>(118 450 338)</b>



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# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

### 83 SEGMENTAL REPORTING

#### 83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	57 565	-	57 565
Service charges (Exchange)	-	-	364 285 010	405 638 160
Rendering of services	5 374 717	212 430	-	6 809 439
Rental of facilities and equipment	-	-	-	1 123 668
Interest earned - cash and investments	-	8 034 704	-	8 034 704
Interest charged (trading)	-	-	13 455 790	17 119 510
Agency services Accumulated surplus / (deficit)	-	-	-	2 500 851
Licences and permits	-	-	-	1 195 759
Operational revenue	-	414 539	1 789 503	3 683 125
Gain on disposal of assets and liabilities	-	78 957	374 913	453 870
Actuarial gains	1 036 954	2 182 093	3 947 924	18 011 364
<b>Total revenue from exchange transactions</b>	<b>6 411 671</b>	<b>10 980 288</b>	<b>383 853 140</b>	<b>464 628 015</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	151 444 708	-	151 444 708
Availability charges (Non-Exchange)	-	-	12 835 453	16 984 306
Interest charged on non-exchange transactions	-	4 242 192	-	4 242 192
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	3 127 001	1 476 886	35 377 795	192 536 933
Fines, penalties and forfeits	-	2 840 702	-	46 722 358
<b>Total revenue from non-exchange transactions</b>	<b>3 127 001</b>	<b>160 004 488</b>	<b>48 213 247</b>	<b>411 930 496</b>
<b>Total revenue</b>	<b>9 538 672</b>	<b>170 984 776</b>	<b>432 066 388</b>	<b>876 558 511</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

### 83 SEGMENTAL REPORTING

#### 83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

#### EXPENDITURE

	<b>Economic Development and Planning R</b>	<b>Financial Services R</b>	<b>Engineering Services R</b>	<b>Total R</b>
Employee Related Costs	17 653 060	29 129 281	70 417 478	287 508 367
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	85 709	514 645	26 868 680	36 393 366
Impairment	-	895 916	18 156 581	28 622 656
Finance costs	574 612	1 209 173	8 492 226	19 740 467
Operating leases	-	-	19 796	4 016 866
Bad debts written off	-	1 748 335	46 994 386	88 944 975
Bulk purchases	-	-	163 817 892	163 817 892
Contracted services	379 483	2 064 465	26 763 848	72 886 087
Transfers and subsidies	3 400 000	242 239	-	5 625 831
Inventory Consumed	46 901	188 003	9 035 817	14 130 654
Operational Cost	152 321	11 100 152	14 035 818	66 861 745
Loss on disposal of assets and liabilities	1 646	922	1 268 889	1 528 219
Water losses	-	-	1	1
Inventories Losses / Write-Downs	-	8 628	-	8 628
<b>Total expenditure</b>	<b>22 293 732</b>	<b>47 101 759</b>	<b>385 871 413</b>	<b>796 806 903</b>
<b>Surplus / (deficit) for the year</b>	<b>(12 755 060)</b>	<b>123 883 017</b>	<b>46 194 975</b>	<b>79 751 608</b>



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# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

83.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	33 439 158
Rendering of services	-	-	-	1 171 359
Rental of facilities and equipment	-	866 435	-	416 284
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	50 718	-	2 462 772
Agency services	-	-	-	2 422 886
Licences and permits	-	-	-	1 091 085
Operational revenue	-	367 547	1	692 046
Actuarial gains	-	-	7 205 340	-
Inventories Increase To Net Realisable Value	-	-	-	-
<b>Total revenue from exchange transactions</b>	<b>-</b>	<b>1 284 699</b>	<b>7 205 341</b>	<b>41 695 591</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	4 014 880
Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	2 918 000	46 885 050	276 057	36 008 899
Public Contributions and Donations	-	-	-	-
Fines, penalties and forfeits	-	-	-	52 377 475
Contributed Assets	-	-	-	325 150
<b>Total revenue from non-exchange transactions</b>	<b>2 918 000</b>	<b>46 885 050</b>	<b>276 057</b>	<b>92 726 404</b>
<b>Total revenue</b>	<b>2 918 000</b>	<b>48 169 749</b>	<b>7 481 398</b>	<b>134 421 995</b>



# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>SEGMENTAL OF STATEMENT OF FINANCIAL</b>				
<b>83.02</b>	<b>PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022</b>			
	<b>Council</b>	<b>Office of the Municipal Manager</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>EXPENDITURE</b>				
Employee Related Costs	77 230	20 429 213	27 436 958	113 543 224
Remuneration of councillors	6 197 993	-	-	-
Depreciation and amortization	49 465	62 567	744 605	7 130 124
Impairment	-	-	-	34 224 210
Finance costs	-	-	8 181 000	3 364 456
Operating leases	271 910	-	561 881	3 398 287
Bad debts written off	-	-	-	24 582 491
Bulk purchases	-	-	-	-
Contracted services	91 756	1 273 197	17 416 310	43 369 808
Transfers and subsidies	-	877 545	-	249 647
Inventory Consumed	100 864	59 295	457 693	4 378 915
Operational Cost	1 027 514	605 656	18 544 520	11 839 480
Loss on disposal of assets and liabilities	1 749	5 673	59 521	139 353
Actuarial losses	-	-	430 473	-
Water losses	-	-	-	-
<b>Total expenditure</b>	<b>7 818 482</b>	<b>23 313 146</b>	<b>73 832 960</b>	<b>246 219 996</b>
<b>Surplus / (deficit) for the year</b>	<b>(4 900 482)</b>	<b>24 856 604</b>	<b>(66 351 563)</b>	<b>(111 798 000)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

83.02	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
	Sale of goods	-	182 276	-	182 276
	Service charges (Exchange)	-	-	363 907 859	397 347 017
	Rendering of services	5 219 781	217 340	3 500	6 611 981
	Rental of facilities and equipment	-	-	-	1 282 720
	Interest earned - cash and investments	-	3 746 776	-	3 746 776
	Interest charged (trading)	-	-	9 617 311	12 130 801
	Agency services	-	-	-	2 422 886
	Licences and permits	-	-	-	1 091 085
	Operational revenue	3 000	546 863	2 035 010	3 644 467
	Actuarial gains	-	-	-	7 205 340
	Inventories Increase To Net Realisable Value	-	1 089	-	1 089
	<b>Total revenue from exchange transactions</b>	<b>5 222 781</b>	<b>4 694 344</b>	<b>375 563 680</b>	<b>435 666 438</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
	Property rates	-	157 193 635	-	157 193 635
	Availability charges (Non-Exchange)	-	-	12 316 769	16 331 649
	Interest charged on non-exchange transactions	-	2 646 549	-	2 646 549
<b>Transfer revenue</b>					
	Government grants & subsidies - monetary	13 972 948	12 453 500	78 120 095	190 634 549
	Public Contributions and Donations	498 469	-	-	498 469
	Fines, penalties and forfeits	-	1 607 837	445 150	54 430 462
	Contributed Assets	-	-	-	325 150
	<b>Total revenue from non-exchange transactions</b>	<b>14 471 418</b>	<b>173 901 521</b>	<b>90 882 013</b>	<b>422 060 463</b>
	<b>Total revenue</b>	<b>19 694 199</b>	<b>178 595 865</b>	<b>466 445 693</b>	<b>857 726 900</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

