

BITOU LOCAL MUNICIPALITY



Audited

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

General Information

NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES

Bitou Local Municipality is a Local Municipality performing the functions 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 & 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 CN . Terblanche</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Deputy Executive Mayor</i>	<i>Councillor NP . Kholwapi</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Speaker</i>	<i>Councillor SE . Gcabayi</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor M . Mitchell</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor T . Mhlana</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>

BITOU LOCAL MUNICIPALITY

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General Information

Previous

<i>Executive Mayor</i>	<i>Councillor D. Swart</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Deputy Executive Mayor</i>	<i>Councillor MP . Busakwe</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Speaker</i>	<i>Councillor CN . Terblanche</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor WJ . Nel</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor J. Kamkam</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>

CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Current

<i>Section 79 Chairperson</i>	<i>Councillor NT . Seti</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
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Previous

<i>Section 79 Chairperson</i>	<i>Councillor NP . Kholwapi</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
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WARD COUNCILLORS

Current

<i>Ward 1</i>	<i>DA</i>	<i>Councillor J. Kamkam</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 2</i>	<i>DA</i>	<i>Councillor D. Swart</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 3</i>	<i>ANC</i>	<i>Councillor T. Mhlana</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 4</i>	<i>PDC</i>	<i>Councillor CN . Terblanche</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 5</i>	<i>ANC</i>	<i>Councillor SA . Mangxaba</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 6</i>	<i>ANC</i>	<i>Councillor NT . Seti</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 7</i>	<i>DA</i>	<i>Councillor AR . Olivier</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>

PROPORTIONAL REPRESENTATIVE COUNCILLORS

Current

<i>AUF</i>	<i>Councillor MP . Busakwe</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>ANC</i>	<i>Councillor SE . Gcabayi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>DA</i>	<i>Councillor WJ . Nel</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>DA</i>	<i>Councillor NS . Ndayi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>PA</i>	<i>Councillor M . Mitchell</i>	<i>16-Mar-2023 to</i>	<i>30-Jun-2024</i>
<i>IPM</i>	<i>Councillor NP . Kholwapi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>

ACTING ACCOUNTING OFFICER

Dr. R Links

ACTING CHIEF FINANCIAL OFFICER

Mr. BM Ngubo

REGISTERED OFFICE

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

General Information

AUDITORS

Auditor General of South Africa

PRINCIPLE BANKERS

Standard Bank, Plettenberg Bay

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

Audited financial statements for the year ended 30 June 2024

Approval of Financial Statements

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 can 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 70.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 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 a going concern basis were approved by the Accounting Officer on 26 November 2024 and were signed on behalf of the municipality by:

PP



Dr. R Links
Acting Accounting Officer

26 November 2024

Date



29 Nov 2024

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

	Note	2024	2023
		R	Restated R
ASSETS			
Non-current assets			
Heritage assets	3	37 673	37 673
Investment property	4	14 050 224	12 691 575
Property, plant and equipment	5	1 319 838 509	1 268 953 742
		1 333 926 406	1 281 682 990
Current assets			
Cash and cash equivalents	6	165 432 036	95 078 061
Inventories	7	15 845 449	15 356 713
Operating lease asset	8	17 640	155 194
Receivables from exchange transactions	9	60 098 816	49 917 925
Receivables from non-exchange transactions	9	40 473 926	36 665 684
Unpaid conditional grants	10	32 319 226	29 515 940
VAT receivable	11	15 181 674	10 025 267
		329 368 768	236 714 784
Total assets		1 663 295 174	1 518 397 774
LIABILITIES			
Non-current liabilities			
Employee benefit obligation	12	84 360 000	79 529 000
Long-term borrowings	14	107 276 384	82 546 469
		191 636 384	162 075 469
Current liabilities			
Consumer deposits	15	11 361 601	10 793 475
Current employee benefit obligation	16	37 630 691	38 030 003
Current portion finance lease liabilities	13	-	1 250 915
Current portion of long-term borrowings	14	20 425 221	18 279 782
Current provisions	17	10 305 515	7 843 314
Operating lease liability	8	441 391	217 529
Payables from non-exchange transactions	18	-	46 118
Trade and other payables from exchange transactions	19	130 549 691	94 749 411
Unspent conditional grants	10	915 986	10 948 256
		211 630 095	182 158 803
Total liabilities		403 266 479	344 234 273
Net Assets		1 260 028 695	1 174 163 501
NET ASSETS			
Accumulated surplus		1 183 347 758	1 144 213 501
Reserves	20	76 680 936	29 950 000
Total net assets		1 260 028 695	1 174 163 501

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Statement of Financial Performance as at 30 June 2024

	Note	2024	2023
		R	Restated R
REVENUE			
Revenue from exchange transactions			
Agency services	21	2 497 659	2 500 851
Interest charged (trading)	22	13 243 071	17 119 510
Interest earned - cash and investments	23	13 203 208	8 026 792
Licences and permits	24	1 427 483	1 195 759
Operational revenue	25	7 415 480	4 102 602
Rendering of services	26	7 446 917	6 543 142
Rental of facilities and equipment	27	1 354 443	1 123 668
Sale of goods	28	69 345	57 565
Service charges (Exchange)	29	431 023 794	405 789 453
Total revenue from exchange transactions		477 681 398	446 459 341
Revenue from non-exchange transactions			
Taxation and other revenue			
Actuarial gains	30	8 369 684	18 011 364
Availability charges (Non-Exchange)	31	14 749 809	16 984 306
Interest charged on non-exchange transactions	32	2 291 556	4 242 192
Property rates	33	178 228 517	151 444 708
Surcharges and taxes	34	1 419 866	-
Transfer revenue			
Contributed Assets	35	32 744	-
Fines, penalties and forfeits	36	60 451 399	46 722 358
Government grants & subsidies - monetary	37	216 810 117	192 549 699
Total revenue from non-exchange transactions		482 353 692	429 954 627
Total revenue		960 035 091	876 413 967
EXPENDITURE			
Bad debts written off	38	74 425 834	88 944 975
Bulk purchases	39	198 660 760	163 817 892
Contracted services	40	77 655 131	72 886 087
Depreciation and amortization	41	39 993 649	37 533 280
Employee related costs	42	312 819 808	287 757 717
Finance costs	43	20 922 363	19 740 467
Impairment	44	37 337 551	28 622 656
Inventories Losses / Write-Downs	45	97 619	8 628
Inventory consumed	46	15 619 222	14 130 654
Loss on disposal of assets and liabilities	47	3 216 693	1 074 350
Operating leases	48	4 792 855	4 016 866
Operational cost	49	72 030 550	66 861 745
Remuneration of councillors	50	7 376 219	6 721 149
Transfers and subsidies	51	9 208 274	5 548 831
Water losses	52	13 370	1
Total expenditure		874 169 897	797 665 298
Surplus for the year		85 865 193	78 748 669

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Statement of Changes in Net Assets

	Note	Capital Replacement Reserve R	Development Charges reserve R	Augmentation reserves R	Total: Reserves R	Accumulated surplus / (deficit) R	Total: Net assets R
Balance at 30 June 2022 as previously reported		18 550 009	-	-	18 550 009	1 053 621 398	1 072 171 407
Adjustments		-	-	-	-	23 243 426	23 243 426
Corrections of errors	54	-	-	-	-	23 243 426	23 243 426
Balance at 30 June 2022 as restated		18 550 009	-	-	18 550 009	1 076 864 823	1 095 414 832
Surplus for the year		-	-	-	-	78 748 669	78 748 669
Total recognised income and expenses for the year		-	-	-	-	78 748 669	78 748 669
Transfers in/out		11 399 991	-	-	11 399 991	(11 399 991)	-
Total Changes		11 399 991	-	-	11 399 991	(11 399 991)	-
Restated Balance at 30 June 2023		29 950 000	-	-	29 950 000	1 144 213 501	1 174 163 501
Surplus for the year					-	85 865 193	85 865 193
Total recognised income and expenses for the year		-	-	-	-	85 865 193	85 865 193
Transfers in/out		41 900 000	-	4 830 936	46 730 936	(46 730 936)	-
Total changes		41 900 000	-	4 830 936	46 730 936	(46 730 936)	-
Balance at 30 June 2024		71 850 000	-	4 830 936	76 680 936	1 183 347 758	1 260 028 694

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
ASSETS						
Current assets						
Cash and cash equivalents	A1	55 750	48 832	104 582	165 432	(60 850)
Trade and other receivables from exchange transactions	A2	43 839	(31 305)	12 534	54 528	(41 995)
Receivables from non-exchange transactions	A3	100 771	(12 784)	87 987	40 181	47 807
Current portion of non-current receivables		11	(1)	9	9	-
Inventory		16 538	(2 105)	14 433	15 845	(1 412)
VAT	A4	212 584	43 687	256 271	283 602	(27 332)
Other current assets		180	238	418	898	(479)
		429 672	46 562	476 234	560 496	(84 262)
Non current assets						
Investment property		12 692	(1)	12 692	14 050	(1 359)
Property, plant and equipment		1 322 385	(3 268)	1 319 117	1 319 839	(721)
Heritage assets		35	-	35	38	(2)
		1 335 112	(3 268)	1 331 844	1 333 926	(2 083)
LIABILITIES						
Current liabilities						
Financial liabilities	C1	-	19 507	19 507	20 867	(1 360)
Consumer deposits		9 848	945	10 793	11 362	(568)
Trade and other payables from exchange transactions	C2	79 612	37 167	116 779	125 575	(8 796)
Trade and other payables from non-exchange transactions	C3	(15 640)	(27 102)	(42 743)	(31 403)	(11 339)
Provision	C4	57 320	4 688	62 008	45 802	16 206
VAT	C5	239 157	7 128	246 284	268 421	(22 137)
Other current liabilities	C6	56 316	(56 316)	-	2 134	(2 134)
		426 612	(13 983)	412 629	442 757	(30 128)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024	2024	2024	2024	2024
		R'000	R'000	R'000	R'000	R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Non current liabilities						
Financial liabilities	D1	121 558	(19 387)	102 170	107 276	(5 106)
Provision	D2	10 320	56 157	66 477	13 801	52 676
Other non-current liabilities	D3	58 456	(45 404)	13 052	70 559	(57 507)
		190 333	(8 634)	181 699	191 636	(9 937)
NET ASSETS						
		1 147 839	65 911	1 213 749	1 260 029	(46 279)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)	E1	1 099 339	84 461	1 183 799	1 183 348	452
Reserves and funds	E2	48 500	(18 550)	29 950	76 681	(46 731)
Total community wealth/equity		1 147 839	65 911	1 213 749	1 260 029	(46 279)

Refer to notes 74.3.1 and 74.4.1 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024	2024	2024	2024	2024
		R'000	R'000	R'000	R'000	R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
REVENUE						
Exchange Revenue By Source						
Service charges - electricity	F1	241 830	(9 153)	232 677	230 904	1 773
Service charges - water		86 725	(3 753)	82 972	87 795	(4 823)
Service charges - waste water management	F2	77 663	(10 789)	66 874	67 358	(484)
Service charges - waste management	F3	58 016	(11 232)	46 784	44 964	1 820
Sale of Goods and Rendering of Services		11 571	(12)	11 559	7 520	4 039
Agency services		3 014	(212)	2 803	2 498	305
Interest earned from Receivables		13 282	2 200	15 483	13 243	2 240
Interest earned from Current and Non Current Assets		4 950	7 375	12 325	13 203	(878)
Rental from Fixed Assets		1 030	87	1 117	1 354	(238)
Licence and permits		589	681	1 269	1 427	(158)
Operational Revenue	F4	2 207	9 019	11 226	7 415	3 810
Non-Exchange Revenue By Source						
Property rates		179 779	24	179 802	178 229	1 574
Surcharges and Taxes		1 500	-	1 500	1 420	80
Fines, penalties and forfeits	G1	31 699	13 397	45 096	60 451	(15 355)
Licences or permits		696	-	696	-	696
Transfer and subsidies - Operational	G2	163 277	12 481	175 758	166 503	9 255
Interest		3 759	(1 629)	2 130	2 292	(161)
Operational Revenue		15 518	(782)	14 735	14 750	(14)
Gains on disposal of Assets		3 950	-	3 950	-	3 950
Other Gains		-	-	-	8 370	(8 370)
Total Revenue (excluding capital transfers and contributions)		901 055	7 702	908 756	909 696	(939)

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Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Expenditure By Type						
Employee related costs	H1	333 063	12 534	345 596	312 820	32 777
Remuneration of councillors		7 674	1	7 675	7 376	299
Bulk purchases - electricity	H2	206 241	(10 000)	196 241	197 628	(1 387)
Inventory consumed		19 543	958	20 501	16 652	3 849
Debt impairment	H3	18 270	0	18 270	28 480	(10 210)
Depreciation and amortisation		40 059	-	40 059	39 994	65
Interest		13 428	-	13 428	20 922	(7 494)
Contracted services	H4	95 793	2 161	97 954	77 655	20 299
Transfers and subsidies		12 230	544	12 774	9 208	3 565
Irrecoverable debts written off	H5	64 900	-	64 900	74 426	(9 526)
Operational costs	H6	89 075	(265)	88 809	76 823	11 986
Losses on disposal of Assets		-	-	-	3 217	(3 217)
Other Losses	H7	-	-	-	8 969	(8 969)
Total expenditure		900 274	5 933	906 207	874 170	32 038
Surplus before capital transfers & contributions		780	1 769	2 549	35 526	(32 977)
Transfers and subsidies - capital (monetary allocations)	I1	37 468	21 810	59 278	50 307	8 971
Transfers and subsidies - capital (in-kind - all)		-	-	-	33	(33)
Surplus after capital transfers & contributions		38 248	23 578	61 826	85 865	(24 039)

Refer to notes 74.3.2 and 74.4.2 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Property rates	J1	163 156	(51)	163 105	174 876	(11 771)
Service charges	J2	422 573	(4 019)	418 554	387 284	31 270
Other revenue	J3	22 595	1 059	23 655	37 761	(14 106)
Transfers and Subsidies - Operational		163 277	4 468	167 745	170 385	(2 640)
Transfers and Subsidies - Capital	J4	37 468	11 439	48 907	34 470	14 437
Interest		8 221	7 375	15 596	17 654	(2 058)
		817 291	20 271	837 562	822 429	15 133
Payments						
Suppliers and employees	J5	(716 494)	4 449	(712 046)	(654 116)	(57 929)
Interest		(13 428)	-	(13 428)	(10 751)	(2 677)
Transfers and Subsidies		(12 230)	-	(12 230)	(9 208)	(3 022)
		(742 152)	4 449	(737 704)	(674 076)	(63 628)
Net cash flows from operating activities		75 138	24 720	99 858	148 354	(48 496)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	K1	10 962	-	10 962	-	10 962
		10 962	-	10 962	-	10 962

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Payments						
Capital assets	K2	(109 432)	(11 147)	(120 579)	(104 494)	(16 085)
Net cash flows from investing activities		(98 470)	(11 147)	(109 617)	(104 494)	(5 123)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing		40 150	-	40 150	45 150	(5 000)
Increase (decrease) in consumer deposits		-	-	-	565	(565)
		40 150	-	40 150	45 715	(5 565)
Payments						
Repayment of borrowing		(20 767)	1 251	(19 517)	(19 526)	9
Net cash flows from financing activities		19 383	1 251	20 633	26 190	(5 556)
Net increase/(decrease) in cash and cash equivalents		(3 949)	14 824	10 875	70 049	(59 175)
Cash and cash equivalent at the beginning of the year M1		59 740	-	59 740	95 078	(35 338)
Cash/cash equivalents at the year end:		55 791	14 824	70 615	165 128	(94 513)

Refer to notes 74.3.3 and 74.4.3 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

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. 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.

1.5. Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24, and guidelines issued by National Treasury.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2023 to 30 Jun 2024.

The comparable information includes the following:

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

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Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements – (Refer to Note 74.3)

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements. (Refer to Note 74.4)

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

1.6. 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.

1.7. 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 disclosure of finance liability and 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.

1.8. Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 10 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. Refer to 1.22 with regards to the Financial Instruments on Unpaid Conditional Government Grants and Receipts.

1.9. 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

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Notes to the Audited Annual Financial Statements

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.

1.10. 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.

1.11. Employee benefits

Long Service Awards

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

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

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Notes to the Audited Annual Financial Statements

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. In terms of Collective Agreement for Local Government, annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per 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.

These obligations are valued annually by independent qualified actuaries.

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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.

1.12. 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.

1.13. 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.

1.14. Property, plant, and equipment

Initial Recognition

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

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If the cost can, however, not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

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.

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

Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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

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Notes to the Audited Annual Financial Statements

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 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

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

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.

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

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.

1.15. Intangible assets

Initial Recognition

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

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

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

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

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

Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

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Amortisation and Impairment

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

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

De-recognition

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

Application of deemed cost (Directive 7)

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

1.16. Investment property

Initial Recognition

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

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

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

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

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.

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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:

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

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

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

De-recognition

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

Application of deemed cost - Directive 7

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

1.17. Heritage assets

Initial Recognition

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

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

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

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.

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Application of deemed cost - Directive 7

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

1.18. Recognition and derecognition of Land – IGRAP18

The municipality applies iGRAP18 for 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 (GRAP16), 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.

Key judgements made and assumptions applied to conclude that it controls such land, are as follows (IGRAP 18 par 40):

Land controlled by the municipality because of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use the land and by the right to direct access to the land, and to restrict or deny access of other to the land.

Key judgements made and assumptions applied to conclude that it does not control such land, are as follows (IGRAP 18 par 41):

Land not controlled by the municipality because of a past event and from which future economic benefit or service potential will not flow to the entity. The municipality does not have the ability to use, or direct others to use the land. The municipality does not have right to direct access to the land, and to restrict or deny access of other to the land. There is various housing scheme land where the municipality are still the legal owner per the deeds office, but control and substantive rights were transferred. These lands are not recognised by the municipality.

1.19. Impairment of cash-generating assets

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

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

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

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

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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 amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20. Impairment of non-cash-generating assets

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

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

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.

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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.

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

1.21. Inventories

Initial Recognition

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

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.

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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.

1.22. Financial instruments

Financial assets consist of:

- Unpaid conditional grants
- Receivables from exchange transactions
- Other receivables from non-exchange transactions
- Cash and cash equivalents

Financial liabilities consist of:

- Borrowings
- Finance leases
- 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.

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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

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

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- 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.

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

1.23. Statutory receivables

Identification

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

Initial Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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Subsequent measurement

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

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

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

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

De-recognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all 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.

1.24. Revenue from non-exchange transactions

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

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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 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.

1.25. Revenue from exchange transactions

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

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably.

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- 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.

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 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:

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

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

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

1.26. Transfer of function (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

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

An asset is identifiable if it either:

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

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

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

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

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.

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1.27. Construction contracts and receivables

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

Fixed price: In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue, if any, can be measured reliably;
- it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Cost plus or cost-based contract: In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
- the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably

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.

1.28. 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.

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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.

In the assessment, reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example, if reference is made to “agent”). If rights and obligations are substantially transferred, this could indicate a principal/agent arrangement. If not, the arrangement is accounted for as a normal supplier/customer relationship.

Recognition

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

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

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

1.29. Segment Information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the 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 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. The municipality manages its assets and liabilities as a whole, and these are not reviewed separately for each town. Segment reporting per geographical area is not deemed relevant.

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1.30. Related parties

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

A related party is a person or an entity:

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

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

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

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

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

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Management personnel include:

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

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

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

1.31. Unauthorised expenditure

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

1.32. Irregular expenditure

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

1.33. Fruitless and wasteful expenditure

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

1.34. Contingent Liabilities and Contingent Assets

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

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.