83.02	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
<b>EXPENDITURE</b>					
	Employee Related Costs	16 003 449	31 090 163	68 077 180	276 657 416
	Remuneration of councillors	-	-	-	6 197 993
	Depreciation and amortization	64 090	955 099	26 500 790	35 506 740
	Impairment	-	(6 171 116)	5 088 048	33 141 143
	Finance costs	-	-	7 737 753	19 283 209
	Operating leases	-	-	91 150	4 323 228
	Bad debts written off	-	475 187	68 677 256	93 734 933
	Bulk purchases	-	-	160 337 958	160 337 958
	Contracted services	763 453	2 070 860	37 768 796	102 754 180
	Transfers and subsidies	3 400 000	-	-	4 527 192
	Inventory Consumed	64 139	301 801	8 965 344	14 328 052
	Operational Cost	3 382 159	9 928 716	7 686 403	53 014 447
	Loss on disposal of assets and liabilities	97	22 535	1 472 296	1 701 224
	Actuarial losses	-	-	-	430 473
	Water losses	-	-	2	2
	<b>Total expenditure</b>	<b>23 677 387</b>	<b>38 673 244</b>	<b>392 402 975</b>	<b>805 938 190</b>
	<b>Surplus / (deficit) for the year</b>	<b>(3 983 188)</b>	<b>139 922 621</b>	<b>74 042 718</b>	<b>51 788 710</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Community and Social Services R</b>	<b>Energy Sources R</b>	<b>Environmental Protection R</b>	<b>Executive and Council R</b>
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	210 201 356	-	-
Rendering of services	38 245	-	-	-
Rental of facilities and equipment	67 673	-	-	830 884
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	1 159 916	-	65 364
Agency services	-	-	-	-
Licences and permits	-	-	-	8 956
Operational revenue	1 898	229 348	-	379 709
Gain on disposal of assets and liabilities	-	374 913	-	-
Actuarial gains	1 339 904	1 055 615	-	969 707
<b>Total revenue from exchange transactions</b>	<b>1 447 720</b>	<b>213 021 148</b>	<b>-</b>	<b>2 254 620</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	2 064 215	-	-
Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	11 867 000	9 305 648	-	129 019 000
Fines, penalties and forfeits	3 311	-	-	-
<b>Total revenue from non-exchange transactions</b>	<b>11 870 311</b>	<b>11 369 862</b>	<b>-</b>	<b>129 019 000</b>
<b>Total revenue</b>	<b>13 318 031</b>	<b>224 391 010</b>	<b>-</b>	<b>131 273 620</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Community and Social Services</b>	<b>Energy Sources</b>	<b>Environmental Protection</b>	<b>Executive and Council</b>
<b>EXPENDITURE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Employee Related Costs	20 244 396	22 474 666	-	16 021 362
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	1 364 954	4 868 738	-	220 236
Impairment	-	(1 567 220)	-	-
Finance costs	1 104 842	2 712 445	-	537 348
Operating leases	380 632	19 796	-	-
Bad debts written off	-	1 527 942	-	259 496
Bulk purchases	-	162 599 090	-	-
Contracted services	3 679 558	5 364 171	-	1 065 400
Transfers and subsidies	285 000	-	-	1 698 592
Inventory Consumed	470 132	2 985 396	-	227 637
Operational Cost	1 003 490	5 326 693	-	1 893 258
Loss on disposal of assets and liabilities	11 048	16 195	-	1 786
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
<b>Total expenditure</b>	<b>28 544 052</b>	<b>206 327 911</b>	<b>-</b>	<b>28 646 265</b>
<b>Surplus / (deficit) for the year</b>	<b>(15 226 021)</b>	<b>18 063 099</b>	<b>-</b>	<b>102 627 356</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Finance and Administration R</b>	<b>Housing R</b>	<b>Internal Audit R</b>	<b>Other R</b>
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	57 565	-	-	-
Service charges (Exchange)	-	-	-	-
Rendering of services	1 005 538	-	-	95 192
Rental of facilities and equipment	-	-	-	225 111
Interest earned - cash and investments	8 034 704	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	-	-	-
Licences and permits	-	-	-	-
Operational revenue	437 672	-	-	1 005 384
Gain on disposal of assets and liabilities	78 957	-	-	-
Actuarial gains	5 311 364	465 856	343 466	168 371
<b>Total revenue from exchange transactions</b>	<b>14 925 800</b>	<b>465 856</b>	<b>343 466</b>	<b>1 494 058</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	151 444 708	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	4 242 192	-	-	-
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	2 147 444	10 984 557	-	-
Fines, penalties and forfeits	2 840 702	-	-	-
<b>Total revenue from non-exchange transactions</b>	<b>160 675 046</b>	<b>10 984 557</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>175 600 846</b>	<b>11 450 413</b>	<b>343 466</b>	<b>1 494 058</b>

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Finance and Administration</b>	<b>Housing</b>	<b>Internal Audit</b>	<b>Other</b>
<b>EXPENDITURE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Employee Related Costs	62 867 791	6 577 193	4 109 066	2 478 287
Remuneration of councillors	-	-	-	-
Depreciation and amortization	1 953 888	80 223	24 889	405 826
Impairment	895 916	-	-	10 071 296
Finance costs	4 630 222	496 337	190 326	93 300
Operating leases	3 309 725	-	-	-
Bad debts written off	1 748 335	-	-	-
Bulk purchases	-	-	-	-
Contracted services	8 656 949	11 614 143	117 179	253 615
Transfers and subsidies	242 239	-	-	-
Inventory Consumed	1 097 677	558 377	3 526	64 085
Operational Cost	31 085 486	483 965	76 738	857 731
Loss on disposal of assets and liabilities	81 894	535	-	1
Water losses	-	-	-	-
Inventories Losses / Write-Downs	8 628	-	-	-
<b>Total expenditure</b>	<b>116 578 750</b>	<b>19 810 774</b>	<b>4 521 724</b>	<b>14 224 140</b>
<b>Surplus / (deficit) for the year</b>	<b>59 022 096</b>	<b>(8 360 361)</b>	<b>(4 178 258)</b>	<b>(12 730 082)</b>

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Planning and Development R</b>	<b>Public Safety R</b>	<b>Road Transport R</b>	<b>Sport and Recreation R</b>
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	-
Rendering of services	5 374 717	295 747	-	-
Rental of facilities and equipment	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	2 500 851	-	-
Licences and permits	-	1 070 740	-	116 062
Operational revenue	1 539 969	12 326	-	21 267
Gain on disposal of assets and liabilities	-	-	-	-
Actuarial gains	2 065 334	2 235 722	535 877	941 211
<b>Total revenue from exchange transactions</b>	<b>8 980 020</b>	<b>6 115 386</b>	<b>535 877</b>	<b>1 078 540</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	3 268 908	-	-	-
Fines, penalties and forfeits	-	43 878 345	-	-
<b>Total revenue from non-exchange transactions</b>	<b>3 268 908</b>	<b>43 878 345</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>12 248 928</b>	<b>49 993 731</b>	<b>535 877</b>	<b>1 078 540</b>