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Notes to the Audited Annual Financial Statements

Management judgment is required when recognising and measuring contingent liabilities.

1.35. Significant judgements and sources of estimation uncertainty

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

Post-retirement medical obligations and, long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 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.

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.

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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.

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.

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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.

1.36. Taxes - Value Added Tax

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

1.37. Capital Commitments

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

1.38. Events after reporting date

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

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

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

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

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1.39. Service concession arrangements: Entity as grantor

Identification

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

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

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

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

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

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

Recognition of asset and liability

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

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

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

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

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

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

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

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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.

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.

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

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

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

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



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2. New standards and interpretations

2.1. Standards and interpretations 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
GRAP 1 - amended	Presentation of Financial statements	1 April 2023
GRAP 25 - amended	Employee Benefits	1 April 2023
iGRAP 7	Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interaction	1 April 2023
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

2.2. Standards and interpretations early adopted.

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

Standard	Description	Effective date
None	None	None

2.3. 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 2024 or later periods:

2.3.1. GRAP 103 (amended): Heritage Assets

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.

2.3.2. 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.

The impact that the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

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	Note	2024			2023		
		R	R	R	R	R	R
		Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
3 HERITAGE ASSETS							
Historic buildings		21 160.65	-	21 161	21 161	-	21 161
Other heritage assets		16 512.00	-	16 512	16 512	-	16 512
		37 673	-	37 673	37 673	-	37 673

3.1 Age and/or condition of heritage assets

Heritage Assets consist of a historical building, national monument and the mayoral chain.

The assets were measured at cost.

3.2 Restrictions on heritage assets

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

3.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

3.4 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.

3.5 Heritage assets used for more than one purpose

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

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	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment (loss)/revers al	Depreciation	Carrying value
3.6 Reconciliation of carrying value - 2024								
Historic buildings	21 161	-	-	-	-	-	-	21 161
Other heritage assets	16 512	-	-	-	-	-	-	16 512
	37 673	-	-	-	-	-	-	37 673
3.7 Reconciliation of carrying value - 2023								
Historic buildings	18 992	-	-	-	2 169	-	-	21 161
Other heritage assets	18 681	-	-	-	(2 169)	-	-	16 512
	37 673	-	-	-	-	-	-	37 673

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4 INVESTMENT PROPERTY

Note	2024			2023		
	R Cost	R Accumulated	R Carrying value	R Cost	R Accumulated	R Carrying value
Investment property	R 18 143 680	R (4 093 456)	R 14 050 224	R 18 143 680	R (5 452 105)	R 12 691 575
	R 18 143 680	R (4 093 456)	R 14 050 224	R 18 143 680	R (5 452 105)	R 12 691 575

4.1 Restrictions on Investment Property

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

4.2 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.

4.3 Pledged as security

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

4.4 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

	2024 R	2023 R
Rental revenue from investment property	457 013	478 588

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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	Transfers	Impairment (loss)/reversal	Depreciation	Carrying value
4.5 Reconciliation of carrying value - 2024								
Investment property	12 691 575	-	-	-	-	1 359 189	(539)	14 050 224
	12 691 575	-	-	-	-	1 359 189	(539)	14 050 224
4.6 Reconciliation of carrying value - 2023								
Investment property	12 692 113	-	-	-	-	-	(538)	12 691 575
	12 692 113	-	-	-	-	-	(538)	12 691 575

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note

5 PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	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	(36 591 817)	280 725 221	317 317 038	(26 388 723)	290 928 315
Plant and machinery	14 619 372	(8 981 034)	5 638 339	12 265 509	(8 399 048)	3 866 461
Motor vehicles	71 992 777	(31 937 740)	40 055 037	60 050 980	(28 639 565)	31 411 416
Office equipment	9 228 162	(7 638 638)	1 589 524	9 154 484	(7 499 090)	1 655 394
It equipment	13 966 462	(10 246 650)	3 719 812	14 135 102	(10 127 228)	4 007 875
Infrastructure	1 235 634 978	(347 626 019)	888 008 960	1 160 921 378	(322 375 949)	838 545 428
Community	99 920 014	(33 633 535)	66 286 480	96 485 876	(31 773 317)	64 712 559
Other property, plant and equipment	65 489 385	(31 674 248)	33 815 137	64 801 795	(30 975 499)	33 826 295
	1 828 168 189	(508 329 680)	1 319 838 509	1 735 132 162	(466 178 419)	1 268 953 742

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Impairment (loss)/reversal	Depreciation	Carrying value
5.1 Reconciliation of carrying value - 2024							
Land	290 928 315	-	-	-	(10 203 093)	-	280 725 221
Plant and machinery	3 866 461	3 022 084	-	(135 739)	-	(1 114 467)	5 638 339
Motor vehicles	31 411 416	12 687 430	-	(70 816)	-	(3 972 993)	40 055 037
Office equipment	1 655 394	358 842	-	(20 464)	-	(404 248)	1 589 524
It equipment	4 007 875	788 036	-	(68 652)	-	(1 007 446)	3 719 812
Infrastructure	838 545 428	81 883 638	-	(2 750 578)	-	(29 669 529)	888 008 960
Community	64 712 559	4 868 231	-	(297 082)	-	(2 997 229)	66 286 480
Other property, plant and equipment	33 826 295	703 013	-	(2 482)	115 508	(827 197)	33 815 137
	1 268 953 742	104 311 273	-	(3 345 812)	(10 087 586)	(39 993 109)	1 319 838 509

5.2 Reconciliation of carrying value - 2023

Land	290 928 315	-	-	-	-	-	290 928 315
Plant and machinery	4 545 155	554 358	-	(64 547)	-	(1 168 505)	3 866 461
Motor vehicles	31 963 074	3 094 989	-	(42 958)	-	(3 603 689)	31 411 416
Office equipment	1 998 289	205 228	-	(14 505)	-	(533 618)	1 655 394
It equipment	5 223 436	101 661	-	(71 066)	-	(1 246 157)	4 007 875
Infrastructure	790 222 378	76 860 126	-	(1 248 239)	-	(27 288 836)	838 545 428
Community	63 294 314	4 413 283	-	(84 836)	-	(2 910 202)	64 712 559
Other property, plant and equipment	35 032 590	(422 492)	-	(2 068)	-	(781 734)	33 826 295
	1 223 207 551	84 807 152	-	(1 528 219)	-	(37 532 742)	1 268 953 742

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
5.3 Capital commitments			
Capital commitments applicable	66	10 876 239	14 780 426

5.4 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	17 801 577	14 054 237
Roads Infrastructure	6 384 685	7 758 837
Sanitation Infrastructure	4 860 597	533 000
Water Supply Infrastructure	35 245 054	1 793 332
Community Assets	3 635 746	401 085
	67 927 659	24 540 491

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

Infrastructure Assets	64 682 053	65 671 104
Community Assets	1 847 958	3 697 602
Other Assets	334 541	939 708
	66 864 552	70 308 414

Reasons for delay:

- Mainly Budgeting/Funding Constraints
- Delay with Grant Funding Applications
- Contractor Performance

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Other Assets	605 167	-
	605 167	-

Reasons for delay:

- Projects related to the airport halted, due to a lease agreement entered into with another entity, whom will take over all airport related operations.

5.5 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	17 621 638	17 237 521
Contracted Services	27 978 362	29 072 117
Materials	3 955 357	5 374 503
Other Expenses	142 698	39 626
	49 698 055	51 723 766

5.6 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.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
5.7 Pledged as security			
There are no property, plant and equipment assets pledged as security for liabilities.			
5.8 Change in estimates in terms of GRAP 3			
Depreciation before adjustments:			
Community Assets		35 446	61 631
Computer Equipment		-	145 426
Electrical Infrastructure		18 380	103 805
Furniture and Office Equipment		23 742	21 276
Machinery and Equipment		-	115 818
Network and Communication		236	465
Other Assets		-	32 011
Roads Infrastructure		46 427	232 658
Sanitation Infrastructure		23 740	31 385
Water Supply Infrastructure		14 433	224 208
		162 404	968 684
Depreciation after adjustments:			
Community Assets		8 924	7 271
Computer Equipment		-	29 142
Electrical Infrastructure		4 888	20 722
Furniture and Office Equipment		5 952	4 428
Machinery and Equipment		-	23 432
Network and Communication		124	305
Other Assets		-	6 402
Roads Infrastructure		13 357	26 504
Sanitation Infrastructure		8 622	6 277
Water Supply Infrastructure		4 418	44 842
		46 286	169 326

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 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
6 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		3 675	3 880
Cash at bank		57 201 527	49 901 920
Short-term deposits		108 226 834	45 172 261
		165 432 036	95 078 061
Current assets		165 432 036	95 078 061

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	165 432 036	95 078 061
	165 432 036	95 078 061
Less:		
Unspent conditional grants	915 986	10 948 256
Consumer deposits	11 361 601	10 793 475
Capital Replacement Reserve	71 850 000	29 950 000
Resources available for working capital requirements	81 304 450	43 386 330

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

Nedbank - current account number 1089911513 (Primary bank account)	5 146 436	1 975 173
Nedbank - current account number 1089913079 (Traffic account)	49 144	60 302
Nedbank - current account number 1089913974 (Direct deposits)	3 455 319	1 132 909
Standard bank - current account number 372884709 (Primary bank account)	4 776 338	19 464 330
Standard bank - current account number 372884741 (Bitou grants)	51 576 948	25 694 868

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
The municipality had the following bank accounts as at 30 June: -			
Nedbank - current account number 1089911513 (Primary bank account)		-	5 146 436
Nedbank - current account number 1089913079 (Traffic account)		-	49 144
Nedbank - current account number 1089913974 (Direct deposits)		-	3 455 319
Standard bank - current account number 372884709 (Primary bank account)		60 854 666.19	4 776 338
Standard bank - current account number 372884741 (Ring-fencing Account)		516 735.70	51 576 948
Cash book balance at beginning of year		49 901 919.69	48 623 386
Cash book balance at end of year		57 201 527.48	49 901 920
Bank statement balance at beginning of year		65 004 185.14	48 327 582
Bank statement balance at end of year		61 371 401.89	65 004 185
7 INVENTORIES			
Consumable stores		13 458 748	12 859 023
Unsold properties held for resale		2 235 230	2 235 230
Water for distribution		151 471	262 460
		15 845 449	15 356 713
7.1 Inventory pledged as security			
No inventory assets were pledged as security for liabilities.			
7.2 Water for distribution			
Opening Balance		262 460	271 089
Decrease in net realisable value opening balance		(97 743)	-
System input volume		14 836 566	21 668 014
Billed consumption		(9 275 074)	(13 919 817)
Data transfer and management errors		(5 561 492)	(7 756 825)
Unavoidable annual real losses	39	(13 246)	(1)
		151 471	262 460
8 OPERATING LEASE (ACCRUAL)			
Operating lease asset - Current		17 640	155 194
Operating lease liability - Current		(441 391)	(217 529)
		(423 751)	(62 335)

A further breakdown/ explanation can be found below and under note 66 sub-heading Operating lease

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
8.1			
Operating leases - as lessor (income)			
At the statement of financial position date, where the municipality acts as a lessor under operating leases, it			
Minimum lease payments due			
- within one year		757 075	652 195
- in second to fifth year inclusive		211 926	49 968
-later than five years		25	25
		969 026	702 187

8.2 Operating leases - as lessee (expense)

At the statement of financial position date, where the municipality acts as a lessee under operating leases, it

Minimum lease payments due

- within one year	3 715 317	2 735 832
- in second to fifth year inclusive	8 402 603	10 092 636
	12 117 920	12 828 468

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/office rentals and office printing machines.

The municipality does not engage in any sub-lease agreements

The municipality did not pay any contingent rent during the year

9 DEBTORS DISCLOSURE

Gross balances

Electricity (exchange)	30 073 091	28 711 120
Water (exchange)	92 734 948	78 618 873
Waste water (exchange)	99 022 639	93 927 068
Refuse (exchange)	59 543 701	55 219 138
Housing rentals (exchange)	1 402 326	1 006 477
Sundries (exchange)	20 424 523	16 969 736
Property rates (non-exchange)	55 959 676	54 786 008
Electricity (non-exchange)	3 657 318	3 725 563
Water (non-exchange)	5 236 230	5 508 032
Waste water (non-exchange)	5 445 794	6 331 804
Refuse (non-exchange)	3 403 614	3 533 269
Fines (non-exchange)	112 618 132	96 374 172
Sundries (non-exchange)	293 276	275 071
	489 815 269	444 986 331

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Less: Allowance for impairment			
Electricity (exchange)		(9 118 485)	(8 046 095)
Water (exchange)		(79 924 980)	(70 843 486)
Waste water (exchange)		(90 893 078)	(87 655 248)
Refuse (exchange)		(55 918 853)	(51 753 124)
Housing rentals (exchange)		(1 111 504)	(968 731)
Sundries (exchange)		(6 135 512)	(5 267 802)
Property rates (non-exchange)		(35 164 492)	(32 909 401)
Electricity (non-exchange)		(3 176 104)	(2 746 980)
Water (non-exchange)		(4 089 894)	(4 369 465)
Waste water (non-exchange)		(4 901 909)	(5 134 848)
Refuse (non-exchange)		(3 003 115)	(3 396 087)
Fines (non-exchange)		(95 804 601)	(85 311 453)
		(389 242 526)	(358 402 721)
Net balance			
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
Property rates (non-exchange)		20 795 184	21 876 607
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Fines (non-exchange)		16 813 531	11 062 718
Sundries (non-exchange)		293 276	275 071
		100 572 742	86 583 610
Statutory receivables included in debtors above are as follows:			
Fines (non-exchange)		16 813 531	11 062 718
Property rates (non-exchange)		20 795 184	21 876 607
		37 608 716	32 939 326
Financial asset receivables included in debtors above are as follows:			
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Sundries (non-exchange)		293 276	275 071
		62 964 027	53 644 284
Total debtors		100 572 742	86 583 610

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
9.01	Included in above is receivables from exchange transactions - current		
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
		60 098 816	49 917 925
9.02	Included in above is receivables from non-exchange transactions - current		
Property rates (non-exchange)		20 795 184	21 876 607
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Fines (non-exchange)		16 813 531	11 062 718
Sundries (non-exchange)		293 276	275 071
		40 473 926	36 665 684
Net balance		100 572 742	86 583 610

9.03 Ageing of receivables from exchange and non-exchange transactions:

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

Electricity (exchange)

Current (0 – 30 days)	5 371 766	16 954 048
31 - 60 Days	11 285 850	888 572
61 - 90 Days	1 963 143	410 117
+ 90 Days	11 452 333	10 458 383
	30 073 091	28 711 120

Water (exchange)

Current (0 – 30 days)	3 687 897	7 689 638
31 - 60 Days	5 498 911	2 706 203
61 - 90 Days	5 419 815	2 539 161
+ 90 Days	78 128 326	65 683 872
	92 734 948	78 618 873

Waste water (exchange)

Current (0 – 30 days)	1 374 774	6 858 111
31 - 60 Days	4 777 919	3 182 788
61 - 90 Days	3 914 947	2 358 555
+ 90 Days	88 954 999	81 527 614
	99 022 639	93 927 068

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Refuse (exchange)			
Current (0 – 30 days)		678 414	3 981 277
31 - 60 Days		3 045 290	1 745 195
61 - 90 Days		2 690 413	1 367 040
+ 90 Days		53 129 584	48 125 626
		59 543 701	55 219 138
Housing rentals (exchange)			
Current (0 – 30 days)		8 146	44 434
31 - 60 Days		89 641	15 190
61 - 90 Days		59 661	14 658
+ 90 Days		1 244 878	932 196
		1 402 326	1 006 477
Sundries (exchange)			
Current (0 – 30 days)		5 816 721	6 644 080
31 - 60 Days		432 346	694 963
61 - 90 Days		2 833 244	154 859
+ 90 Days		10 875 083	9 475 835
		19 957 394	16 969 736
Property rates (non-exchange)			
Current (0 – 30 days)		485 214	657 683
31 - 60 Days		9 452 753	8 013 099
61 - 90 Days		3 298 645	1 709 152
+ 90 Days		42 723 064	44 406 074
		55 959 676	54 786 008
Electricity (non-exchange)			
Current (0 – 30 days)		-	136 677
31 - 60 Days		123 063	83 410
61 - 90 Days		106 561	76 539
+ 90 Days		3 427 694	3 428 937
		3 657 318	3 725 563
Water (non-exchange)			
Current (0 – 30 days)		-	308 000
31 - 60 Days		197 813	136 586
61 - 90 Days		163 557	112 724
+ 90 Days		4 874 860	4 950 722
		5 236 230	5 508 032
Waste water (non-exchange)			
Current (0 – 30 days)		789	295 107
31 - 60 Days		273 373	149 718
61 - 90 Days		258 796	123 757
+ 90 Days		4 912 835	5 763 223
		5 445 794	6 331 804

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Refuse (non-exchange)			
Current (0 – 30 days)		447	241 938
31 - 60 Days		168 344	109 238
61 - 90 Days		166 555	90 540
+ 90 Days		3 068 269	3 091 553
		3 403 614	3 533 269
Fines (non-exchange)			
Current (0 – 30 days)		3 694 550	3 961 900
31 - 60 Days		41 200	3 916 450
61 - 90 Days		25 800	4 353 200
+ 90 Days		108 856 582	84 142 622
		112 618 132	96 374 172
Sundries (non-exchange)			
Current (0 – 30 days)		27 777	112 520
+ 90 Days		265 499	162 551
		293 276	275 071
Total			
Current (0 – 30 days)		21 146 494	47 885 411
31 - 60 Days		35 386 504	21 641 413
61 - 90 Days		20 901 137	13 310 301
+ 90 Days		411 914 006	362 149 206
		489 348 140	444 986 331
9.04 Summary of debtors by customer classification			
Residential			
Current (0 – 30 days)		18 644 620	46 905 763
31 - 60 Days		34 597 813	19 990 467
61 - 90 Days		20 422 618	12 310 896
+ 90 Days		403 333 979	318 319 541
		476 999 031	397 526 668
Less: Allowance for impairment		(389 242 526)	(358 402 721)
		87 756 505	39 123 947
Industrial/ commercial			
Current (0 – 30 days)		2 675 620	(1 609 071)
31 - 60 Days		638 180	337 034
61 - 90 Days		345 906	356 054
+ 90 Days		6 353 157	18 748 653
		10 012 863	17 832 670
National and provincial government			
Current (0 – 30 days)		(173 746)	2 588 719
31 - 60 Days		150 510	1 313 912
61 - 90 Days		132 613	643 351
+ 90 Days		2 226 869	25 081 011
		2 336 247	29 626 993

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Total			
Current (0 – 30 days)		21 146 494	47 885 411
31 - 60 Days		35 386 504	21 641 413
61 - 90 Days		20 901 137	13 310 301
+ 90 Days		411 914 006	362 149 206
		489 348 140	444 986 331
Less: Allowance for impairment		(389 242 526)	(358 402 721)
		100 105 614	86 583 610

9.05 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

During the 2023-24 financial year, there was no incidents where operations was halted. There is thus no material losses to report.

9.06 Trade and other receivables pledged as security

No receivables are pledged as security for financial liabilities

9.07 Fair value of trade and other receivables

Due to the short term nature of receivables the carrying amount disclosed in note 9 of the financial statements is an approximation of its fair value.

9.08 Reconciliation of allowance for impairment

Balance at beginning of the year	358 402 721	327 131 748
Contributions to allowance	252 177 949	283 162 563
Reversal of allowance	(221 338 143)	(251 891 591)
Balance at end of year	389 242 526	358 402 721

The total amount of this provision consists of:

Electricity (exchange)	9 118 485	8 046 095
Water (exchange)	79 924 980	70 843 486
Waste water (exchange)	90 893 078	87 655 248
Refuse (exchange)	55 918 853	51 753 124
Housing rentals (exchange)	1 111 504	968 731
Sundries (exchange)	6 135 512	5 267 802
Property rates (non-exchange)	35 164 492	32 909 401
Electricity (non-exchange)	3 176 104	2 746 980
Water (non-exchange)	4 089 894	4 369 465
Waste water (non-exchange)	4 901 909	5 134 848
Refuse (non-exchange)	3 003 115	3 396 087
Fines (non-exchange)	95 804 601	85 311 453
	389 242 526	358 402 721

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Statutory receivables included in debtors impairment provision above are as follows:			
Property rates (non-exchange)		35 164 492	32 909 401
Fines (non-exchange)		95 804 601	85 311 453
		130 969 092	118 220 854
Financial asset receivables included in debtors impairment provision above are as follows:			
Electricity (exchange)		9 118 485	8 046 095
Water (exchange)		79 924 980	70 843 486
Waste water (exchange)		90 893 078	87 655 248
Refuse (exchange)		55 918 853	51 753 124
Housing rentals (exchange)		1 111 504	968 731
Sundries (exchange)		6 135 512	5 267 802
Electricity (non-exchange)		3 176 104	2 746 980
Water (non-exchange)		4 089 894	4 369 465
Waste water (non-exchange)		4 901 909	5 134 848
Refuse (non-exchange)		3 003 115	3 396 087
		258 273 434	240 181 867
Total debtors		389 242 526	358 402 721

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.

10 GRANTS

Monetary allocations - other

Local Government, Water And Related Service SETA	391 574	359 886
	391 574	359 886

Monetary Allocations: District Municipalities

Safety Plans	120 000	120 000
	120 000	120 000

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Monetary Allocations:Provincial Government			
Community Development Workers (CDW)		13 806	4 864
Community Library Services		306 460	(299 348)
Human Settlement Development		(26 275 178)	(26 575 528)
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)		(6 044 048)	(1 392 542)
Library Services Replacement Funding for most vulnerable B3 Municipalities		-	(1 248 522)
Regional Social Economic Projects (RSEP)		5 351	-
Thusong Services Centres		75 246	70 541
Western Cape Financial Management Capability		-	366 407
		(31 918 363)	(29 074 129)
Monetary Allocations:National Government			
Local Government Financial Management		-	677 707
Municipal Infrastructure		3 549	9 348 852
		3 549	10 026 559
Total grants		(31 403 240)	(18 567 683)
Unspent conditional grants		915 986	10 948 256
Unpaid conditional grants		(32 319 226)	(29 515 940)
		(31 403 240)	(18 567 683)

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

Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	59 306 321	58 690 265
Unconditional grants received	144 726 000	129 019 000
	204 032 321	187 709 265

10.1 Grants breakdown

10.1.1 Monetary allocations - other

10.1.1.01 Local Government, Water And Related Service SETA

Opening balance	359 886	496 544
Receipts	832 363	398 900
Conditions met - transferred to revenue - operating	(800 676)	(535 558)
Conditions still to be met - remain liabilities.	391 574	359 886

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
10.1.2 Monetary Allocations: District Municipalities			
10.1.2.01 Safety Plans			
Opening balance		120 000	120 000
Conditions still to be met - remain liabilities.		120 000	120 000
This allocation is to coordinate the Community Safety Plan initiatives within the district			
10.1.2.02 Tourism Marketing and Development			
Receipts		390 000	-
Conditions met - transferred to revenue - operating		(390 000)	-
Conditions still to be met - remain liabilities.		-	-
This allocation is for a collaboration of a joint marketing platform between Bitou Municipality and Garden Route District Municipality.			
10.1.3 Monetary Allocations: Provincial Government			
10.1.3.01 Community Development Workers (CDW)			
Opening balance		4 864	15 616
Receipts		19 000	19 000
Conditions met - transferred to revenue - operating		(10 057)	(14 136)
Re-payment of unspent grant		-	(15 616)
Conditions still to be met - remain liabilities.		13 806	4 864
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			
10.1.3.02 Community Library Services			
Opening balance		(299 348)	-
Receipts		2 091 304	1 995 652
Conditions met - transferred to revenue - operating		(1 171 069)	(2 295 000)
Conditions met - transferred to revenue - capital		(314 428)	-
Conditions still to be met - remain liabilities.		306 460	(299 348)
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			
10.1.3.03 Emergency Municipal Loadshedding Relief			
Receipts		-	5 600 000
Conditions met - transferred to revenue - capital		-	(5 600 000)
Conditions still to be met - remain liabilities.		-	-
To assist municipalities with the unforeseen and immediate impact of prolonged load-shedding on water and wastewater services			

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
10.1.3.04 Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure			
Receipts		140 000	135 000
Conditions met - transferred to revenue - operating		(140 000)	(135 000)
Conditions still to be met - remain liabilities.		-	-

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).

10.1.3.05 Human Settlement Development

Opening balance	(26 575 528)	(15 590 971)
Receipts	15 672 552	-
Conditions met - transferred to revenue - operating	(1 638 087)	(10 984 557)
Conditions met - transferred to revenue - capital	(13 734 115)	-
Conditions still to be met - remain liabilities.	(26 275 178)	(26 575 528)

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

10.1.3.06 Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)

Opening balance	(1 392 542)	-
Receipts	1 182 362	-
Conditions met - transferred to revenue - operating	(3 680 403)	-
Conditions met - transferred to revenue - capital	(2 153 466)	(1 392 542)
Conditions still to be met - remain liabilities.	(6 044 048)	(1 392 542)

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

10.1.3.07 Library Services Replacement Funding for most vulnerable B3 Municipalities

Opening balance	(1 248 522)	-
Receipts	8 601 739	8 323 478
Conditions met - transferred to revenue - operating	(7 353 217)	(9 560 659)
Conditions met - transferred to revenue - capital	-	(11 341)
Conditions still to be met - remain liabilities.	-	(1 248 522)

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

10.1.3.08 Local Government Public Employment Support

Opening balance	-	127 771
Conditions met - transferred to revenue - operating	-	(127 771)
Conditions still to be met - remain liabilities.	-	-

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 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
10.1.3.09 Regional Social Economic Projects (RSEP)			
Opening balance		-	894 628
Receipts		350 000	-
Conditions met - transferred to revenue - capital		(344 649)	(500 000)
Re-payment of unspent grant		-	(394 628)
Conditions still to be met - remain liabilities.		5 351	-

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.

10.1.3.1 Thusong Services Centres

Opening balance	70 541	-
Receipts	120 000	150 000
Conditions met - transferred to revenue - operating	(115 295)	(79 459)
Conditions still to be met - remain liabilities.	75 246	70 541

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

10.1.3.11 Western Cape Financial Management Capability

Opening balance	366 407	-
Receipts	700 000	800 000
Conditions met - transferred to revenue - operating	(1 008 645)	(433 593)
Re-payment of unspent grant	(57 761)	-
Conditions still to be met - remain liabilities.	-	366 407

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

10.1.3.12 Western Cape Municipal Energy Resilience (WC MER)

Receipts	-	587 234
Conditions met - transferred to revenue - operating	-	(587 234)
Conditions still to be met - remain liabilities.	-	-

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

10.1.4 Monetary Allocations: National Government

10.1.4.01 Extended public works program (EPWP)

Receipts	1 879 000	1 155 000
Conditions met - transferred to revenue - operating	(1 879 000)	(1 155 000)
Conditions still to be met - remain liabilities.	-	-

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
10.1.4.02 Integrated National Electrification Programme			
Opening balance		-	15 414
Receipts		3 774 000	8 718 000
Conditions met - transferred to revenue - capital		(3 774 000)	(8 718 414)
Re-payment of unspent grant		-	(15 000)
Conditions still to be met - remain liabilities.		-	-

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

10.1.4.03 Local Government Financial Management

Opening balance		677 707	-
Receipts		1 771 000	1 721 000
Conditions met - transferred to revenue - operating		(2 448 707)	(1 043 293)
Conditions still to be met - remain liabilities.		-	677 707

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.

10.1.4.04 Municipal Infrastructure

Opening balance		9 348 852	1 588 228
Receipts		21 783 000	22 508 000
Conditions met - transferred to revenue - operating		(1 142 200)	-
Conditions met - transferred to revenue - capital		(29 986 103)	(13 765 376)
Re-payment of unspent grant		-	(982 000)
Conditions still to be met - remain liabilities.		3 549	9 348 852

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

10.1.4.05 Water Services Infrastructure

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

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

10.1.5 Total grants

Opening balance		(18 567 683)	(12 332 771)
Receipts		59 306 321	58 690 265
Conditions met - transferred to revenue - operating		(21 777 356)	(26 951 260)
Conditions met - transferred to revenue - capital		(50 306 760)	(36 566 673)
Re-payment of unspent grant		(57 761)	(1 407 244)
Conditions still to be met - remain liabilities.		(31 403 240)	(18 567 683)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R
11	VAT RECEIVABLE		
VAT		15 181 674	10 025 267
		15 181 674	10 025 267
Net VAT receivable			
VAT receivable	R	283 602 370	R 256 270 538
VAT payable	R	(268 420 695)	R (246 245 271)
	R	15 181 674	R 10 025 267

It must be noted that the VAT control accounts is included in the figures as set out above.



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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
12	EMPLOYEE BENEFIT OBLIGATION		
Post-retirement benefits	12.1	70 559 000	66 477 000
Long service awards	12.2	13 801 000	13 052 000
Total non-current employee benefit liabilities		84 360 000	79 529 000
12.1	Post retirement benefits		
Opening balance		68 422 000	72 292 810
Current service cost		5 184 000	5 209 350
Interest cost		8 480 000	9 355 236
Actual employer benefit payments		(1 403 008)	(1 552 788)
Actuarial loss/ (gain) recognised in the year		(7 989 992)	(16 882 608)
Closing balance		72 693 000	68 422 000
Less: Transfer of current portion		(2 134 000)	(1 945 000)
Non-current portion		70 559 000	66 477 000
12.2	Long-service awards		
Opening balance		15 602 000	15 383 998
Current service cost		1 703 000	1 397 585
Interest cost		1 654 000	1 587 446
Actual employer benefit payments		(2 298 308)	(1 721 271)
Actuarial loss/ (gain) recognised in the year		(379 692)	(1 045 757)
Closing balance		16 281 000	15 602 000
Less: Transfer of current portion		(2 480 000)	(2 550 000)
Non-current portion		13 801 000	13 052 000

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R		
12.3 Post-retirement benefits				
12.3.1 The post retirement benefit plan is a defined benefit plan, of which the members are made up as follows:				
In-service members (eligible employees on medical aid)	470	474		
In-service non-members (eligible employees w/o medical aid)	95	88		
Continuation members (retirees and surviving dependants)	28	36		
Total	593	598		
12.3.2 The defined benefit obligation was estimated to be as follows:				
	R	R		
In-service members (eligible employees on medical aid)	55 210 000	48 696 000		
In-service non-members (eligible employees w/o medical aid)	863 000	833 000		
Continuation members (retirees and surviving dependants)	16 661 000	18 893 000		
Total defined benefit obligation	72 734 000	68 422 000		
12.3.3 The liability in respect of past service has been estimated to be as follows:				
	2022 R	2021 R	2020 R	2019 R
In-service members (eligible employees on medical aid)	48 402 724	46 853 000	39 666 000	44 237 818
In-service non-members (eligible employees w/o medical aid)	466 775	452 000	365 000	391 250
Continuation members (retirees and surviving dependants)	23 423 311	21 684 000	18 156 000	17 423 874
Total liability	72 292 810	68 989 000	58 187 000	62 052 942
12.3.4 Experience adjustments were calculated as follows:				
	2024 R'000	2023 R'000	2022 R'000	2021 R'000
Liabilities: (gain) / loss	(6 487 000)	(6 441 000)	(6 547 130)	(4 387 000)
Total liability	(6 487 000)	(6 441 000)	(6 547 130)	(4 387 000)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R															
<p>12.3.5 The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p> <ul style="list-style-type: none"> ▪ Bonitas ▪ LA Health ▪ SAMWUMed ▪ KeyHealth ▪ Sizwe-Hosmed 																	
<p>12.3.6 Key financial assumptions</p> <p>i) Rate of interest</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Discount rates used</td> <td style="text-align: center;">12.33%</td> <td style="text-align: center;">12.56%</td> </tr> <tr> <td>CPI inflation rate</td> <td style="text-align: center;">6.30%</td> <td style="text-align: center;">0.00%</td> </tr> <tr> <td>Medical aid contribution inflation rate</td> <td style="text-align: center;">7.80%</td> <td style="text-align: center;">8.16%</td> </tr> <tr> <td>Net discount rate</td> <td style="text-align: center;">4.20%</td> <td style="text-align: center;">4.07%</td> </tr> </tbody> </table> <p>ii) Mortality post-employment</p> <p>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</p> <p>iii) Average retirement age</p> <p>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 it was 57 years.</p>		%	%	Discount rates used	12.33%	12.56%	CPI inflation rate	6.30%	0.00%	Medical aid contribution inflation rate	7.80%	8.16%	Net discount rate	4.20%	4.07%		
	%	%															
Discount rates used	12.33%	12.56%															
CPI inflation rate	6.30%	0.00%															
Medical aid contribution inflation rate	7.80%	8.16%															
Net discount rate	4.20%	4.07%															
<p>12.3.7 The amount recognised in the statement of financial position is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">R</th> <th style="text-align: center;">R</th> </tr> </thead> <tbody> <tr> <td>Present value of fund obligations</td> <td style="text-align: center;">2 134 000</td> <td style="text-align: center;">1 945 000</td> </tr> <tr> <td>Net liability - unfunded</td> <td style="text-align: center;">2 134 000</td> <td style="text-align: center;">1 945 000</td> </tr> </tbody> </table>		R	R	Present value of fund obligations	2 134 000	1 945 000	Net liability - unfunded	2 134 000	1 945 000								
	R	R															
Present value of fund obligations	2 134 000	1 945 000															
Net liability - unfunded	2 134 000	1 945 000															

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
12.3.8 Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	68 422 000	72 292 810
Current service cost (Included in employee cost in the statement of financial performance)	5 184 000	5 209 350
Interest cost (Included in employee cost in the statement of financial performance)	8 480 000	9 355 236
Benefits paid	(1 403 008)	(1 552 788)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(7 989 992)	(16 882 608)
Present value of fund obligation at the end of the year	72 693 000	68 422 000
Less: Transfer of current portion	(2 134 000)	(1 945 000)
Balance 30 June	70 559 000	66 477 000

The total liability has increased by 6.2% (or R 4.271 million) since the last valuation. The main reasons for the actual movement in the liability are:

12.3.9 In-service Members

The average in-service member DBO has increased by 16% since the last valuation due to:

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

These impacts were partially offset by an increase in the net discount rate.

12.3.10 In-service Non-Members

The average in-service non-member DBO has increased by 3% since the last valuation due to similar reasons as those described above for in-service members:

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

The total in-service non-member DBO has increased by 2% due to the above, partially offset by a decrease in the number of in-service non-members.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
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12.3.11 Continuation Members

The average continuation member DBO has increased by 13% since the last valuation due to an increase in the average subsidy, a decrease in the average age, and an increase in the proportion of members with a spouse dependant. These impacts were partially offset by an increase in the net discount rate:

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

The total continuation member DBO has decreased by 12% due to the above being more than offset by a decrease in the number of continuation members.

12.3.12 Sensitivity analysis on the accrued liability in (R millions) on 30 June 2024

Assumptions	In-service members liability R'000	In-service Non- members liability R'000	Continuation members liability R'000	Total liability R'000
Central Assumptions	55 210	863	16 661	72 734
	55 210	863	16 661	72 734

12.3.13 Sensitivity analysis on the defined benefit obligation:

Assumptions	Change %	In-service members liability R'000	Continuation members liability R'000	Total liability R'000	% change %
Central Assumptions		56 073	16 661	72 734	
Medical aid contribution inflation rate	1.0	66 523	18 057	84 580	16%
Medical aid contribution inflation rate	(1.0)	47 669	15 433	63 102	-13%
Discount rate	1.0	48 040	15 490	63 530	-13%
Discount rate	(1.0)	66 152	18 010	84 162	16%
Post-retirement mortality	+ 1 Year	54 759	16 094	70 853	-3%
Post-retirement mortality	- 1 Year	57 366	17 230	74 596	3%
Average retirement age	- 1 Year	61 676	16 661	78 337	8%
Membership continuation	(10.0)	49 018	16 661	65 679	-10%

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note			2024 R	2023 R	
12.3.14 Sensitivity analysis on current service and interest costs					
	Change %	Current service cost R'000	Interest cost R'000	Total liability R'000	% change
Assumptions					
Central Assumptions		5 184	8 480	13 664	
Medical aid contribution inflation rate	1.0	6 236	9 890	16 126	18%
Medical aid contribution inflation rate	(1.0)	4 350	7 337	11 687	-14%
Discount rate	1.0	4 425	7 974	12 399	-9%
Discount rate	(1.0)	6 144	9 059	15 203	11%
Post-retirement mortality	+ 1 Year	5 061	8 252	13 313	-3%
Post-retirement mortality	- 1 Year	5 305	8 708	14 013	3%
Average retirement age	- 1 Year	5 021	9 174	14 195	4%
Membership continuation	(10.0)	4 548	7 713	12 261	-10%

12.4 Long service bonuses

12.4.1 The Long service Bonuses is a defined benefit, are made up as follows:

Number of eligible employees

565	562
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The current-service cost for the ensuing year is estimated to be R1.691 million, whereas the interest cost for the next year is estimated to be R1.722 million:

12.4.2 Key assumptions used

i) Rate of interest

Discount rates
CPI inflation rate
General earnings inflation rate
Net Discount Rate

	%	%
Discount rates	11.36%	11.45%
CPI inflation rate	5.48%	0.00%
General earnings inflation rate	6.48%	6.68%
Net Discount Rate	4.58%	4.47%

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R		
12.4.3 The amount recognised in the statement of financial position is as follows:				
Present value of fund obligations	16 281 000	15 602 000		
Net liability - unfunded	16 281 000	15 602 000		
12.4.4 The liability in respect of periods commencing prior to the comparative year has been:				
	2022 R	2021 R	2020 R	
In-service (employee) members	15 383 998	12 937 000	11 306 000	
Total liability	15 383 998	12 937 000	11 306 000	
12.4.5 Experience adjustments were calculated as follows:				
	2024 R	2023 R	2022 R	2021 R
Liabilities: (gain) / loss	(277 692)	44 243	36 084	999 593
Total liability	(277 692)	44 243	36 084	999 593
12.4.6 Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year		R 15 602 000	R 15 383 998	
Current service cost (Included in employee cost in the statement of financial performance)		1 703 000	1 397 585	
Interest cost (Included in employee cost in the statement of financial performance)		1 654 000	1 587 446	
Benefits paid		(2 298 308)	(1 721 271)	
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)		(379 692)	(1 045 757)	
Present value of fund obligation at the end of the year		16 281 000	15 602 000	
Less: Transfer of current portion		(2 480 000)	(2 550 000)	
Balance 30 June		13 801 000	13 052 000	

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
12.4.7 Sensitivity analysis on the DBO on 30 June 2024		
Assumptions	Change %	Liability R'000
Central assumption		16 364
General earnings inflation rate	1.0	17 368
General earnings inflation rate	(1.0)	15 454
Discount rate	1.0	15 438
Discount rate	(1.0)	17 401
Average retirement age	+ 2 Year	18 660
Average retirement age	- 2 Year	14 433
Rates of termination of service	x 2	13 245
Rates of termination of service	x 0.5	18 494
		% change
		6%
		-6%
		-6%
		6%
		14%
		-12%
		-19%
		13%

12.5 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 the fund administrator. The fund administrator confirmed that assets of the pension and retirement funds are not split per participating employer. Therefore, the municipality is unable to determine the value of the plan assets as defined in GRAP 25.