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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Planning and Development</b>	<b>Public Safety</b>	<b>Road Transport</b>	<b>Sport and Recreation</b>
<b>EXPENDITURE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Employee Related Costs	33 411 832	43 424 982	8 217 121	17 074 003
Remuneration of councillors	-	-	-	-
Depreciation and amortization	142 088	1 486 758	8 564 415	1 613 536
Impairment	4 653 795	-	-	-
Finance costs	1 144 473	1 636 665	2 566 824	570 082
Operating leases	-	-	-	-
Bad debts written off	-	26 291 200	-	-
Bulk purchases	-	-	-	-
Contracted services	1 727 877	15 321 373	12 029 359	1 947 541
Transfers and subsidies	3 400 000	-	-	-
Inventory Consumed	133 084	1 238 364	251 193	689 089
Operational Cost	427 274	5 659 543	1 173 481	1 196 221
Loss on disposal of assets and liabilities	2 546	64 141	15 918	100 697
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
<b>Total expenditure</b>	<b>45 042 969</b>	<b>95 123 026</b>	<b>32 818 310</b>	<b>23 191 170</b>
<b>Surplus / (deficit) for the year</b>	<b>(32 794 041)</b>	<b>(45 129 295)</b>	<b>(32 282 433)</b>	<b>(22 112 630)</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Waste Management R</b>	<b>Waste Water Management R</b>	<b>Water Management R</b>	<b>Total R</b>
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Sale of goods	-	-	-	57 565
Service charges (Exchange)	41 353 150	72 644 993	81 438 662	405 638 160
Rendering of services	-	-	-	6 809 439
Rental of facilities and equipment	-	-	-	1 123 668
Interest earned - cash and investments	-	-	-	8 034 704
Interest charged (trading)	3 598 356	6 634 205	5 661 669	17 119 510
Agency services	-	-	-	2 500 851
Licences and permits	-	-	-	1 195 759
Operational revenue	35 367	-	20 186	3 683 125
Gain on disposal of assets and liabilities	-	-	-	453 870
Actuarial gains	1 028 632	725 515	824 789	18 011 364
<b>Total revenue from exchange transactions</b>	<b>46 015 505</b>	<b>80 004 713</b>	<b>87 945 305</b>	<b>464 628 015</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	-	-	-	151 444 708
Availability charges (Non-Exchange)	4 148 853	5 760 587	5 010 651	16 984 306
Interest charged on non-exchange transactions	-	-	-	4 242 192
<b>Transfer revenue</b>				
Government grants & subsidies - monetary	-	5 600 000	20 344 376	192 536 933
Fines, penalties and forfeits	-	-	-	46 722 358
<b>Total revenue from non-exchange transactions</b>	<b>4 148 853</b>	<b>11 360 587</b>	<b>25 355 027</b>	<b>411 930 496</b>
<b>Total revenue</b>	<b>50 164 358</b>	<b>91 365 300</b>	<b>113 300 333</b>	<b>876 558 511</b>

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## Notes to the Audited Annual Financial Statements

<b>83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Waste Management</b>	<b>Waste Water Management</b>	<b>Water Management</b>	<b>Total</b>
<b>EXPENDITURE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Employee Related Costs	22 586 924	13 039 665	14 981 079	287 508 367
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	2 431 341	5 524 665	7 711 809	36 393 366
Impairment	(501 137)	80 687 040	(65 617 034)	28 622 656
Finance costs	1 615 318	1 071 998	1 370 287	19 740 467
Operating leases	306 712	-	-	4 016 866
Bad debts written off	13 651 558	23 542 721	21 923 723	88 944 975
Bulk purchases	-	-	1 218 802	163 817 892
Contracted services	3 625 431	2 682 218	4 801 273	72 886 087
Transfers and subsidies	-	-	-	5 625 831
Inventory Consumed	1 149 902	1 008 138	4 254 054	14 130 654
Operational Cost	10 789 173	4 590 496	2 298 195	66 861 745
Loss on disposal of assets and liabilities	6	842 057	391 395	1 528 219
Water losses	-	-	1	1
Inventories Losses / Write-Downs	-	-	-	8 628
<b>Total expenditure</b>	<b>55 655 227</b>	<b>132 988 999</b>	<b>(6 666 413)</b>	<b>796 806 903</b>
<b>Surplus / (deficit) for the year</b>	<b>(5 490 869)</b>	<b>(41 623 699)</b>	<b>119 966 746</b>	<b>79 751 608</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	201 024 874	-	-
	Rendering of services	55 388	-	-	-
	Rental of facilities and equipment	37 034	-	-	866 435
	Interest earned - cash and investments	-	-	-	-
	Interest charged (trading)	-	908 271	-	50 718
	Agency services	-	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	6 036	288 372	-	367 547
	Actuarial gains	-	-	-	-
	Inventories Increase To Net Realisable Value	-	-	-	-
	<b>Total revenue from exchange transactions</b>	<b>98 458</b>	<b>202 221 517</b>	<b>-</b>	<b>1 284 699</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
	Property rates	-	-	-	-
	Availability charges (Non-Exchange)	-	2 156 063	-	-
	Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>					
	Government grants & subsidies - monetary	11 850 461	27 679 787	-	49 803 050
	Public Contributions and Donations	-	-	-	-
	Fines, penalties and forfeits	7 943	156 125	-	-
	Contributed Assets	-	-	-	-
	<b>Total revenue from non-exchange transactions</b>	<b>11 858 404</b>	<b>29 991 975</b>	<b>-</b>	<b>49 803 050</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
<b>EXPENDITURE</b>					
	Employee Related Costs	21 711 112	19 617 385	-	14 359 389
	Remuneration of councillors	-	-	-	6 197 993
	Depreciation and amortization	1 161 460	5 044 163	-	139 809
	Impairment	-	(789 932)	-	-
	Finance costs	459 577	2 560 575	-	-
	Operating leases	398 606	91 150	-	271 910
	Bad debts written off	-	3 826 842	-	-
	Bulk purchases	-	159 802 421	-	-
	Contracted services	4 111 931	8 773 276	-	1 123 039
	Transfers and subsidies	249 647	-	-	877 545
	Inventory Consumed	822 487	3 717 562	-	206 758
	Operational Cost	656 456	2 632 451	-	2 505 130
	Loss on disposal of assets and liabilities	32 255	61 757	-	6 895
	Actuarial losses	-	-	-	-
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>29 603 531</b>	<b>205 337 649</b>	<b>-</b>	<b>25 688 468</b>
	<b>Surplus / (deficit) for the year</b>	<b>(17 646 670)</b>	<b>26 875 843</b>	<b>-</b>	<b>25 399 282</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Finance and Administration R	Housing R	Internal Audit R	Other R
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
	Sale of goods	182 276	-	-	-
	Service charges (Exchange)	-	-	-	-
	Rendering of services	1 137 953	-	-	87 380
	Rental of facilities and equipment	(10 121)	175 400	-	213 971
	Interest earned - cash and investments	3 746 776	-	-	-
	Interest charged (trading)	-	-	-	-
	Agency services	-	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	754 553	850	-	162 029
	Actuarial gains	7 205 340	-	-	-
	Inventories Increase To Net Realisable Value	1 089	-	-	-
	<b>Total revenue from exchange transactions</b>	<b>13 017 866</b>	<b>176 250</b>	<b>-</b>	<b>463 381</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
	Property rates	157 193 635	-	-	-
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	2 646 549	-	-	-
<b>Transfer revenue</b>					
	Government grants & subsidies - monetary	12 729 557	10 824 238	-	-
	Public Contributions and Donations	-	-	-	-
	Fines, penalties and forfeits	1 607 837	-	-	-
	Contributed Assets	-	-	-	-
	<b>Total revenue from non-exchange transactions</b>	<b>174 177 578</b>	<b>10 824 238</b>	<b>-</b>	<b>-</b>

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## Notes to the Audited Annual Financial Statements

83.04	<b>SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022</b>	<b>Finance and Administration R</b>	<b>Housing R</b>	<b>Internal Audit R</b>	<b>Other R</b>
	<b>EXPENDITURE</b>				
	Employee Related Costs	64 918 782	7 820 463	4 182 559	1 727 190
	Remuneration of councillors	-	-	-	-
	Depreciation and amortization	4 278 962	79 195	23 594	300 573
	Impairment	(72 788 450)	-	-	29 729 196
	Finance costs	8 989 100	299 775	-	-
	Operating leases	3 347 619	-	-	-
	Bad debts written off	475 187	2 096 581	-	-
	Bulk purchases	-	-	-	-
	Contracted services	24 084 675	8 118 278	141 110	139 516
	Transfers and subsidies	-	-	-	-
	Inventory Consumed	1 086 831	1 431 886	13 049	78 432
	Operational Cost	28 634 965	318 913	47 502	596 817
	Loss on disposal of assets and liabilities	183 815	3 359	527	-
	Actuarial losses	430 473	-	-	-
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>63 641 959</b>	<b>20 168 451</b>	<b>4 408 341</b>	<b>32 571 723</b>
	<b>Surplus / (deficit) for the year</b>	<b>123 553 485</b>	<b>(9 167 963)</b>	<b>(4 408 341)</b>	<b>(32 108 342)</b>