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

12.5.1 LA RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120.3% (30 June 2022 -111.6%).

Contributions paid recognised in the statement of financial performance

R	R
246 656	407 497

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
12.5.2 CAPE RETIREMENT FUND		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120.1% (30 June 2022 -131.6%).	R	R
Contributions paid recognised in the statement of financial performance	28 507 630	26 424 910
12.5.3 DEFINED CONTRIBUTION FUNDS		
Council contribute to the Government employees pension fund, Municipal council pension fund, IMATU retirement fund and SAMWU national provident fund which are defined contribution funds. The retirement benefit funds are subject to the pension fund act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by council are charged against expenditure on the basis of current service costs.	R	R
Contributions paid recognised in the statement of financial performance	97 576	90 409

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Banks: Nedbank			
Nedbank - 7831 033912 / 000 001		1 605 688	3 034 795
Nedbank - 2017/2018		16 216 440	19 322 721
Nedbank 2022/2023		33 273 815	35 255 300
		51 095 943	57 612 816
Banks: Standard Bank			
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)		2 697 940	5 112 841
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)		0	1 888 287
Standard Bank - 2023/2024		45 150 000	-
		47 847 940	7 001 128
Banks: Development Bank of South Africa			
DBSA - 103437/1		12 751 030	14 566 439
DBSA - 103437/2		(0)	359 859
		12 751 030	14 926 297
Annuity loans total		127 701 605	100 826 251
Borrowings total		127 701 605	100 826 251

Development Bank loans

Bitou Local Municipality currently has 1 active loan with the Development Bank of South Africa. The loan instalment is payable bi annually, during December and June, on a "Fixed capital plus interest" basis as per Loan Agreement. Interest rate applicable on the loan is 11,16%. Maturity date on the loan is June 2029. Loan is unsecured. DBSA loan, reference 103437/2, was repaid in full during June 2024.

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 11,40% and 11,45% respectively. Maturity dates on the loans are June 2025 and June 2034. The loans are unsecured. One Standard Bank loan, reference 536665, was repaid in full during June 2024. A new Standard Bank loan, to the amount of R45 150 000.00 was taken up during the 2023/2024 financial year.

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. The loans are unsecured.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R

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 in arrears on the Absa 2015/2016 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.

Non-current liabilities	107 276 384	82 546 469
Current liabilities	20 425 221	18 279 782
Total borrowings	127 701 605	100 826 251

14.1 The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans

Within 1 year	34 249 641	29 003 367
Between 1 and 5 years	95 376 935	81 656 856
After 5 years	62 938 550	34 008 806
Less: Future finance obligations	(64 863 521)	(43 842 778)
Present value of annuity loans obligations	127 701 605	100 826 251

14.2 Utilisation of long-term liabilities reconciliation

Long-term borrowings	127 701 605	100 826 251
Used to finance property, plant and equipment	(115 316 507)	(97 668 925)
Present value of annuity loans obligations	12 385 098	3 157 325

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Any unspent amounts are rolled over to the next year's budget and in line with council's approval of capital projects that is funded by borrowings.

Refer to Appendix B for more detail on borrowings.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
15	CONSUMER DEPOSITS		
Builder's deposit		1 350 075	1 135 500
Consumer Service		9 943 066	9 595 515
Rental properties		68 461	62 461
Total		11 361 601	10 793 475
Guarantees held in lieu of consumer service deposits		246 125	246 125

Consumer Service:

Consumer service deposits are paid by consumers on application for new and existing water and electricity connections. The deposits are repaid only when the water and electricity connections are terminated and the account is settled in full. In cases where consumers default on their accounts, council has the right to utilize the deposit as payment for the final outstanding account.

Builder's deposit:

Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when final occupancy certificates are issued.

Rental properties (Hire of halls):

Deposits are paid for the rental of properties (hire of halls). Deposits will not be repaid in the case of any breakage to the municipality's property because of negligence from the person who hired the hall, the refundable deposit will go to the repairs of the damages.

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.

16 CURRENT EMPLOYEE BENEFIT OBLIGATION

Current portion of post retirement benefits	12.1	2 134 000	1 945 000
Current portion of long-service awards	12.2	2 480 000	2 550 000
Leave	16.1	24 925 654	25 618 963
Annual bonus	16.2	7 504 645	6 974 491
Performance bonus	16.3	586 393	941 550
Total current employee benefit liabilities		37 630 691	38 030 003

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R
The movement in current employee benefits are reconciled as follows:			

16.1 Leave

Opening balance	25 618 963	25 882 448
Increases	2 533 838	2 649 757
Reductions (outflow of economic benefits)	(3 227 147)	(2 913 242)
Closing balance	24 925 654	25 618 963

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

16.2 Annual bonus

Opening balance	6 974 491	4 233 898
Increases	13 760 969	14 976 023
Reductions (outflow of economic benefits)	(13 230 815)	(12 235 431)
Closing balance	7 504 645	6 974 491

Bonuses are being paid to all permanent municipal staff as a 13th cheque or to contract employees, which is part of their employment benefits and where the bonuses are structured as such in their total cost to company package. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

16.3 Performance bonus

Opening balance	941 550	387 815
Increases	586 393	838 008
Reductions (outflow of economic benefits)	(880 964.00)	-
Reductions (without outflow of economic benefits)	(60 586)	(55 143)
Reversals	-	(229 130)
Closing balance	586 393	941 550

Performance bonuses are paid only to Section 57 managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals was completed.


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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note

17 PROVISIONS

17.1 Reconciliation of provisions - 2024

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Other R	Total R
Legal proceedings	7 843 314	2 729 769	(150 000)	(117 568)	-	-	10 305 515
	7 843 314	2 729 769	(150 000)	(117 568)	-	-	10 305 515

17.2 Reconciliation of provisions - 2023

	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Other R	Total R
Legal proceedings	5 635 691	3 661 124	(1 453 501)	-	-	-	7 843 314
Balance at the end of year	5 635 691	3 661 124	(1 453 501)	-	-	-	7 843 314

	2024 R	2023 R
Non-Current Liabilities	-	-
Current Liabilities	10 305 515	7 843 314
Total Provisions	10 305 515	7 843 314

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note

17.3 Legal proceedings provision

- a) A dispute case between Bitou Municipality and Mr. A Croutz regarding unfair dismissal, a arbitration verdict was issued in favor of the plaintiff. The amount provided is according to the arbitration verdict.
- b) A settlement agreement was reached between Bitou Municipality and John Victor. The amount provided for is the best estimate as advised.
- c) Appeal matter between Bitou Municipality and Mr. L Jacobs with regards to the fairness of his dismissal. The outcome was the plaintiff be re-instated and the amount provided for is according to the appeal outcome.
- d) A dispute case between Bitou Municipality and Mr. N Siko regarding unfair dismissal, an arbitration verdict was issued in favor of the plaintiff. The amount provided is according to the arbitration verdict.
- e) The case between Bitou Local Municipality and Ms. N Minnaar regarding damages allegedly sustained. A settlement agreement was reached, and the amount provided for is in accordance with the agreement.
- f) A Deed settlement agreement was reached between Bitou Municipality and Ms. RD Bluett. The amount provided for is a best estimate as advised.
- g) A variation ruling was reached between Bitou Municipality and Mr. R Van Rooi regarding unfair labor practice. An award was issued in favor of the plaintiff and the amount provided for is in accordance with the ruling.
- h) A settlement agreement was reached between Bitou Municipality and S Dixon. The amount provided for is in accordance with the settlement agreement.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
18	PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
	Unallocated deposits	-	46 118
	Total	-	46 118

19	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Accrued interest	61 484	23 928
	Auditor-general of South Africa	-	1 507
	Bulk water	438 774	979 921
	Control, clearing and interface accounts	1 738 233	106 574
	Payables and accruals	92 220 192	62 929 139
	Payments received in advance	25 394 031	24 216 447
	Retention	6 879 645	5 294 628
	Unclaimed deposits	3 817 331	1 197 268
	Total	130 549 691	94 749 411

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

20	RESERVES		
	Capital Replacement Reserve	71 850 000	29 950 000
	Augmentation reserves	4 830 936	-
		76 680 936	29 950 000

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
20.01	CAPITAL REPLACEMENT RESERVE		
Opening balance		29 950 000	18 550 009
Restated opening balance		29 950 000	18 550 009
Transfers in		65 334 037	30 603 251
Transfers out		(23 434 037)	(19 203 260)
Closing balance		71 850 000	29 950 000
20.02	AUGMENTATION RESERVES		
Transfers in		4 830 936	-
Closing balance		4 830 936	-
21	AGENCY SERVICES		
Vehicle registration		2 497 659	2 500 851
Total		2 497 659	2 500 851
Also refer to note 67.1, which relates to municipality as an agent disclosure.			
22	INTEREST CHARGED ON EXCHANGE TRANSACTIONS		
Electricity		1 091 131	1 159 916
Property rental debtors		39 480	65 364
Refuse removal		2 725 046	3 598 356
Waste water management		4 744 059	6 634 205
Water		4 643 355	5 661 669
Total		13 243 071	17 119 510
23	INTEREST EARNED - CASH AND INVESTMENTS		
Bank accounts		3 391 865	3 364 003
Investments		9 811 343	4 662 789
		13 203 208	8 026 792
24	LICENSES AND PERMITS (EXCHANGE)		
Boat		291 188	116 062
Road and transport		1 084 739	1 070 740
Trading		51 556	8 956
Total		1 427 483	1 195 759
25	OPERATIONAL REVENUE		
Administrative handling fees		146 727	208 576
Breakages and losses recovered		2 354	1 898
Commision		247 271.92	205 825
Development Charges		4 830 936	1 539 969
Incidental cash surplus		28	139
Insurance refunds		904 916	369 583
Landing fees		1 046 904	1 415 321
Request for information		1 200	1 100
Staff and councillors recoveries		235 142	360 192
Total		7 415 480	4 102 602

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
26	RENDERING OF SERVICES		
Building/ town planning fees		6 170 126	5 374 717
Cemetary fees		27 761	37 879
Clearance certificate		165 606	150 868
Entrance fees		54 554	50 128
Escort/ road closure fees		9 977	10 581
Fire services		20 040	29 816
Housing (boarding services)		896 104	793 108
Other revenue from rendering of services		-	7 956
Parking fees		44 680	45 065
Photocopies, faxes an telephone charges		45 363	43 025
Valuation Services		12 706	-
		7 446 917	6 543 142
27	RENTAL OF FACILITIES AND EQUIPMENT		
Premises			
Premises		1 050 958	830 884
		1 050 958	830 884
Facilities and equipment			
Rental of facilities		303 485	292 784
		303 485	292 784
Total		1 354 443	1 123 668
28	SALE OF GOODS		
Publications		69 345	57 565
		69 345	57 565
29	SERVICE CHARGES		
Other service charges		3 420	366
Refuse removal		44 963 662	41 353 150
Sale of electricity		230 903 838	210 164 342
Sale of water		87 794 690	81 626 602
Sewerage and sanitation charges		67 358 185	72 644 993
		431 023 794	405 789 453
30	ACTUARIAL GAINS		
Post Retirement Benefits		7 989 992	16 882 608
Long service awards		379 692	1 128 756
Total		8 369 684	18 011 364

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
31	AVAILABILITY CHARGES (NON-EXCHANGE)		
	Electricity - availability	2 105 472	2 064 215
	Refuse - availability	3 122 359	4 148 853
	Waste Water - availability	6 234 268	5 760 587
	Water - availability	3 287 710	5 010 651
	Total	14 749 809	16 984 306
32	INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS		
	Property rates	2 291 556	4 242 192
	Total	2 291 556	4 242 192
33	PROPERTY RATES		
33.1	Rates received		
	Residential	152 522 041	127 726 680
	Commercial	19 148 059	17 903 603
	Small holdings and farms	3 014 469	2 714 922
	Industrial	1 204 589	990 455
	Other	2 339 360	2 109 048
	Total	178 228 517	151 444 708
33.2	Valuations		
		R 000	R 000
	Residential	26 649 310	26 115 609
	Commercial	2 041 342	1 916 713
	State	215 860	215 860
	Municipal	653 282	652 082
	Small holdings and farms	2 042 326	2 041 746
	Industrial	118 100	119 300
	Other	479 921	524 887
	Total	32 200 141	31 586 197

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

Other consist of:

Public benefit organisation

Public Service Infrastructure

Sport Clubs/Fields not operating from municipal property.

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 monthly on all ratable property and are payable by the 7th of the next month. Property owners may apply to have their rates levied annually, with accounts payable by 30 September for annual rates. Interest is levied monthly on overdue accounts at prime plus 1%.

Rebates are annually determined by Council in the approved tariff structure and is applied to the applicable property categories accordingly.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
33.3 Basic rate			
		c / R	c / R
Residential		0.602	0.562
Commercial		1.004	0.937
State		1.004	0.937
Small holdings and farms		0.151	0.140
Industrial		1.004	0.937
Other - See breakdown below			
> Public benefit organisation		0.151	0.140
> Public Service Infrastructure		0.151	0.140
> Sport Clubs/Fields not operating form municipal property		0.602	0.562
34 SURCHARGES AND TAXES			
Nature's Valley - Special Rated Area		1 419 866	-
Total		1 419 866	-
35 CONTRIBUTED ASSETS			
Donated asset at Longships drive playpark		32 744	-
Total		32 744	-
36 FINES, PENALTIES AND FORFEITS			
Disconnection fees penalties		3 588	42 120
Illegal connections fines		41 712	85 147
Municipal traffic fines		58 136 249	43 878 345
Overdue books fines		6 710	3 311
Unclaimed money forfeits		2 263 140	2 713 436
Total		60 451 399	46 722 358

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.

36.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

Fines reduced amount	1 928 230	1 306 205
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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 2024

Notes to the Audited Annual Financial Statements

37	GOVERNMENT GRANTS AND SUBSIDIES	Note	2024 R	2023 R
	Operating grants			
	National Government			
	Equitable Share		144 726 000	129 019 000
	Extended public works program (EPWP)	10.1.4.01	1 879 000	1 155 000
	Local Government Financial Management	10.1.4.03	2 448 707	1 043 293
	Municipal Infrastructure	10.1.4.04	1 142 200	-
			150 195 907	131 217 293
	Provincial Government			
	Community Development Workers (CDW)	10.1.3.01	10 057	-
	Community Library Services	10.1.3.02	1 171 069	2 295 000
	Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	10.1.3.04	140 000	135 000
	Financial Management Capacity Building		-	14 136
	Human Settlement Development (Beneficiaries)	10.1.3.05	1 638 087	10 984 557
	Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	10.1.3.06	3 680 403	-
	Local Government Public Employment Support	10.1.3.08	-	127 771
	Library Services Replacement Funding for most vulnerable B3 Municipalities	10.1.3.07	7 353 217	9 560 659
	Thusong Services Centres	10.1.3.1	115 295	79 459
	Western Cape Financial Management Capability	10.1.3.11	1 008 645	433 593
	Western Cape Municipal Energy Resilience (WC MER)	10.1.3.12	-	600 000
			15 116 773	24 230 176
	District Municipalities			
	Tourism Marketing and Development		390 000	-
			390 000.00	-
	Other			
	Local Government, Water And Related Service SETA	10.1.1.01	800 676	535 558
			800 676	535 558
	Total operating grants		166 503 356	155 983 026

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Capital grants			
National Government			
Integrated National Electrification Programme	10.1.4.02	3 774 000	8 718 414
Municipal Infrastructure	10.1.4.04	29 986 103	13 765 376
Water Services Infrastructure	10.1.4.05	-	6 579 000
		33 760 103	29 062 790
Provincial Government			
Community Library Services - Capital	10.1.3.02	314 428	-
Emergency Municipal Loadshedding Relief	10.1.3.03	-	5 600 000
Human Settlement Development	10.1.3.05	13 734 115	-
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries) - Capital	10.1.3.06	2 153 466	1 392 542
Library Services Replacement Funding for most vulnerable B3 Municipalities	10.1.3.07	-	11 341
Regional Social Economic Projects (RSEP)	10.1.3.09	344 649	500 000
		16 546 658	7 503 883
Total capital grants		50 306 760	36 566 673
Total grants		216 810 117	192 549 699
38 BAD DEBTS WRITTEN OFF			
Exchange transactions			
Electricity		841 545	1 262 445
Water distribution		14 838 572	21 321 820
Sewerage		17 446 096	23 152 233
Solid waste removal		10 185 725	13 344 602
		43 311 938	59 081 100
Non-exchange transactions			
Property rates		2 337 673	2 007 831
Fines		28 459 820	26 291 200
Electricity		-	265 497
Solid waste removal		-	306 956
Sewerage		-	390 488
Water distribution		-	601 903
Other 1		316 402	-
		31 113 896	29 863 874
Total		74 425 834	88 944 975

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
39	BULK PURCHASES		
	Electricity - eskom	197 627 955	162 599 090
	Water	1 032 806	1 218 802
		198 660 760	163 817 892
39.01	Electricity losses		
		MWh	MWh
	Units purchased	99 563	96 320
	Units sold	(93 348)	(87 372)
	Total loss	6 215	8 948
	Percentage loss:	%	%
	Technical + non-technical losses	6.24%	9.29%
	Total	6.24%	9.29%
39.02	Water losses		
		ML	ML
	Units purchased	4 443	4 052
	Units sold	(2 760)	(2 599)
	Total Loss	1 683	1 453
	Percentage loss:	%	%
	Technical + non-technical losses	37.89%	35.85%
	Total	37.89%	35.85%
40	CONTRACTED SERVICES		
	Outsourced services		
	Burial services	193 734	29 400
	Business and advisory	1 959 733	1 160 747
	Clearing and grass cutting services	204 674	1 445 637
	Connection/dis-connection	152 778	155 700
	Drivers licence cards	261 137	275 236
	Electrical	-	1 113 046
	Illegal dumping	405 680	724 039
	Litter picking and street cleaning	150 000	659 438
	Meter management	2 240 222	1 463 979
	Organic and building refuse removal	-	612 645
	Printing services	120 736	230 970
	Refuse removal	1 707 215	-
	Removal of structures and illegal signs	1 699 612	-
	Security services	10 682 647	12 723 073
	Traffic fines management	6 216 673	2 905 645
		25 994 841	23 499 554
	Consultants and professional services		
	Business and advisory	12 403 635	5 150 536
	Infrastructure and planning	3 777 277	10 836 024
	Laboratory services	117 937	7 223
	Legal cost	5 772 851	4 250 571
		22 071 701	20 244 353

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Contractors			
Artists and performers		171 500	222 170
Auctioneers		-	26 098
Building		453 757	1 293 232
Catering services		552 349	307 404
Electrical		4 580 069	1 148 689
Fire services		126 148	546 140
First aid		-	95 844
Maintenance of buildings and facilities		3 968 904	3 769 309
Maintenance of equipment		4 421 382	4 343 299
Maintenance of unspecified assets		14 495 470	15 714 888
Plants, flowers and other decorations		14 400	-
Removal of hazardous waste		-	341 016
Stage and sound crew		804 610	135 500
Stream cleaning and ditching		-	1 198 592
		29 588 590	29 142 180
Total		77 655 131	72 886 087
41 DEPRECIATION AND AMORTISATION			
Property, Plant and Equipment		39 993 109	37 532 742
Investment Property		539	538
		39 993 649	37 533 280
42 EMPLOYEE RELATED COSTS			
13th cheques contribution		13 760 969	14 976 023
Acting allowances		1 402 024	11 389
Basic		190 753 071	172 850 332
Cellphone allowances		1 940 421	1 914 445
Contribution to post employment medical		5 184 000	5 209 350
Group insurance - company contributions		6 270 155	5 792 409
Housing benefits and allowances		916 722	965 076
Leave pay		2 533 838	2 649 757
Long-service awards		1 703 000	1 480 584
Medical aid - company contributions		18 696 856	18 124 481
Other benefits		82 130	76 365
Overtime payments		21 112 327	16 282 516
Performance bonus		525 807	553 735
Standby allowances		6 476 736	6 085 200
Travel, motor car and other allowances		11 659 610	11 741 603
UIF and pension - company contributions		29 802 142	27 865 134
Workman's compensation (WCA)		-	1 179 318
Total		312 819 808	287 757 717

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
42.01	Remuneration of accounting officers		
Basic		2 572 640	1 316 867
Cellphone allowances		70 000	60 000
Other benefits		159	130
Performance bonus		281 781	-
Travel, motor car and other allowances		196 354	120 000
UIF and pension - company contributions		234 178	215 247
		3 355 113	1 712 243

Mr M Memani was appointed on 04 April 2022 and resigned 30 April 2024. Dr. R Links was temporary appointed to act from 01 March 2024.

42.02 Remuneration of chief financial officers

13th cheques contribution		93 669	-
Basic		1 667 414	-
Cellphone allowances		52 500	-
Group insurance - company contributions		19 249	-
Housing benefits and allowances		5 332	-
Medical aid - company contributions		28 228	-
Other benefits		137	-
Travel, motor car and other allowances		302 210	-
UIF and pension - company contributions		86 428	-
		2 255 166	-

Mr. FM Lötter was appointed on the 1 June 2023 and appointed in another position from 1 June 2024 Mr. BM Ngubo temporary appointed to act from 1 June 2024

42.03 Remuneration of directors corporate services

Basic		59 080	143 710
Cellphone allowances		-	10 000
Leave pay		-	72 542
Medical aid - company contributions		-	8 764
Other benefits		11	22
Performance bonus		103 542	-
Termination benefits		-	1 133 463
Travel, motor car and other allowances		-	71 382
UIF and pension - company contributions		177	23 234
		162 810	1 463 117

Me. Mpahlwa was appointed on the 01 February 2021 till 31 August 2022 Mr. L Loliwe temporary appointed to act from 10 June 2024

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
42.04	Remuneration of director community services		
Basic		2 078 563	970 429
Cellphone allowances		60 000	50 000
Medical aid - company contributions		45 454	31 424
Other benefits		137	108
Performance bonus		278 113	-
Travel, motor car and other allowances		144 000	160 861
UIF and pension - company contributions		226 964	85 190
		2 833 231	1 298 013

Ms. AM Paulsen was appointed on the 01 September 2022

42.05 Remuneration of directors economic planning and development

Basic	523 188	920 712
Cellphone allowances	-	55 000
Leave pay	-	18 407
Medical aid - company contributions	-	40 056
Other benefits	34	119
Travel, motor car and other allowances	-	151 128
UIF and pension - company contributions	531	111 088
	523 753	1 296 511

Mr. L Gericke was appointed on the 01 November 2020 till 31 December 2022 Mr. D Friedman was temporarily appointed for 3 months 1 March 2023 till 31 May 2023 Mr. BM Ngubo was temporary appointed to act on 01 March 2024 till 30 May 2024

42.06 Remuneration of director engineering services

Basic	1 921 135	937 838
Cellphone allowances	63 000	51 750
Other benefits	137	-
Performance bonus	217 528	-
Travel, motor car and other allowances	173 600	102 600
UIF and pension - company contributions	272 718	156 526
	2 648 117	1 248 715

Mr VW Felton was appointed on 01 October 2022.

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
42.07	The aggregated effect of remuneration of key management personnel		
13th cheques contribution		93 669	-
Basic		8 822 019	4 289 557
Cellphone allowances		245 500	226 750
Group insurance - company contributions		19 249	-
Housing benefits and allowances		5 332	-
Leave pay		-	90 949
Medical aid - company contributions		73 681	80 244
Other benefits		614	378
Performance bonus		880 964	-
Termination benefits		-	1 133 463
Travel, motor car and other allowances		816 164	605 972
UIF and pension - company contributions		820 997	591 285
		11 778 190	7 018 598

The termination benefits that was paid in relation to the termination of the contracts of the accounting officer and chief financial officer cannot be disclosed, due to the contractual agreement's clause that prohibits the municipality from disclosing these amounts.

43 FINANCE COSTS

Employee Benefits	10 134 000	10 942 682
Finance leases	21 966	378 888
Non-current borrowings	10 766 398	8 418 897
Total	20 922 363	19 740 467

44 IMPAIRMENT

Impairments

Other receivables from non-exchange revenue	58 849 831	10 967 212
Property, Plant and Equipment	11 591 687	-
Trade and other receivables	211 393 402	208 084 519
	281 834 921	219 051 731

Reversal of impairments

Investment Property	(1 359 189)	-
Other receivables from non-exchange revenue	(46 515 818)	-
Property, Plant and Equipment	(1 374 982)	-
Trade and other receivables	(195 247 380)	(190 429 075)
	(244 497 369)	(190 429 075)

Total impairment losses recognized / (reversed)

37 337 551	28 622 656
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45 INVENTORIES LOSSES / WRITE-DOWNS

Inventories losses/write-downs	97 619	8 628
Total	97 619	8 628

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
46	INVENTORY CONSUMED		
	Inventory consumed		
	Standard rated	5 944 930	5 025 887
	Materials and supplies	9 674 292	9 104 767
		15 619 222	14 130 654
	Total	15 619 222	14 130 654
47	NET LOSS ON THE DISPOSAL OF ASSETS		
	Property, plant and equipment	3 216 693	1 074 350
	Total	3 216 693	1 074 350
48	OPERATING LEASES		
	Premises		
	Premises - contractual amounts	328 454	306 712
	Motor vehicles		
	Motor vehicles - contractual amounts	-	19 796
	Equipment		
	Equipment - contractual amounts	295 902	199 547
	Lease rentals on operating lease - other		
	Lease rentals on operating lease - other - contractual amounts	4 168 500	3 490 811
		4 792 855	4 016 866
49	OPERATIONAL COST		
	Advertising	328 253	419 790
	Assessment rates & municipal charges	3 981 223	3 116 637
	Assets expensed	70 084	51 304
	Audit fees	5 424 864	5 362 717
	Bank charges	2 189 136	2 177 881
	Bargaining council	-	389
	Bursaries	378 374	798 612
	Commission paid	1 905 623	1 745 160
	Communication costs	1 663 744	1 164 739
	Conferences and seminars	273 534	155 599
	Dumping fees (district council)	2 290 545	2 193 459
	Entertainment	23 756	10 173
	External computer service	7 495 943	6 689 895
	Fuel and oil	14 117 729	14 754 006
	Full time union representative	146 599	118 062
	Hire	6 555 703	5 710 722
	Insurance	4 851 168	4 449 024
	Learnerships and internships	3 276 035	2 650 764

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R
Levies		2 447 858	2 212 991
Licences		524 825	553 184
Motor vehicle expenses		274 868	208 933
Postage and courier		862 461	1 068 601
Printing and stationery		-	9 246
Promotions and sponsorships		87 164	-
Protective clothing and uniforms		2 742 708	2 743 635
Remuneration of committee members		408 500	418 000
Resettlement cost		251 135	67 100
Servitudes and land surveys		-	8 500
Signage		293 588	841 521
Software expenses		3 424 392	2 903 952
Storage of files (archiving)		26 752	24 126
Subscriptions and membership fees		3 632 327	3 121 880
Title deed search fees		194	176
Transport provided as part of departmental activities		95 740	87 385
Travel - local		1 985 727	1 023 581
Total		72 030 550	66 861 745



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	2024	2023
	R	R
50 REMUNERATION OF COUNCILLORS		
50.1 List of councillors		
Councillor J . Kamkam	604 101	718 624
Councillor D . Swart	747 727	943 977
Councillor T . Mhlana	519 064	324 452
Councillor CN . Terblanche	893 924	761 523
Councillor SA . Mangxaba	393 857	324 452
Councillor NT . Seti	515 286	324 451
Councillor AR . Olivier	413 682	458 173
Councillor MP . Busakwe	632 815	761 523
Councillor SE . Gcabayi	538 790	330 139
Councillor WJ . Nel	604 101	717 852
Councillor NS . Ndayi	355 137	325 976
Councillor M . Mitchell	505 553	110 183
Councillor TS. Harmse	-	121 164
Councillor M. Mitchell	-	93 162
Councillor NP . Kholwapi	652 181	405 500
	7 376 219	6 721 149

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

							2024	2023
							R	R
50.2 Remuneration paid to councillors can be summarised as follows:								2024
	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
Chief whip	382 615	-	44 936	-	24 477	-	-	452 028
Executive mayor	847 674	-	44 936	10 080	105 412	-	-	1 008 101
Deputy executive mayor	669 289	-	44 936	17 280	83 512	-	-	815 017
Mayoral committee members	1 174 406	197 122	89 872	7 200	63 438	-	-	1 532 038
Speaker	627 229	-	44 936	7 200	58 623	-	76 698	814 686
Section 79 committee chairperson	508 914	-	44 936	17 280	57 218	-	-	628 348
Councillors	1 570 293	-	269 616	61 919	122 616	-	101 557	2 126 001
	5 780 420	197 122	584 168	120 959	515 295	-	178 255	7 376 219

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

							2023	
50.3 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
	5 244 261	330 893	538 355	117 076	422 456	-	68 108	6 721 149

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

2024	2023
R	R

50.4 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 Section 79 Committee Chairperson became full-time from 17 November 2023.

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 use of the Mayoral residence will however trigger a fringe benefit tax deduction, in terms of the income tax act, on the remuneration of the mayor.

The executive mayor has 1 full-time bodyguard and driver.

The deputy executive mayor has 1 full-time bodyguard and driver. The speaker has 1 full-time drivers and bodyguard.



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

	Note	2024 R	2023 R
51	TRANSFERS AND SUBSIDIES		
	Other subsidies		
	Tourism	4 126 150	3 400 000
	Bursaries	455 000	342 239
	Grant in aid	2 578 785	1 221 592
	Monetary allocations	2 048 339	585 000
		9 208 274	5 548 831
	Total	9 208 274	5 548 831
52	WATER LOSSES		
	Water losses	13 370	1
	Total	13 370	1
53	CASH GENERATED BY OPERATIONS		
	Surplus for the year	85 865 193	78 748 669
	Adjustment for:-		
	Depreciation and amortisation	39 993 649	37 533 280
	(Gain) / loss on sale of assets and liabilities	3 216 693	1 074 350
	Contributed property, plant and equipment	(32 744)	-
	Water losses	13 370	1
	Inventories increase to net realisable value	97 619	8 628
	Reversal of impairment loss on exchange receivables	16 146 023	17 655 444
	Reversal of impairment loss on non-exchange receivables	12 334 013	10 967 212
	(Impairment loss) Reversal of impairment loss on fixed assets	8 857 516	-
	Bad debts written off - exchange transactions	43 311 938	59 081 100
	Bad debts written off - non-exchange transactions	31 113 896	29 863 874
	Movement in unspent conditional grants and receipts	(14 396 193)	(6 234 913)
	Movement in operating lease assets and accruals	361 416	143 019
	Movement in retirement benefits assets and liabilities	4 431 688	(621 965)
	Movement in provisions	2 462 201	2 207 623
	Operating surplus before working capital changes:	233 776 276	230 426 323
	(Increase)/decrease in inventories	(599 725)	436 579
	(Increase) in receivables from exchange transactions	(67 844 062)	(91 499 915)
	(Increase) in receivables from non-exchange transactions	(47 256 151)	(44 011 411)
	Increase in consumer deposits	568 126	945 468
	(Decrease) in taxes	(5 156 408)	(5 370 469)
	Increase in payables from exchange transactions	35 800 279	13 755 608
	(Decrease)/increase in payables from non-exchange transactions	(46 118)	46 118
	Changes in working capital:	(84 534 057)	(125 698 022)
	Cash generated by operations	149 242 219	104 728 301

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

54 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) The following items was reclassified due to Library membership fees that was classified under Rendering of Services instead of Service Charges, Actuarial Gains was classified as Exchange revenue instead of Non-Exchange Revenue and Gains and Losses on the disposal of assets and liabilities that was combined. Unclaimed deposits relating to fines bankaccounts was incorrectly classified as Trade and other Payables from Exchange transactions instead of Payables from non-exchange transactions. Below is the breakdown of each restated item.

	2022-2023		2021-2022
	Amount		Amount
a) Reclassification of the following items under the Statement of Financial Position			
a)			
a) 1. Trade and other payables from exchange transactions		Reclassification	
a) Balance previously reported	94 872 529		80 993 804
a) Transfer to Payables from non-exchange transactions	(46 118)	Reclassification	
a) Restated balance 30 June 2023	<u>94 826 411</u>		<u>80 993 804</u>
a)			
a) 2. Payables from non-exchange transactions		Reclassification	
a) Balance previously reported	-		-
a) Transfer from Trade and other payables from exchange transactions	46 118	Reclassification	
a) Restated balance 30 June 2023	<u>46 118</u>		<u>-</u>
a)			

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

	2022-2023 Amount	
a) Reclassification of the following items under the Statement of Financial Performance		
a) 1. Rendering of services		
a) Balance previously reported	6 809 439	
a) Transfer to Service charges (Exchange)	(366)	Reclassification
a) Restated balance 30 June 2023	<u><u>6 809 073</u></u>	
a) 2. Service charges (Exchange)		
a) Balance previously reported	405 638 160	
a) Transfer from Rendering of services	366	Reclassification
a) Restated balance 30 June 2023	<u><u>405 638 527</u></u>	
a) 3. Actuarial gains - Exchange Revenue		
a) Balance previously reported	18 011 364	
a) Transfer to Actuarial gains - Exchange Revenue	(18 011 364)	
a) Restated balance 30 June 2023	<u><u>-</u></u>	
a) 4. Actuarial gains - Non-Exchange Revenue		
a) Balance previously reported	-	
a) Transfer from Actuarial gains - Non-Exchange Revenue	18 011 364	
a) Restated balance 30 June 2023	<u><u>18 011 364</u></u>	
a) 5. Gain on disposal of assets and liabilities		
a) Balance previously reported	453 870	
a) Transfer to Loss on disposal of assets and liabilities	(453 870)	Reclassification
a) Restated balance 30 June 2023	<u><u>-</u></u>	
a) 6. Loss on disposal of assets and liabilities		
a) Balance previously reported	1 528 219	
a) Transfer from Gain on disposal of assets and liabilities	(453 870)	Reclassification
a) Restated balance 30 June 2023	<u><u>1 074 350</u></u>	

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

- b)** Mayor's Charity funds was incorrectly paid from Grant in aid Expenditure. This Correction is as follows: Transfers and subsidies (2022-2023) Cr R 77 000.00 and Trade and other payables from exchange transactions (2022-2023) Dt R 77 000.00
- c)** Correction of Consumer accounts due to reading that was captured incorrectly and corrected. This Correction is as follows: Service charges (Exchange) (2022-2023) Dt R 36 546.54, Receivables from exchange transactions (2022-2023) Cr R 42 028.52 and VAT receivable (2022-2023) Dt R 5 481.98
- d)** Correction of Consumer accounts due to long-term readings that was captured in the wrong financial year. This Correction is as follows: Service charges (Exchange) (2022-2023) Dt R 2 926.89, Receivables from exchange transactions (2022-2023) Cr R 3 365.73 and VAT receivable (2022-2023) Dt R 438.84
- e)** Correction of Consumer accounts due to revenue enhancement findings that needs to be restated in the correct financial year. This Correction is as follows: Service charges (Exchange) (2022-2023) Cr R 190 399.68, Receivables from exchange transactions (2022-2023) Dt R 218 959.65 and VAT receivable (2022-2023) Cr R 28 559.97
- f)** Correction of accrued interest that was incorrectly accounted for in previous financial years. This Correction is as follows: Receivables from exchange transactions (2022-2023) Dt R 249 775.01, (2021-2022) Dt R 257 687.66, Interest earned - cash and investments (2022-2023) Dt R 7 912.65, (2021-2022) Cr R 257 687.66 and Accumulated surplus (2022-2023) Cr R 257 687.66
- g)** Correction of billing of Landing Fees and Fire Services fees captured in the wrong financial year This Correction is as follows: Rendering of services (2022-2023) Dt R 265 931.15, Operational revenue (2022-2023) Cr R 419 477.17, Receivables from exchange transactions (2022-2023) Dt R 92 026.43 and VAT receivable (2022-2023) Dt R 61 519.59
- h)** First Time Recognition of Moveable Assets as part of the Moveable assets verification that was done, first time recognition of PPE immovable assets and first time recognition of heritage assets. This Correction is as follows: Property, plant and equipment (2022-2023) Dt R 26 334 670.01, (2021-2022) Dt R 27 474 584.07, Accumulated surplus (2022-2023) Cr R 27 477 063.72, (2021-2022) Cr R 27 477 063.72, Depreciation and amortization (2022-2023) Dt R 1 139 914.06 and Heritage assets (2022-2023) Dt R 2 479.65, (2021-2022) Dt R 2 479.65
- i)** Prior year error journal relating to the performance bonus provision of 30 June 2022, relating only to the Municipal Manager for 1 month. The package amounts used for the HOD were amended with a waiver application, resulting in the provision being understated. The package amounts used for the HOD were amended with a waiver application, resulting in the provision being understated. Furthermore, the pro-rating of months was removed due to the actual payout being based on a full year. The Director Corporate services had a package increase due to the Upperlimits increasing. Reversal of bonus provisions for the year, based on the new calculation of the package value. This Correction is as follows: Accumulated surplus (2022-2023) Dt R 21 913.06, Current employee benefit obligation (2022-2023) Cr R 271 263.91, (2021-2022) Cr R 21 913.06 and Employee related costs (2022-2023) Dt R 249 350.85, (2021-2022) Dt R 21 913.06

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

- j) Making provision for the VAT portion on the Library grants, that is still awaiting a VAT ruling from SARS. This Correction is as follows: Accumulated surplus (2022-2023) Dt R 4 469 412.82, (2021-2022) Dt R 4 469 412.82, Unpaid conditional grants (2022-2023) Dt R 1 547 869.57 and Current provisions (2022-2023) Cr R 6 017 282.39, (2021-2022) Cr R 4 469 412.82
- k) VAT on some of the transactions was not taken into account when the revenue was performed. This Correction is as follows: Unspent conditional grants (2022-2023) Dt R 12 766.17 and Government grants & subsidies - monetary (2022-2023) Cr R 12 766.17