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## Notes to the Audited Annual Financial Statements

83.04	<b>SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022</b>	<b>Planning and Development R</b>	<b>Public Safety R</b>	<b>Road Transport R</b>	<b>Sport and Recreation R</b>
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	-	-	-
	Rendering of services	5 219 781	107 979	-	-
	Rental of facilities and equipment	-	-	-	-
	Interest earned - cash and investments	-	-	-	-
	Interest charged (trading)	-	-	-	-
	Agency services	-	2 422 886	-	-
	Licences and permits	-	918 005	-	173 080
	Operational revenue	1 565 368	267 715	-	47 726
	Actuarial gains	-	-	-	-
	Inventories Increase To Net Realisable Value	-	-	-	-
	<b>Total revenue from exchange transactions</b>	<b>6 785 149</b>	<b>3 716 585</b>	<b>-</b>	<b>220 807</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
	Property rates	-	-	-	-
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	-	-	-	-
<b>Transfer revenue</b>					
	Government grants & subsidies - monetary	16 291 185	-	230 000	-
	Public Contributions and Donations	498 469	-	-	-
	Fines, penalties and forfeits	181 336	52 369 532	107 688	-
	Contributed Assets	-	-	-	325 150
	<b>Total revenue from non-exchange transactions</b>	<b>16 970 991</b>	<b>52 369 532</b>	<b>337 688</b>	<b>325 150</b>



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## Notes to the Audited Annual Financial Statements

83.04	<b>SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022</b>	<b>Planning and Development R</b>	<b>Public Safety R</b>	<b>Road Transport R</b>	<b>Sport and Recreation R</b>
<b>EXPENDITURE</b>					
	Employee Related Costs	27 868 710	41 043 909	7 976 819	17 041 083
	Remuneration of councillors	-	-	-	-
	Depreciation and amortization	94 988	1 120 908	7 695 742	1 722 428
	Impairment	4 449 658	-	-	-
	Finance costs	-	507 720	2 719 896	65 769
	Operating leases	-	-	-	-
	Bad debts written off	-	8 831 800	-	-
	Bulk purchases	-	-	-	-
	Contracted services	2 633 370	19 013 309	15 816 807	2 345 461
	Transfers and subsidies	3 400 000	-	-	-
	Inventory Consumed	98 255	638 087	709 586	533 217
	Operational Cost	3 524 413	3 341 267	655 884	926 802
	Loss on disposal of assets and liabilities	97	43 095	476	48 104
	Actuarial losses	-	-	-	-
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>42 069 490</b>	<b>74 540 094</b>	<b>35 575 210</b>	<b>22 682 864</b>
	<b>Surplus / (deficit) for the year</b>	<b>(18 313 350)</b>	<b>(18 453 978)</b>	<b>(35 237 522)</b>	<b>(22 136 907)</b>