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
54.01 Statement of financial position - non current assets						
2023						
Heritage assets	h	35 193	2 480	-	-	37 673
Property, plant and equipment	h	1 242 619 072	26 334 670	-	-	1 268 953 742
Total		1 255 345 840	26 337 150	-	-	1 281 682 990
2022						
Heritage assets	h	35 193	2 480	-	-	37 673
Property, plant and equipment	h	1 195 732 967	27 474 584	-	-	1 223 207 551
Total		1 208 460 273	27 477 064	-	-	1 235 937 337
54.02 Statement of financial position - current assets						
2023						
Receivables from exchange transactions	c,d,e,f,g	49 402 559	515 367	-	-	49 917 925
Unpaid conditional grants	j	27 968 070	1 547 870	-	-	29 515 940
VAT receivable	c,d,e,g	9 986 386	38 880	-	-	10 025 267
Total		234 612 667	2 102 117	-	-	236 714 784
2022						
Receivables from exchange transactions	c,d,e,f,g	37 663 147	257 688	-	-	37 920 835
Total		165 840 839	257 688	-	-	166 098 526

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Audited financial statements for the year ended 30 June 2024

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
54.03 Statement of financial position - current liabilities						
2023						
Current employee benefit obligation	i	37 758 740	271 264	-	-	38 030 003
Current provisions	j	1 826 031	6 017 282	-	-	7 843 314
Payables from non-exchange transactions	a,	-	-	-	46 118	46 118
Trade and other payables from exchange transactions	a,b	94 872 529	(77 000)	-	(46 118)	94 749 411
Unspent conditional grants	k	10 961 022	(12 766)	-	-	10 948 256
Total		175 960 023	6 198 780	-	-	182 158 803
2022						
Current employee benefit obligation	i	34 286 653	21 913	-	-	34 308 566
Current provisions	j	1 166 278	4 469 413	-	-	5 635 691
Total		151 459 379	4 491 326	-	-	155 950 705
54.04 Statement of financial position - net assets						
2023						
Accumulated surplus	f,h,i,j	1 121 973 015	22 240 486	-	-	1 144 213 501
Total		1 151 923 015	22 240 486	-	-	1 174 163 501
2022						
Accumulated surplus	f,h,i,j	1 053 621 398	23 243 426	-	-	1 076 864 823
Total		1 072 171 407	23 243 426	-	-	1 095 414 832

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

	Note	R As previously reported	R Correction of prior period error	R Changes in accounting policy	R Reclassification	R Restated
54.05	Statement of financial performance - revenue from exchange transactions					
2023						
Actuarial gains	a,	18 011 364	-	-	(18 011 364)	-
Gain on disposal of assets and liabilities	a,	453 870	-	-	(453 870)	-
Interest earned - cash and investments	f	8 034 704	(7 913)	-	-	8 026 792
Operational revenue	g	3 683 125	419 477	-	-	4 102 602
Rendering of services	a,g	6 809 439	(265 931)	-	(366)	6 543 142
Service charges (Exchange)	a,c,d,e	405 638 160	150 926	-	366	405 789 453
Total		464 628 015	296 560	-	(18 465 234)	446 459 341
54.06	Statement of financial performance - revenue from non-exchange transactions- taxation and other revenue					
2023						
Actuarial gains	a,	-	-	-	18 011 364	18 011 364
Total		172 671 205	-	-	18 011 364	190 682 569
54.07	Statement of financial performance - revenue from non-exchange transactions- taxation and other revenue					
2023						
Government grants & subsidies - monetary	k	192 536 933	12 766	-	-	192 549 699
Total		239 259 291	12 766	-	-	239 272 058
54.06	Statement of financial performance - expenditure					
2023						
Depreciation and amortization	h	36 393 366	1 139 914	-	-	37 533 280
Employee related costs	i	287 508 367	249 351	-	-	287 757 717
Loss on disposal of assets and liabilities	a,	1 528 219	-	-	(453 870)	1 074 350
Transfers and subsidies	b	5 625 831	(77 000)	-	-	5 548 831
Total		796 806 903	1 312 265	-	(453 870)	797 665 298

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
55	UNAUTHORISED EXPENDITURE		
	Opening balance as previously reported	-	1 230 321 826
	Add: Operating Expenditure identified - Current	31 730 958	-
	Add: Operating Expenditure identified - Prior period	129 242	-
	Add: Capital Expenditure identified - Current	32 744	-
	Less: Approved/authorised by council	-	(1 230 321 826)
	Closing balance	31 892 944	-

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Operating Expenditure identified - 2023	None	129 242	-
Operating Expenditure identified - 2024	None	31 730 958	-
Capital Expenditure identified - 2024	None	32 744	-
		31 892 944	-

55.1 Operating Expenditure determination

Operating	Expenditure	Budget	Difference	Unauthorized Expenditure
	2024 R'000	2024 R'000	2024 R'000	2024 R
Council And General	11 819	13 174	1 355	-
Office Of The Municipal Manager	31 787	30 607	(1 180)	(1 179 956)
Corporate Services	65 735	81 522	15 787	-
Community Services	249 999	219 448	(30 551)	(30 551 002)
Economic Development And Planning	43 038	50 366	7 328	-
Financial Services	59 734	68 967	9 232	-
Engineering Services	412 058	442 124	30 067	-
	874 170	906 207	32 038	(31 730 958)

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Operating	Note			2024	2023
	Expenditure	Budget	Difference	R	R
	2023 R'000	2023 R'000	2023 R'000		
Council And General	8 072	9 268	1 196	-	-
Office Of The Municipal Manager	28 190	30 938	2 748	-	-
Corporate Services	58 195	69 303	11 108	-	-
Community Services	247 183	247 054	(129)	(129 242)	
Economic Development And Planning	22 295	23 233	938	-	-
Financial Services	47 025	62 948	15 924	-	-
Engineering Services	386 706	409 082	22 376	-	-
	797 665	851 826	54 161	(129 242)	

55.2 Capital Expenditure determination

Capital	Expenditure	Budget	Difference	Unauthorized Expenditure
	2024 R'000	2024 R'000	2024 R'000	2024 R
Office Of The Municipal Manager	149	880	731	-
Corporate Services	1 769	1 923	154	-
Community Services	4 657	5 322	665	-
Economic Development And Planning	301	304	4	-
Financial Services	33	-	(33)	(32 744)
Engineering Services	97 403	120 364	22 961	-
	104 311	128 793	24 481	(32 744)

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Notes to the Audited Annual Financial Statements

Capital	Note			2024	2023
	Expenditure	Budget	Difference	R	R
	2023 R'000	2023 R'000	2023 R'000		
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	-	-
	84 807	101 971	17 164		

56 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported
 Add: Expenditure identified - Current
 Add: Expenditure identified - Prior Period
 Less: Amounts repaid - Current
Closing balance

4 465 508	4 465 508
1 161 659	-
-	75 000
-	(75 000)
5 627 167	4 465 508

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
The EMP 201 was submitted in August 2023 before the due date of the 07th September 2023 but the actual payment to SARS was not processed. Only processed on the 22nd of September 2023. A request for suspension of payment was lodged with SARS and in July 2024 and it was declined by SARS so the reason why payment only done in 2024FY financial year.	Under investigation	409 019	-
Fruitless and wasteful expenditure incurred in relation to the Airport Fire Substation during the financial year July 2018/June 2018 - COMAF No.12	Under investigation	752 639	-
		1 161 659	75 000

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
57	IRREGULAR EXPENDITURE		
Opening balance as previously reported		120 535 850	226 813 065
Correction of prior period error		15 248 553	-
Opening balance as restated		135 784 402	226 813 065
Add: Expenditure identified - Current		6 627 216	15 423 898
Less: Amounts written off - Prior Period		(5 511 035)	(106 452 560)
Closing balance		136 900 583	135 784 402

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
SCM policy section 13(c)(i): Supplier false declaration of interest	To be reported to council	-	3 760
SCM policy section 19- Competitive bidding processes not followed	To be reported to council	121 612	167 502
Regulation 12(1)(d) - COMAF No.26	As identified by AG during audit -to be reported to council	1 430 360	-
Regulation 43 and SCM Policy paragraph 42 - COMAF No.6	As identified by AG during audit -to be reported to council	1 029 825	-
MFMA Sec 122(1)(a) & Sec 125(2)(d) - COMAF No.28	As identified by AG during audit -to be reported to council	-	5 511 035
MSA Sec 54(2)(a) & Reg 35(1) - COMAF No.27 (Issue 3)	As identified by AG during audit -to be reported to council	37 378	-
MSA Sec 54(2)(a) & Reg 35(1) - COMAF No.27 (Issue 4)	As identified by AG during audit -to be reported to council	44 914	-
MFMA Sec 122(1)(a) & Sec 125(2)(d) - COMAF No.13 PY -	As identified by AG during audit - reported to council		
Additional items identified in 23/24 FYE		1 868 535	-
MFMA Sec 110(2)(a) & Regulation 19(a)	As identified by AG during audit -to be reported to council	2 094 592	9 737 518
		6 627 216	15 423 898

58 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

58.1 Contributions to organised local government

Opening Balance	(3 233 163)	(2 842 539)
Subscription amount paid	(3 128 386)	(3 233 163)
Expenditure recognized	3 233 163	2 842 539
	(3 128 386)	(3 233 163)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
58.2	Audit fees		
	Opening Balance	1 506.96	-
	Deposits	6 154 690	6 190 682
	Withdrawals	(6 156 197)	(6 189 175)
		-	1 507
58.3	VAT		
	VAT receivable	283 602 370	256 270 538
	VAT payable	(268 420 695)	(246 245 271)
		15 181 674	10 025 267
	Amount paid in relation to VAT for current year	(15 108 138)	(21 360 441)
	Amount received in relation to VAT for current year	-	3 118 009
	Amount received in relation to VAT for prior year	-	5 089 244
	All VAT returns have been submitted by the due date throughout the year.		
	Refer to note 54 for prior year corrections made to the value of R38 880		
58.4	PAYE, UIF and SDL		
	Deposits	53 103 224	44 277 055
	Withdrawals	(53 103 224)	(44 277 055)
		(0)	-
58.5	Pension and medical aid deductions		
	Deposits	76 156 099	73 462 496
	Withdrawals	(76 156 099)	(73 462 496)
		-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
58.6	Investments as at 30 June:		
	Short Term Investments		
	Standard Bank	26 103 321	20 570 112
	ABSA	68 372 593	10 267 051
	NedBank	13 750 920	14 335 099
		108 226 834	45 172 261
	Total Investments	108 226 834	45 172 261

58.7 Councillor's arrear consumer accounts

There was no councillors that had arrear accounts outstanding for more than 90 days during any time during the current and previous financial years.

The following councillors had accounts outstanding:

as at 30 June 2024

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

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
	1 497	-	1 497
	20 936	-	20 936
	1 497	-	1 497
	1 588	-	1 588
	1 497	-	1 497
	1 497	-	1 497
	1 725	-	1 725
	1 497	-	1 497
	31 732	-	31 732

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
as at 30 June 2023			
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
		23 758	23 758

58.8 Intergovernmental and other allocations

In terms of section 123 of the municipal finance management act the municipality must disclose particulars regarding all allocations, except Equitable Share, received and made by the municipality. Under notes 10 and 37 the particulars of the amounts received, recognised after conditions was met, repaid, unspent or unpaid is disclosed. The table below shows the allocation in terms of municipal department, how it was spent, as well as whether conditions was met and / or funds withheld, delayed or withdrawn and the reason for such.

58.8.1 Corporate Services

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Local Government, Water And Related Service SETA	Description of spending	Training (Compliance Training) and payment of intern stipends.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Western Cape Financial Management Capability	Description of spending	The payments was for external bursaries.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note

2024
R

2023
R

58.8.2 Community Services

Name of allocation	Description of spending	Did municipality comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Community Development Workers (CDW)	Description of spending	Travel and substance cost used by the appointed Community Development Workers			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Community Library Services	Description of spending	Operational cost for running the library function.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Library Services Replacement Funding for most vulnerable B3 Municipalities	Description of spending	Operational cost for running the library function.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Safety Plans	Description of spending	Procurement of security cameras at various municipal locations			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Thusong Services Centres	Description of spending	Procurement of painting material for Kranshoek satellite center.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Tourism Marketing and Development	Description of spending	Funds was paid to Plettenberg Bay Tourism for the marketing and promotion of Garden Route & Klein Karoo District			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Note

2024
R

2023
R

58.8.3 Economic Development And Planning

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Extended public works program (EPWP)	Description of spending	Spending in terms of the business plan of the EPWP programme.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	Description of spending	Development of erven, which includes construction of engineering services and relocations, meaning that it includes bulk earth works, platform preparations, demolition of shacks and constructing of TRA's with toilets, water reticulation, sewer reticulation, internal roads, stormwater and ducts.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Human Settlement Development	Description of spending	Development of erven, which includes construction of engineering services that include bulk earthworks, platform preparations, water reticulation, sewer reticulation, internal roads, stormwater and ducts. A portion of the funds are also the preparation of deed of sales and title deeds.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
58.8.4 Financial Services			

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Local Government Financial Management	Description of spending	Intern stipends and various projects as per Business Plan.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Western Cape Financial Management Capability	Description of spending	Revenue enhancement payments to appointed service provider			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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58.8.5 Engineering Services

Name of allocation	Description of spending	Did municipaity comply with allocation	
		Yes/No	Reason if no
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	Maintenance of paved roads, including accomodation of traffic, cleaning and patching of roads and painting of raodmarkings, as per agreement with Western Cape Government Department of Transport and Public Works.		
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes	
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No	
Integrated National Electrification Programme	Description of spending		
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	No	Non-compliance was due to "slow spending", as a result of the building contractor not completing houses in time
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No	
Municipal Infrastructure	Description of spending		Upgrading of all gravel roads in Kranshoek, Upgrading of Kranshoek Sportfield Floodlighting and Plettenberg Bay water treatment works - new pumpstation
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	No	Allocation spending was only 99.9%, which was due to one of the service providers not been registered as a VAT vendor.
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No	

58.9 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 accounting officer and noted by council. The expenses incurred as listed hereunder have been condoned.

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
Category from SCM policy		
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	-	1 787 068
Where it can be demonstrated that goods or services are produced or available from a single provider only	-	207 147
Exceptional case and it is impractical or impossible to follow the official procurement processes	6 437 098	350 958
	6 437 098	2 345 174

59 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).

Company	Relation	Name	Designation	Organ of state	Amount
Shelf Plett 40 T/A Isolomzi	Spouse	Yonn LB	SAPS officer	South African police service	10 796 981
Zutari (Pty) Ltd	Spouse	Ahlschlager HC	Legal Representative	Special investigating unit	
	Spouse	Nadasen K	Director: Key Account Management	Department of public works	
	Son	Mncube T	Specialist Category Manager Supply Chain	Airports company South Africa	2 726 749
Ikapa Distribution Network	Daughter	Davids C	Teacher	Western Cape: Department of Education	154 855
Sonqua Consulting	Spouse	Adams BL	Administrator	Department of Health	3 200 350
Kemanzi (Pty) Ltd	Spouse	Du Toit JN	Traffic Services: Inspector	City of Cape Town	1 459 984
Laurencia Andrews T/A Isiyetu Projects (PTY) Ltd	Spouse	Andrews R	EPWP Law Enforcement	Bitou Municipality	523 270
Furicom (PTY) Ltd	Spouse	Nqolo T	IDP Officer	Bitou Municipality	15 177
Inga and Sihle General Trading	Spouse	Mpita Z	Traffic Officer	Bitou Municipality	30 000
Kulungwane Distributions	Spouse	D Mgidi	Cashier	City of Tshwane Metropolitan Municipality	Rated based award
					18 907 366

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Notes to the Audited Annual Financial Statements

60 RELATED PARTIES

60.1 Related party transactions

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

2023

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	
								4 339 090

60.2 Councillors - rates and services billed 01 July 2023 - 30 June 2024

Councillor J . Kamkam
 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 2024
	R	R
Councillor J . Kamkam	17 961	1 497
Councillor D . Swart	147 605	20 936
Councillor NT . Seti	17 961	1 497
Councillor AR . Olivier	18 380	1 588
Councillor MP . Busakwe	17 961	1 497
Councillor SE . Gcabayi	17 961	1 497
Councillor WJ . Nel	20 248	1 725
Councillor NS . Ndayi	17 961	1 497
	276 038	31 732

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Notes to the Audited Annual Financial Statements

60.3 Directors - rates and services billed 01 July 2023 - 30 June 2024

Mr. M Memani
Mr. FM Lötter
Mr. L Loliwe
Ms. AM Paulsen
Mr V W Felton

Rates and services billed	Outstanding balance as at 30 June 2024
R	R
5 656	-
15 761	-
53 755	73 887
56 210	-
16 517	-
147 899	73 887

60.4 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
234 544	23 748

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Notes to the Audited Annual Financial Statements

	Rates and services billed	Outstanding balance as at 30 June 2023
	R	R
60.5 Directors - rates and services billed 01 July 2022 - 30 June 2023		
Mr. M Memani	4 451	-
Me MP Mpahlwa	2 278	2 209
Mr. MJ Fourie	55 953	4 237
Ms A M Paulsen	48 844	-
Mr L Gericke	8 156	4 971
D Friedman	31 923	2 592
VW Felton	2 350	2 350
	153 954	16 359

The remuneration of key management and councillors can be found on notes 42 & 50.

61 FINANCIAL RISK MANAGEMENT

61.1 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.

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.

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

At 30 June 2024

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

Within 1 year	Between 1 and 5 years	After 5 years
R	R	R
34 249 641	95 376 935	62 938 550
105 155 660	-	-
915 986	-	-

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	-	-
70 532 965	-	-
10 948 256	-	-

61.2 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.

All rates and services are payable within 30 days from invoice date. Refer to note 9 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Balance past due not impaired:

Non-exchange receivables

	2024 %	2024 R	2023 %	2023 R
Electricity	16.97%	481 214	30.76%	841 906
Water	40.42%	1 146 337	30.35%	830 567
Waste water	19.15%	543 096	32.95%	901 850
Refuse removal	14.11%	400 053	0.00%	-
Sundries	9.36%	265 499	5.94%	162 551
		2 836 198		2 736 873

Exchange receivables

	2024 %	2024 R	2023 %	2023 R
Electricity	36.10%	15 582 840	41.91%	3 710 977
Water	21.13%	9 122 072	0.97%	85 750
Waste water	15.65%	6 754 787	0.00%	-
Refuse removal	6.83%	2 946 434	0.00%	-
Housing rentals	0.65%	282 677	0.00%	-
Sundries	19.63%	8 472 290	57.12%	5 057 854
		43 161 099		8 854 581

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 9 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

	2024 %	2024 R	2023 %	2023 R
Electricity	20.94%	3 176 104	17.56%	2 746 980
Water	26.96%	4 089 894	27.92%	4 369 465
Waste water	32.31%	4 901 909	32.82%	5 134 848
Refuse removal	19.80%	3 003 115	21.70%	3 396 087
		15 171 021		15 647 380

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Exchange Receivables

	2024 %	2024 R	2023 %	2023 R
Electricity	3.75%	9 118 485	3.58%	8 046 095
Water	32.88%	79 924 980	31.55%	70 843 486
Waste water	37.39%	90 893 078	39.04%	87 655 248
Refuse removal	23.00%	55 918 853	23.05%	51 753 124
Housing rentals	0.46%	1 111 504	0.43%	968 731
Sundries	2.52%	6 135 512	2.35%	5 267 802
		243 102 413		224 534 487

The entity only enters into non-current investment transactions with major banks with high quality credit standing. 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:

	2024 R	2023 R
Receivables from exchange transactions	60 098 816	49 917 925
Receivables from non-exchange transactions	40 473 926	36 665 684
Cash and cash equivalents	165 432 036	95 078 061
	266 004 779	181 661 670

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Notes to the Audited Annual Financial Statements

61.3 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% (2023. 1%) Increase in interest rates
1% (2023. 1%) Decrease in interest rates

	2024 R	2023 R
	(27)	(332 187)
	27	332 187

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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62 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.

62.1 Financial assets (at amortised cost)

Unpaid conditional grants	32 319 226	29 515 940
Receivables from exchange transactions	60 098 816	49 917 925
Other receivables from non-exchange	2 865 211	3 726 359
Cash and cash equivalents	165 432 036	95 078 061
	260 715 289	178 238 285

62.2 Financial liabilities (at amortised cost)

Long-term borrowings	107 276 384	82 546 469
Current portion of long-term borrowings	20 425 221	18 279 782
Current portion finance lease liabilities	-	1 250 915
Unspent conditional grants	915 986	10 948 256
Trade and other payables from exchange transactions	130 549 691	94 749 411
	259 167 281	207 774 834

63 STATUTORY RECEIVABLES

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

VAT receivable	15 181 674	10 025 267
Property rates (non-exchange)	20 795 184	21 876 607
Fines (non-exchange)	16 813 531	11 062 718
	52 790 390	42 964 592

64 IN-KIND DONATIONS AND ASSISTANCE

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

65 PRIVATE PUBLIC PARTNERSHIPS

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

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Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
66	COMMITMENTS		
66.1	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	516 505	4 587 685
	SCM/2023/120/COMM	1 604 466	-
	SCM/2024/44/COMM	8 755 268	-
		10 876 239	14 780 426

Total capital commitments

Already contracted for but not provided for	10 876 239	14 780 426
	10 876 239	14 780 426

Commitments as per class of PPE

Roads infrastructure	10 359 734	509 575
Community Assets	-	531 165
Water infrastructure	516 505	13 739 686
	10 876 239	14 780 426

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.

66.2 Operating leases - as lessee (expense)

A breakdown / explanation for operating leases can be found under note 8.2.

67 ACCOUNTING BY PRINCIPALS AND AGENTS

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

67.1 Municipality as agent

67.1.1 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.

67.1.2 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.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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67.1.3 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 2 497 659 (2023: R 2 500 851).

67.1.4 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 receivables, have a net effect of R -20 324 that is still owed to the municipality and will be paid over by the department of transport in the new financial year.

67.1.5 Additional information

67.1.5.1 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	15 733 698	16 141 300
	15 733 698	16 141 300

67.1.5.2 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	69 060	64 301
Revenue received on behalf of the principal	15 733 698	16 141 300
Amounts transferred to the principal	(15 823 082)	(16 136 541)
	(20 324)	69 060

All Categories

Opening balance	69 060	64 301
Revenue received on behalf of the principal	15 733 698	16 141 300
Amounts transferred to the principal	(15 823 082)	(16 136 541)
	(20 324)	69 060

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
67.2	Municipality as Principle		
67.2.1	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		
67.2.2	Resources held on behalf of the principal(s), but recognised in the municipality's own financial		
	No resources are under the agents custodianship.		
67.2.3	Fees Paid		
	Fee paid as compensation to the agent		
	TMT	6 216 673	2 905 645
	Utilities World	1 778 843	1 217 333
		7 995 516	4 122 978

67.2.4 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

68 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 2024, the municipality had an accumulated surplus of R 1 183 347 758 and that the municipality's total assets exceed its liabilities by R 1 260 028 695.

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 72

69 LIVING AND NON-LIVING RESOURCES

The municipality has no living resources under it's 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 it's natural state.

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
70	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.		
71	EVENTS AFTER THE REPORTING DATE		
	The following is events after the reporting date that needs to be brought to the attention of the reader of this financial statements.		
	1. In accordance with the contractual liability that stems from the award of a public tender for the operation of the Plettenberg Bay airport and the responsibility that vests in the municipality as the current owner of the airport business and to enable the newly appointed operator to acquire a CAT5 airport license from the Civil Aviation Authority of South Africa. It was confirmed that immediate remedial action is required on the runway as required by previous as well as recent CAA findings. A detailed investigation and analysis of the remedial action was undertaken, and a cost estimate was done that confirmed the cost of repairs. Further negotiations with the newly appointed operator was done and it was agreed that the municipality would contribute a reduced amount for the upgrade of the runway to enable a CAT5 license to be issued by the CAA to the new operator. This event only has future financial implications that does not affect the current reporting period.		
	2. Due arbitration and appeal processes that was concluded during July and August 2024, 2 officials were reinstated in there previous positions with full backdated benefits which have a financial impact that was provided for under legal proceedings provision, refer to Note 19.		
	3. There was a executive council change during August 2024, which has no financial implications for the reporting period.		
72	CONTINGENT LIABILITIES	2024 R	2023 R
	Sugar Sweet Props 26 (Pty)Ltd	-	150 000
	Town planning matter, concerning the proclamation of an access road and related matters		
	Teniqua Wildfire rehabilitation and awareness	-	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 matter was concluded.		
	Proudafrique 0004 t/a Powerhouse	165 300	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.		

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Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
Johann Victor		-	100 000
<p>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. Subsequently a final settlement letter was issued for the plaintiff to be paid on or before the 31 January 2024, this in the current year a provision was raised for the amount due to the plaintiff</p>			
Plettenberg Bay Rate-Payers Residents Association		350 000	-
<p>Reviewing and setting aside a Council resolution for the procurement of vehicles for political office bearers. A notice to abide was filed. The matter is still pending.</p>			
Project Guardian		250 000	-
<p>Application for the review of the decision taken by the Acting Executive Mayor on 19 November 2021 on the rezoning and related matters regarding ERF 156. Application to abide filed at Court. The matter is pending.</p>			
Bradwell Moos		500 000	-
<p>Due to a fatal electrocution of a minor child, legal action is taken against the Bitou Municipality (“the Municipality”) for inter alia, the loss, damages, pain and suffering that the plaintiff endured. The legal action states that the accident is due to the Municipality’s failure to act and/or carry out its constitutional duty resulting in the electrocution and events that led to the death of the minor child on 24 September 2022 at the Kranshoek Municipal Sports Field in Ward 7, Bitou.</p>			
SC Housing		2 014 440	-
<p>The matter relates to a breach of contract between SC Housing (PTY) Ltd and Bitou Municipality Breach of contract. SC Housing (PTY) Ltd is demanding payment for construction of civil engineering service rendered in terms of a tender awarded to them and where the cause relates to a series of events that occurred as a result of the awarded tender.</p>			
Actophambili Roads		195 917	-
<p>The matter relates to a breach of contract between Actophambili Roads and Bitou Municipality and a summons was issued, claiming for services rendered.</p>			
South African Revenue Services - Library Grant		-	-
<p>Due to the issue around the VAT treatment on Grant allocations for Library Services that was raised by SARS, the municipality will disclose the interest and penalties portion of this matter will be disclosed 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 full obligation is split into a provision that is made for the known VAT amounts based on the 15% VAT calculation and is provided for as a provision in Note 17 and the unknown portion of the possible fines and penalties is shown as a contingent liability. The municipality applied for a VAT ruling from SARS, but to date, it is still awaiting a formal response. The potential impact of penalties can only be determined once a formal response is received from SARS.</p>			
Total		3 475 657	1 136 400

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Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
73	CONTINGENT ASSETS		
		2024 R	2023 R
	CANCOM vs Bitou municipality and others	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.		
	Bitou Municipality vs Farmers Fowls CC	350 000	-
	Illegal Land Use: Non-compliance issue where land use is causing a nuisance for surrounding property owners, impacting their ability to enjoy their land use rights. The Legal Department is now required to assist with the necessary actions as per the requirements of the Planning By-law		
	Total	5 850 000	5 500 000

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Notes to the Audited Annual Financial Statements

74 EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES

74.1 Disclosure in terms of GRAP 24 par 38 & 42

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.

74.2 Comparable Basis

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:

74.2.1 Statement of financial position

74.2.1.1

Current assets	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Cash and cash	165 432	Cash and cash	165 432	-	
Trade and other receivables from exchange transactions	54 528	Receivables from exchange transactions	60 099	(5 570)	Accounts of R 651.364k included in receivables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 4.919m included in receivables from exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA).

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Notes to the Audited Annual Financial Statements

Receivables from non-exchange transactions	40 181	Receivables from non-exchange transactions	40 474	(293)	Accounts of R 9.438k included in receivables from non-exchange transactions (GRAP) forms part of current assets / current portion of non-current receivables (mSCOA). Accounts of R 263.514k included in receivables from non-exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA).Accounts of R 20.324k included in receivables from non-exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA).
Current portion of non-current receivables	9	Current portion of long-term receivables	-	9	Accounts of R 9.438k included in receivables from non-exchange transactions (GRAP) forms part of current portion of non-current receivables (mSCOA).
Inventory	15 845	Inventories	15 845	-	
VAT	283 602	VAT receivable	15 182	268 421	Accounts of R 268.421m included in vat receivable (GRAP) forms part of current liabilities / vat (mSCOA).
Other current assets	898	Operating lease asset	18	(31 439)	Accounts of R 32.319m included in unpaid conditional grants (GRAP) forms part of none (mSCOA). Accounts of R 651.364k included in receivables from exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R 263.514k included in receivables from non-exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of other current assets (mSCOA).
		Unpaid conditional grants	32 319		
	560 496		329 369	231 127	

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Notes to the Audited Annual Financial Statements

74.2.1.2	Non current assets	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Investment property	14 050	Investment property	14 050	-	
	Property, plant and equipment	1 319 839	Property, plant and equipment	1 319 839	-	
	Heritage assets	38	Heritage assets	38		
		1 333 926		1 333 926	-	

74.2.1.3	Current liabilities	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Financial liabilities	20 867	Current portion of long-term borrowings	20 425	-	
			Operating lease liability	441		
	Consumer deposits	11 362	Consumer deposits	11 362	-	
	Trade and other payables from exchange transactions	125 575	Trade and other payables from exchange transactions	130 550	(4 974)	Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R -4.919m included in receivables from exchange transactions (GRAP) forms part of trade and other payables from exchange transactions (mSCOA). Accounts of R -20.324k included in receivables from non-exchange transactions (GRAP) forms part of trade and other payables from exchange transactions (mSCOA).

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Trade and other payables from non-exchange transactions	(31 403)	Unspent conditional grants	916	(32 319)	Accounts of R 32.319m included in unspent conditional grants (GRAP) forms part of none (mSCOA).
Provision	45 802	Current employee benefit obligation	37 631	(2 134)	Accounts of R 2.134m included in current employee benefit obligation (GRAP) forms part of other current liabilities (mSCOA).
		Current provisions	10 306		
VAT	268 421	VAT payable	-	268 421	Accounts of R 268.421m included in vat payable (GRAP) forms part of vat (mSCOA).
Other current liabilities	2 134	Landfill site	-	2 134	Accounts of R 2.134m included in current employee benefit obligation (GRAP) forms part of other current liabilities (mSCOA).
	442 757		211 630	231 127	

74.2.1.4

Non current liabilities	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Financial liabilities	107 276	Long-term borrowings	107 276	-	
Provision	13 801	Non-current provisions	-	13 801	Accounts of R 13.052m included in employee benefit obligation (GRAP) forms part of provision (mSCOA).
Other non-current liabilities	70 559	Employee benefit obligation	84 360	(13 801)	Accounts of R 13.052m included in employee benefit obligation (GRAP) forms part of non current liabilities / provision (mSCOA).
	191 636		191 636	-	

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Notes to the Audited Annual Financial Statements

74.2.1.5	Community Wealth/Equity		GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Accumulated surplus/(deficit)	1 183 348	Accumulated surplus	1 183 348	-	
	Reserves and funds	76 681	Reserves	76 681	-	
		1 260 029		1 260 029	-	

74.2.2 Statement of financial performance

74.2.2.1	Exchange Revenue By Source	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	Comment on Differences
	Service charges - electricity	230 904	Service charges (Exchange)	431 024	(3)	Accounts of R 3.42k included in service charges (exchange) (GRAP) forms part of sale of goods and rendering of services (mSCOA).
	Service charges - water	87 795				
	Service charges - waste water management	67 358				
	Service charges - waste management	44 964				
	Sale of Goods and Rendering of Services	7 520	Rendering of services	7 447	3	Accounts of R 3.42k included in service charges (exchange) (GRAP) forms part of sale of goods and rendering of services (mSCOA).
			Sale of goods	69		
	Agency services	2 498	Agency services	2 498	-	
	Interest earned from Receivables	13 243	Interest charged (trading)	13 243	-	

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Interest earned from Current and Non Current Assets	13 203	Interest earned - cash and investments	13 203	-	
Rental from Fixed Assets - Operational	1 354	Rental of facilities and equipment	1 354	-	
Licence and permits	1 427	Licences and permits	1 427	-	
Operational Revenue	7 415	Operational revenue	7 415	-	

74.2.2.2

Non-Exchange Revenue By Source	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	Comment on Differences
Property rates	178 229	Property rates	178 229	-	
Surcharges and Taxes	1 420	Surcharges and taxes	1 420	-	
Fines, penalties and forfeits	60 451	Fines, penalties and forfeits	60 451	-	
Transfer and subsidies - Operational	166 503	Government grants & subsidies - monetary	216 810	(50 307)	Accounts of R 50.307m included in government grants & subsidies - monetary (GRAP) forms part of transfers and subsidies - capital (monetary allocations) (mSCOA).
Interest	2 292	Interest charged on non-exchange transactions	2 292	-	
Operational Revenue	14 750	Availability charges (Non-Exchange)	14 750	-	
Other Gains	8 370	Actuarial gains	8 370	-	

Total Revenue (excluding capital transfers and contributions)

909 696

960 002

(50 307)

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Notes to the Audited Annual Financial Statements

74.2.2.3	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	Comment on Differences
	Employee related costs	312 820	Employee related costs	312 820	-	
	Remuneration of councillors	7 376	Remuneration of councillors	7 376	-	
	Bulk purchases - electricity	197 628	Bulk purchases	198 661	(1 033)	Accounts of R 1.033m included in bulk purchases (GRAP) forms part of inventory consumed (mSCOA).
	Inventory consumed	16 652	Inventory consumed	15 619	1 033	Accounts of R 1.033m included in bulk purchases (GRAP) forms part of inventory consumed (mSCOA).
	Debt impairment	28 480	Impairment	37 338	(8 858)	Accounts of R 8.858m included in impairment (GRAP) forms part of other losses (mSCOA).
	Depreciation and amortisation	39 994	Depreciation and amortization	39 994	-	
	Interest	20 922	Finance costs	20 922	-	
	Contracted services	77 655	Contracted services	77 655	-	
	Transfers and subsidies	9 208	Transfers and subsidies	9 208	-	
	Irrecoverable debts written off	74 426	Bad debts written off	74 426	-	
	Operational costs	76 823	Operating leases	4 793	-	
			Operational cost	72 031		
	Losses on disposal of Assets	3 217	Loss on disposal of assets and liabilities	3 217	-	
	Other Losses	8 969	Inventories Losses / Write-Downs	98	8 858	Accounts of R 8.858m included in impairment (GRAP) forms part of other losses (mSCOA).
			Water losses	13		
	Total expenditure	874 170		874 170	-	

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74.2.2.4	Transfers and Subsidies	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	Comment on Differences
	Transfers and subsidies capital (monetary allocations)	50 307	Contributed Assets	33	50 307	Accounts of R 50.307m included in government grants & subsidies - monetary (GRAP) forms part of transfers and subsidies - capital (monetary allocations) (mSCOA).
	Transfers and subsidies capital (in-kind - all)	33				
	Surplus after capital transfers & contributions	85 865		85 865	-	

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74.2.3 Cash flow statement

74.2.3.1 Cash Flow from Operating Activities

74.2.3.1.1	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	Comment on Differences
	Property rates	174 876	Taxes, levies and fines	189 395	(14 519)	Cashflows of R 224.785k included in taxes, levies and fines (GRAP) forms part of service charges (mSCOA). Cashflows of R 14.294m included in taxes, levies and fines (GRAP) forms part of other revenue (mSCOA).
	Service charges	387 284	Goods and services provided	410 699	(23 415)	Cashflows of R 23.467m included in goods and services provided (GRAP) forms part of other revenue (mSCOA). Cashflows of R 224.785k included in taxes, levies and fines (GRAP) forms part of service charges (mSCOA).
	Other revenue	37 761	Reconciling items	-	37 761	Cashflows of R 14.294m included in taxes, levies and fines (GRAP) forms part of other revenue (mSCOA). Cashflows of R 23.467m included in goods and services provided (GRAP) forms part of other revenue (mSCOA).
	Transfers and Subsidies - Operational	170 385	Government grants	204 855	-	
	Transfers and Subsidies - Capital	34 470	Payments / Public contributions and donations repaid	-	-	
	Interest	17 654	Interest income	17 654	-	
		822 429		822 603	(174)	

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74.2.3.1.2	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	Comment on Differences
	Suppliers and employees	(654 116)	Suppliers for goods and services	(336 498)	(77)	
	Employees			(310 242)		
	Remuneration of councillors			(7 300)		
	Interest	(10 751)	Finance cost	(10 751)	-	
	Transfers and Subsidies	(9 208)	Transfers and grants	(9 208)	-	
		<u>(674 076)</u>		<u>(673 999)</u>	<u>(77)</u>	

74.2.3.2 Cash Flow from Investing Activities

74.2.3.2.2	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	Comment on Differences
	Capital assets	(104 494)	Purchase of property, plant and equipment	(104 494)	-	
		<u>(104 494)</u>		<u>(104 494)</u>	<u>-</u>	

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74.2.3.3 Cash Flow from Financing Activities

74.2.3.3.1	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	Comment on Differences
	Borrowing long term/refinancing	45 150	Proceeds from long-term borrowings	45 150	-	
	Increase (decrease) in consumer deposits	565	CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits	791	-	
			CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits	(226)		
		45 715		45 715	-	

74.2.3.3.2	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	Comment on Differences
	Repayment of borrowing	(19 526)	Repayment of long-term borrowings	(18 275)	-	
			Repayment of finance leases	(1 251)		
		(19 526)		(19 526)	-	

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Notes to the Audited Annual Financial Statements

Ref No Explanation on material differences

74.3 Material differences between original budget and final budget

74.3.1 Statement of financial position

Cash and cash equivalents	A1	Adjusted Opening Balances and additional funding received
Trade and other receivables from exchange transactions	A2	Adjusted Opening Balances and additional funding received
Receivables from non-exchange transactions	A3	Adjusted Opening Balances and additional funding received
VAT	A4	Adjusted Opening Balances and results due to adjustments

74.3.1.1 Current liabilities

Financial liabilities	C1	Adjusted Opening Balances that were not included in the Original Budget
Trade and other payables from exchange transactions	C2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Trade and other payables from non-exchange transactions	C3	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
VAT	C5	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Other current liabilities	C6	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments