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## Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Waste Management R	Waste Water Management R	Water Management R	Total R
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
	Sale of goods	-	-	-	182 276
	Service charges (Exchange)	33 439 158	82 748 518	80 134 467	397 347 017
	Rendering of services	-	-	3 500	6 611 981
	Rental of facilities and equipment	-	-	-	1 282 720
	Interest earned - cash and investments	-	-	-	3 746 776
	Interest charged (trading)	2 462 772	4 482 561	4 226 478	12 130 801
	Agency services	-	-	-	2 422 886
	Licences and permits	-	-	-	1 091 085
	Operational revenue	-	184 270	-	3 644 467
	Actuarial gains	-	-	-	7 205 340
	Inventories Increase To Net Realisable Value	-	-	-	1 089
	<b>Total revenue from exchange transactions</b>	<b>35 901 930</b>	<b>87 415 349</b>	<b>84 364 445</b>	<b>435 666 438</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
	Property rates	-	-	-	157 193 635
	Availability charges (Non-Exchange)	4 014 880	5 315 554	4 845 151	16 331 649
	Interest charged on non-exchange transactions	-	-	-	2 646 549
<b>Transfer revenue</b>					
	Government grants & subsidies - monetary	13 084 200	8 722 799	39 419 272	190 634 549
	Public Contributions and Donations	-	-	-	498 469
	Fines, penalties and forfeits	-	-	-	54 430 462
	Contributed Assets	-	-	-	325 150
	<b>Total revenue from non-exchange transactions</b>	<b>17 099 080</b>	<b>14 038 354</b>	<b>44 264 424</b>	<b>422 060 463</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Waste Management R	Waste Water Management R	Water Management R	Total R
<b>EXPENDITURE</b>					
	Employee Related Costs	20 241 097	13 098 200	15 050 717	276 657 416
	Remuneration of councillors	-	-	-	6 197 993
	Depreciation and amortization	1 929 986	4 746 658	7 168 275	35 506 740
	Impairment	4 495 014	73 796 853	(5 751 196)	33 141 143
	Finance costs	1 586 902	850 686	1 243 209	19 283 209
	Operating leases	213 943	-	-	4 323 228
	Bad debts written off	13 654 110	23 531 691	41 318 723	93 734 933
	Bulk purchases	-	-	535 538	160 337 958
	Contracted services	6 078 754	2 900 287	7 474 367	102 754 180
	Transfers and subsidies	-	-	-	4 527 192
	Inventory Consumed	821 796	399 174	3 770 932	14 328 052
	Operational Cost	5 525 851	2 536 230	1 111 766	53 014 447
	Loss on disposal of assets and liabilities	824	1 255 898	64 123	1 701 224
	Actuarial losses	-	-	-	430 473
	Water losses	-	-	2	2
	<b>Total expenditure</b>	<b>54 548 279</b>	<b>123 115 676</b>	<b>71 986 455</b>	<b>805 938 190</b>
	<b>Surplus / (deficit) for the year</b>	<b>(1 547 268)</b>	<b>(21 661 973)</b>	<b>56 642 414</b>	<b>51 788 710</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 20

Grant description	Opening balance R	Correction R	Restated 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>Monetary allocations - other</b>								
Local Government, Water And Related Service SETA	496 544	-	496 544	398 900	-	(535 558)	-	359 886
<b>Total monetary allocations - other</b>	<b>496 544</b>	<b>-</b>	<b>496 544</b>	<b>398 900</b>	<b>-</b>	<b>(535 558)</b>	<b>-</b>	<b>359 886</b>
<b>Monetary Allocations: National Government</b>								
Integrated National Electrification Programme	15 414	-	15 414	8 718 000	(15 000)	-	(8 718 414)	-
Municipal Infrastructure	1 588 228	-	1 588 228	22 508 000	(982 000)	-	(13 765 376)	9 348 852
Water Services Infrastructure	-	-	-	6 579 000	-	-	(6 579 000)	-
Local Government Financial Management	-	-	-	1 721 000	-	(1 043 293)	-	677 707
Extended public works program (EPWP)	-	-	-	1 155 000	-	(1 155 000)	-	-
<b>Total Monetary Allocations: National Government</b>	<b>1 603 642</b>	<b>-</b>	<b>1 603 642</b>	<b>40 681 000</b>	<b>(997 000)</b>	<b>(2 198 293)</b>	<b>(29 062 790)</b>	<b>10 026 559</b>



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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 20

Grant description	Opening balance R	Correction R	Restated 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><u>Monetary Allocations: Provincial Government</u></b>								
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	2 836 996	(2 836 996)	-	-	-	-	(1 392 542)	(1 392 542)
Local Government Public Employment Support	127 771	-	127 771	-	-	(127 771)	-	-
Library Services Replacement Funding for most vulnerable B3 Municipalities	-	-	-	9 572 000	-	(9 560 659)	(11 341)	-
Western Cape Financial Management Capability	-	-	-	800 000	-	(433 594)	-	366 407
Community Development Workers (CDW)	15 616	-	15 616	19 000	(15 616)	(14 136)	-	4 864
Community Library Services	-	-	-	2 295 000	-	(2 295 000)	-	-
Human Settlement Development	(15 590 971)	-	(15 590 971)	-	-	(10 984 557)	-	(26 575 528)
Proclaimed Roads Maintenance	-	-	-	135 000	-	(135 000)	-	-
Regional Social Economic Projects (RSEP)	894 628	-	894 628	-	(394 628)	-	(500 000)	-
Thusong Services Centres	-	-	-	150 000	-	(79 459)	-	70 541
Western Cape Municipal Energy Resilience (WC MER)	-	-	-	587 234	-	(574 468)	-	12 766
Emergency Municipal Loadshedding Relief	-	-	-	5 600 000	-	-	(5 600 000)	-



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# BITOU LOCAL MUNICIPALITY

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## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2023

Grant description	Opening balance R	Correction R	Restated 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>Total Monetary Allocations:</b>								
<b>Provincial Government</b>	<b>(11 715 961)</b>	<b>(2 836 996)</b>	<b>(14 552 957)</b>	<b>19 158 234</b>	<b>(410 244)</b>	<b>(24 204 644)</b>	<b>(7 503 883)</b>	<b>(27 513 493)</b>
<b>Monetary allocations: District municipalities</b>								
Safety Plans	120 000	-	120 000	-	-	-	-	120 000
<b>Total monetary allocations: District municipalities</b>	<b>120 000</b>	<b>-</b>	<b>120 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120 000</b>
<b>Total grants</b>	<b>(9 495 775)</b>	<b>(2 836 996)</b>	<b>(12 332 771)</b>	<b>60 238 134</b>	<b>(1 407 244)</b>	<b>(26 938 494)</b>	<b>(36 566 673)</b>	<b>(17 007 048)</b>
<b>Grand total</b>	<b>(9 495 775)</b>	<b>(2 836 996)</b>	<b>(12 332 771)</b>	<b>60 238 134</b>	<b>(1 407 244)</b>	<b>(26 938 494)</b>	<b>(36 566 673)</b>	<b>(17 007 048)</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 2023

## APPENDIX A

### DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R (Creditor)	Unspent public contributions R (Creditor)	Unpaid grants R (Debtor)
<b>Monetary allocations - other</b>			
Local Government, Water And Related Service SETA	359 886		-
<b>Total monetary allocations - other</b>	<b>359 886</b>	<b>-</b>	<b>-</b>
<b>Monetary Allocations: National Government</b>			
Integrated National Electrification Programme	-		-
Municipal Infrastructure	9 348 852		-
Water Services Infrastructure	-		-
Local Government Financial Management	677 707		-
Extended public works program (EPWP)	-		-
<b>Total Monetary Allocations: National Government</b>	<b>10 026 559</b>	<b>-</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX A

### DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R	Unspent public contributions R	Unpaid grants R
<b><u>Monetary Allocations: Provincial Government</u></b>			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	-		(1 392 542)
Local Government Public Employment Support	-		-
Library Services Replacement Funding for most vulnerable B3 Municipalities	-		-
Western Cape Financial Management Capability	366 407		-
Community Development Workers (CDW)	4 864		-
Community Library Services	-		-
Human Settlement Development	-		(26 575 528)
Proclaimed Roads Maintenance	-		-
Regional Social Economic Projects (RSEP)	-		-
Thusong Services Centres	70 541		-
Western Cape Municipal Energy Resilience (WC MER)	12 766		-
Emergency Municipal Loadshedding Relief	-		-



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX A

### DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R	Unspent public contributions R	Unpaid grants R
<b>Total Monetary Allocations:</b>			
Provincial Government	454 577	-	(27 968 070)
<b>Monetary allocations: District municipalities</b>			
Safety Plans	120 000		-
<b>Total monetary allocations: District municipalities</b>	<b>120 000</b>	-	-
<b>Total grants</b>	<b>10 961 022</b>	-	<b>(27 968 070)</b>
<b>Grand total</b>	<b>10 961 022</b>	-	<b>(27 968 070)</b>

The unspent grants are cash-backed. Th

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX B

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
<b>Annuity loans</b>				
<b>Banks: ABSA</b>				
ABSA - 2015/2016	10 525 494.93	-	-2 239 628	8 285 867
ABSA - 2016/2017	15 529 785.80	-	-2 529 644	13 000 142
<b>Banks: Nedbank</b>				
Nedbank - 7831 033912 / 000 001	4 305 108.49	-	-1 270 314	3 034 795
Nedbank - 2017/2018	22 134 392.13	-	-2 811 671	19 322 721
Nedbank 2022/2023	-	35 255 300	-	35 255 300
<b>Banks: Standard Bank</b>				
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)	7 273 289.29	-	-2 160 448	5 112 841
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)	1 888 487.81	-	-1 888 488	-
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)	3 577 351.48	-	-1 689 064	1 888 287
<b>Banks: Development Bank of South Africa</b>				
DBSA - 100225/1	412 000.05	-	-412 000	-
DBSA - 103437/1	16 198 314.79	-	-1 631 876	14 566 439
DBSA - 103437/2	682 438.10	-	-322 579	359 859
<b>Total annuity loans</b>	<b>82 526 662.87</b>	<b>35 255 300</b>	<b>-16 955 712</b>	<b>100 826 251</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

## APPENDIX B

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
<b>Finance leases</b>				
<b>Standard Bank</b>				
Finance lease - SCM/2020/20/ENG	6 099 547.42	-	-4 848 632	1 250 915
<b>Total finance leases</b>	<b>6 099 547.42</b>	<b>-</b>	<b>-4 848 632</b>	<b>1 250 915</b>
<b>Grand total</b>	<b>88 626 210.29</b>	<b>35 255 300</b>	<b>-21 804 344</b>	<b>102 077 166</b>