74.3.1.2 Non current liabilities

Financial liabilities	D1	Adjusted Opening Balances that were not included in the Original Budget
Provision	D2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Other non-current liabilities	D3	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
74.3.1.3 Community wealth/equity		
Accumulated surplus/(deficit)	E1	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Reserves and funds	E2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
74.3.2 Statement of financial performance		
74.3.2.1 Revenue		
74.3.2.1.1 Exchange Revenue By Source		
Service charges - electricity	F1	Electricity has been adjusted downwards by R9.2 Million due to continuous loadshedding and longer downtime due to the different stages and an increase in our customer base moving to SSEG. The increase in consumption anticipated in the colder months will not meet the current budgeted target and thus the need for adjustment
Service charges - waste water management	F2	Revenue source has continuously been underperforming and the effect of the increase in the number of indigent customers has led to an adjustment of R10.8 Million to bring this source in line with the actual revenue trend
Service charges - waste management	F3	This revenue source has been adjusted downwards as a result of the under performance in the current financial year, the increase in the number of indigents that require subsidization with the associated increase in revenue foregone contributed to the necessity for the reduction in the anticipated revenue
Operational Revenue	F4	The increase in operational revenue, is as a result of revenue from development charges that have been paid to the municipality
74.3.2.1.2 Non-Exchange Revenue By Source		
Fines, penalties and forfeits	G1	Fines are adjusted upwards due to an anticipated over performance based on the trend, it was projected that the Municipality would gain an additional R13.4 Million in revenue from this source
Transfer and subsidies - Operational	G2	Result of the additional grant received and rolled-over funds

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
74.3.2.2 Expenditure By Type		
Employee related costs	H1	Additional funds for overtime and standby due to the continuous loadshedding stages as well as to provide for the under budgeting in the original budget
Bulk purchases - electricity	H2	Bulk electricity reduction, is due to the increase in SSEG in our town coupled with the increase in loadshedding, causing lower demand to such an extent that was not known when the original budget was compiled
74.3.2.3 Capital Funding		
Transfers and subsidies - capital (monetary allocations)	I1	Result of the additional grant received and rolled-over funds
74.3.3 Cash flow statement		
74.3.3.1 Cash flows from operating activities		
74.3.3.1.1 Receipts		
Transfers and Subsidies - Capital	J4	Result of the additional grant received and rolled-over funds
74.3.3.2 Cash flows from investing activities		
74.3.3.2.2 Payments		
Capital assets	K2	Result of the additional grant received and rolled-over funds

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
74.4		Material differences between final budget and actuals
74.4.1		Statement of financial position
74.4.1.1		Current assets
Cash and cash equivalents	A1	Actuals on Cash and Cash Equivalents are over-performing due to lack of spending on certain expenditure items including contracted services and employee related costs
Trade and other receivables from exchange transactions	A2	Over performance due to exceptional collection rate and subsequently a reduction in Impairment
Receivables from non-exchange transactions	A3	Under performance due to a higher rate of fines issued than expected and subsequently a higher impairment for non-collection
VAT	A4	Due to an increase in billing the effect is an increase in our VAT Receivable
74.4.1.2		Current liabilities
Trade and other payables from exchange transactions	C2	Increase due to above anticipated movement in various items such as Payables and Accruals; Retention and Unallocated deposits
Trade and other payables from non-exchange transactions	C3	Difference can be allocated to the underspending on certain grants that lead to the difference
Provision	C4	Increase due to an increase in employee benefit obligation as well as an increase in Litigation provisions
VAT	C5	Due to an increase in trade payables the effect is an increase in our VAT Payable
74.4.1.3		Non current liabilities
Provision	D2	Increase due to an increase in employee benefit obligation as well as an increase in Litigation provisions
Other non-current liabilities	D3	Due to B-Schedule mapping, Other liabilities form part of provisions
74.4.1.4		Community Wealth/Equity
Reserves and funds	E2	Difference due to final capitalisation and reserve for Augmentation fees

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Audited financial statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
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74.4.2 Statement of financial performance

74.4.2.1 Revenue

74.4.2.1.2 Non-Exchange Revenue By Source

Fines, penalties and forfeits	G1	The Fines Budget was adjusted upward to accommodate the increase in Fines Revenue, however based on the Trend the Actual revenue could not have been predicted to spike this much
Transfer and subsidies - Operational	G2	Underspending is partially due to VAT issue on Library grants

74.4.2.2 Expenditure By Type

Employee related costs	H1	The Actuarial report for the 2022-23 financial was not used to adjust the original budget during the adjustment budget and subsequently led to the "Saving" after the 2023-24 report was finalised
Debt impairment	H3	The difference is due to the increase in Fines Revenue which as a result, will increase debt impairment and irrecoverable debt
Contracted services	H4	Difference can be attributed to projects that were started and did not finish in time and projects which never started
Irrecoverable debts written off	H5	The difference is due to the increase in Fines Revenue which as a result, will increase debt impairment and irrecoverable debt
Operational costs	H6	Difference can be attributed to operational items that funding was provided for but for some reason never materialised, examples are registration cost for seminars, conference registration and savings on Travel and subsistence.
Other Losses	H7	Difference is due to asset impairment that forms part of the year-end asset verification and due to timing of the exercise, could not reasonably be budgeted for as per the last adjustment budget of the financial year.

74.4.2.3.3 Capital Funding

Transfers and subsidies - capital (monetary allocations)	I1	Underspending due to Informal Settlement grant, where the tender process was only concluded towards the end of the financial year and thus spending was delayed.
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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
74.4.3		Cash flow statement
74.4.3.1		Cash flows from operating activities
74.4.3.1.1		Receipts
	J1	Property rates The above anticipated cashflow actuals is attributed to the above anticipated collection rate on Property rates
	J2	Service charges The below anticipated cashflow budgeting can be attributed to the below anticipated collection on Service Charges and Higher indigent figuers
	J3	Other revenue The Fines Budget was adjusted upward to accommodate the increase in Fines Revenue, however based on the Trend the Actual revenue could not have been predicted to spike this much
	J4	Transfers and Subsidies - Capital Difference can be attributed to housing projects that never materialised
74.4.3.1.2		Payments
	J5	Suppliers and employees Difference can be attributed to projects that were started and did not finish in time and projects which never started
74.4.3.2		Cash flows from investing activities
74.4.3.2.1		Receipts
	K1	Proceeds on disposal of PPE Council intended to sell some of our properties, however it did not materialise in the current financial year and will be included in the new fiancial year plans.
74.4.3.2.2		Payments
	K2	Capital assets Difference can be attributed to projects that were started and did not finish in time and projects which never started
74.4.3.3		Net increase/(decrease) in cash and cash equivalents
	M1	Cash and cash equivalent at the beginning of A substantial amount of the borrowings taken up was not yet spent.

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75 SEGMENTAL REPORTING

75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
REVENUE				
Revenue from exchange transactions				
Agency services	-	-	-	2 497 659
Interest charged (trading)	-	39 480	-	2 725 046
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	51 556	-	1 375 927
Operational revenue	-	236 342	-	1 681 178
Rendering of services	-	-	55 067	981 126
Rental of facilities and equipment	-	1 050 958	-	303 485
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	44 963 962
Total revenue from exchange transactions	-	1 378 336	55 067	54 528 383
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	-	391 408	1 501 929	2 762 970
Availability charges (Non-Exchange)	-	-	-	3 122 359
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-
Transfer revenue				
Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	-	-	58 142 942
Government grants & subsidies - monetary	-	99 667 359	800 676	15 734 548
Total revenue from non-exchange transactions	-	100 058 767	2 302 605	79 795 562
Total revenue	-	101 437 103	2 357 672	134 323 945

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75 SEGMENTAL REPORTING

75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

EXPENDITURE

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Bad debts written off	316 402	-	-	38 645 545
Bulk purchases	-	-	-	-
Contracted services	241 256	2 579 971	5 352 477	26 071 428
Depreciation and amortization	40 231	123 555	675 607	7 859 666
Employee related costs	-	27 522 759	32 920 330	119 073 780
Finance costs	-	865 083	2 160 154	5 857 681
Impairment	-	-	-	22 755 472
Inventories Losses / Write-Downs	-	-	-	-
Inventory consumed	25 143	36 865	495 575	5 132 591
Loss on disposal of assets and liabilities	746	4 909	46 696	313 824
Operating leases	-	-	345 754	4 447 101
Operational cost	1 205 220	653 617	23 538 766	18 921 912
Remuneration of councillors	7 376 219	-	-	-
Transfers and subsidies	2 613 785	-	200 000	920 000
Water losses	-	-	-	-
Total expenditure	11 819 000	31 786 759	65 735 357	249 999 000
Surplus / (deficit) for the year	(11 819 000)	69 650 344	(63 377 686)	(115 675 055)

75.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Capital Expenditure	-	149 406	1 768 652	4 656 670

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75 SEGMENTAL REPORTING

75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

REVENUE

Revenue from exchange transactions

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Agency services	-	-	-	2 497 659
Interest charged (trading)	-	-	10 478 546	13 243 071
Interest earned - cash and investments	-	13 203 208	-	13 203 208
Licences and permits	-	-	-	1 427 483
Operational revenue	-	394 027	5 103 932	7 415 480
Rendering of services	6 170 126	239 807	791	7 446 917
Rental of facilities and equipment	-	-	-	1 354 443
Sale of goods	-	69 345	-	69 345
Service charges (Exchange)	3 120	-	386 056 712	431 023 794

Total revenue from exchange transactions

6 173 246 13 906 387 401 639 981 477 681 398

Revenue from non-exchange transactions

Taxation and other revenue

Actuarial gains	677 610	1 014 712	2 021 055	8 369 684
Availability charges (Non-Exchange)	-	-	11 627 450	14 749 809
Interest charged on non-exchange transactions	-	2 291 556	-	2 291 556
Property rates	-	178 228 517	-	178 228 517
Surcharges and taxes	-	1 419 866	-	1 419 866

Transfer revenue

Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	2 308 458	-	60 451 399
Government grants & subsidies - monetary	22 786 719	10 547 753	67 273 063	216 810 117

Total revenue from non-exchange transactions

23 464 329 195 810 862 80 921 568 482 353 692

Total revenue

29 637 575 209 717 248 482 561 548 960 035 091

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75 SEGMENTAL REPORTING

75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

EXPENDITURE

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Bad debts written off	-	2 337 673	33 126 213	74 425 834
Bulk purchases	-	-	198 660 760	198 660 760
Contracted services	7 622 636	6 926 908	28 860 456	77 655 131
Depreciation and amortization	136 260	767 643	30 390 687	39 993 649
Employee related costs	27 451 519	33 584 436	72 266 985	312 819 808
Finance costs	1 287 323	333 975	10 418 147	20 922 363
Impairment	-	3 009 621	11 572 459	37 337 551
Inventories Losses / Write-Downs	-	97 619	-	97 619
Inventory consumed	1 413 876	169 300	8 345 873	15 619 222
Loss on disposal of assets and liabilities	9 319	15 383	2 825 816	3 216 693
Operating leases	-	-	-	4 792 855
Operational cost	990 751	11 143 359	15 576 925	72 030 550
Remuneration of councillors	-	-	-	7 376 219
Transfers and subsidies	4 126 150	1 348 339	-	9 208 274
Water losses	-	-	13 370	13 370
Total expenditure	43 037 835	59 734 256	412 057 690	874 169 897
Surplus / (deficit) for the year	(13 400 260)	149 982 992	70 503 858	85 865 193

75.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Capital Expenditure	300 847	32 744	97 402 955	104 311 273



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75.03 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
REVENUE				
Revenue from exchange transactions				
Agency services	-	-	-	2 500 851
Interest charged (trading)	-	65 364	-	3 598 356
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	8 956	-	1 186 802
Operational revenue	18 417	361 292	4 966	1 513 885
Rendering of services	-	-	-	955 995
Rental of facilities and equipment	-	830 884	-	292 784
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	41 353 516
Total revenue from exchange transactions	18 417	1 266 496	4 966	51 402 189
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	-	1 384 959	3 014 531	6 444 903
Availability charges (Non-Exchange)	-	-	-	4 148 853
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Transfer revenue				
Fines, penalties and forfeits	-	-	-	43 881 656
Government grants & subsidies - monetary	-	129 019 000	670 558	22 865 693
Total revenue from non-exchange transactions	-	130 403 959	3 685 089	77 341 105
Total revenue	18 417	131 670 456	3 690 055	128 743 294

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75.03	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Council	Office of the Municipal Manager	Corporate Services	Community Services
		R	R	R	R
	EXPENDITURE				
	Bad debts written off	-	259 496	-	39 942 758
	Bulk purchases	-	-	-	-
	Contracted services	51 376	1 360 774	4 111 577	38 154 563
	Depreciation and amortization	55 705	150 106	832 817	7 925 096
	Employee related costs	-	23 536 598	30 631 392	116 277 853
	Finance costs	-	767 454	2 672 419	6 024 583
	Impairment	-	-	-	9 570 159
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	122 646	29 955	386 625	4 320 707
	Loss on disposal of assets and liabilities	638	1 149	78 549	176 428
	Operating leases	-	-	199 547	3 797 523
	Operational cost	1 120 827	462 777	19 281 627	20 708 222
	Remuneration of councillors	6 721 149	-	-	-
	Transfers and subsidies	-	1 621 592	-	285 000
	Water losses	-	-	-	-
	Total expenditure	8 072 341	28 189 900	58 194 552	247 182 893
	Surplus / (deficit) for the year	(8 053 924)	103 480 556	(54 504 497)	(118 439 599)

75.04	SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Council	Office of the Municipal Manager	Corporate Services	Community Services
		R	R	R	R
	Capital Expenditure	-	-	2 145 191	7 249 442



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Notes to the Audited Annual Financial Statements

75.03	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
REVENUE					
Revenue from exchange transactions					
	Agency services	-	-	-	2 500 851
	Interest charged (trading)	-	-	13 455 790	17 119 510
	Interest earned - cash and investments	-	8 026 792	-	8 026 792
	Licences and permits	-	-	-	1 195 759
	Operational revenue	-	414 539	1 789 503	4 102 602
	Rendering of services	5 374 717	212 430	-	6 543 142
	Rental of facilities and equipment	-	-	-	1 123 668
	Sale of goods	-	57 565	-	57 565
	Service charges (Exchange)	-	-	364 435 937	405 789 453
	Total revenue from exchange transactions	5 374 717	8 711 326	379 681 229	446 459 341
Revenue from non-exchange transactions					
Taxation and other revenue					
	Actuarial gains	1 036 954	2 182 093	3 947 924	18 011 364
	Availability charges (Non-Exchange)	-	-	12 835 453	16 984 306
	Interest charged on non-exchange transactions	-	4 242 192	-	4 242 192
	Property rates	-	151 444 708	-	151 444 708
Transfer revenue					
	Fines, penalties and forfeits	-	2 840 702	-	46 722 358
	Government grants & subsidies - monetary	3 127 001	1 476 886	35 390 561	192 549 699
	Total revenue from non-exchange transactions	4 163 955	162 186 580	52 173 938	429 954 627
	Total revenue	9 538 672	170 897 907	431 855 167	876 413 967

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Notes to the Audited Annual Financial Statements

75.03	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Economic			Total
		Development And	Financial Services	Engineering	
		Planning		Services	
		R	R	R	R
EXPENDITURE					
	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
	Depreciation and amortization	85 709	516 561	27 967 287	37 533 280
	Employee related costs	17 654 590	29 129 281	70 528 003	287 757 717
	Finance costs	574 612	1 209 173	8 492 226	19 740 467
	Impairment	-	895 916	18 156 581	28 622 656
	Inventories Losses / Write-Downs	-	8 628	-	8 628
	Inventory consumed	46 901	188 003	9 035 817	14 130 654
	Loss on disposal of assets and liabilities	1 646	(78 035)	893 976	1 074 350
	Operating leases	-	-	19 796	4 016 866
	Operational cost	152 321	11 100 152	14 035 818	66 861 745
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	3 400 000	242 239	-	5 548 831
	Water losses	-	-	1	1
	Total expenditure	22 295 262	47 024 718	386 705 631	797 665 298
	Surplus / (deficit) for the year	(12 756 590)	123 873 189	45 149 536	78 748 669
75.04	SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Economic			Total
		Development And	Financial Services	Engineering	
		Planning		Services	
		R	R	R	R
	Capital Expenditure	434 783	-	74 977 737	84 807 152

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
	R	R	R	R
REVENUE				
Revenue from exchange transactions				
Agency services	-	-	-	-
Interest charged (trading)	-	1 091 131	-	39 480
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	-	-	51 556
Operational revenue	2 354	-	-	236 342
Rendering of services	27 761	691	-	-
Rental of facilities and equipment	78 803	-	-	1 050 958
Sale of goods	-	-	-	-
Service charges (Exchange)	300	230 903 838	-	-
Total revenue from exchange transactions	109 218	231 995 660	-	1 378 336
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	647 106	447 996	-	365 034
Availability charges (Non-Exchange)	-	2 105 472	-	-
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-
Transfer revenue				
Contributed Assets	-	-	-	-
Fines, penalties and forfeits	6 692	-	-	-
Government grants & subsidies - monetary	8 954 009	15 827 680	-	99 667 359
Total revenue from non-exchange transactions	9 607 807	18 381 148	-	100 032 393
Total revenue	9 717 025	250 376 808	-	101 410 729

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
EXPENDITURE	R	R	R	R
Bad debts written off	-	841 545	-	316 402
Bulk purchases	-	197 627 955	-	-
Contracted services	1 560 861	7 423 389	-	1 769 866
Depreciation and amortization	1 380 329	5 272 187	-	169 529
Employee related costs	22 571 919	21 965 898	-	24 723 394
Finance costs	1 604 526	3 443 362	-	207 783
Impairment	-	1 305 665	-	-
Inventories Losses / Write-Downs	-	-	-	-
Inventory consumed	463 719	1 749 662	-	149 312
Loss on disposal of assets and liabilities	213 256	82 354	-	2 940
Operating leases	541 686	-	-	-
Operational cost	777 481	7 193 356	-	2 854 759
Remuneration of councillors	-	-	-	7 376 219
Transfers and subsidies	-	-	-	2 613 785
Water losses	-	-	-	-
Total expenditure	29 113 776	246 905 372	-	40 183 990
Surplus / (deficit) for the year	(19 396 751)	3 471 436	-	61 226 739

75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
	R	R	R	R
Capital Expenditure	3 909 162	19 492 220	-	149 406

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Finance and Administration R	Housing R	Internal Audit R	Other R
REVENUE				
Revenue from exchange transactions				
Agency services	-	-	-	-
Interest charged (trading)	-	-	-	-
Interest earned - cash and investments	13 203 208	-	-	-
Licences and permits	-	-	-	-
Operational revenue	978 080	-	-	1 046 904
Rendering of services	1 128 964	-	-	99 235
Rental of facilities and equipment	(274)	-	-	224 956
Sale of goods	69 345	-	-	-
Service charges (Exchange)	-	-	-	-
Total revenue from exchange transactions	15 379 322	-	-	1 371 095
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	2 398 972	94 084	148 137	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	2 291 556	-	-	-
Property rates	178 228 517	-	-	-
Surcharges and taxes	1 419 866	-	-	-
Transfer revenue				
Contributed Assets	-	-	-	-
Fines, penalties and forfeits	2 308 458	-	-	-
Government grants & subsidies - monetary	11 348 429	19 052 604	-	-
Total revenue from non-exchange transactions	197 995 798	19 146 688	148 137	-
Total revenue	213 375 120	19 146 688	148 137	1 371 095

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Finance and Administration R	Housing R	Internal Audit R	Other R
EXPENDITURE				
Bad debts written off	2 337 673	-	-	28 459 820
Bulk purchases	-	-	-	-
Contracted services	15 737 888	5 169 242	202 807	5 178
Depreciation and amortization	2 843 737	66 690	18 351	347 302
Employee related costs	65 081 388	6 852 986	4 394 876	(12 067)
Finance costs	3 823 524	806 123	218 241	131 691
Impairment	11 991 287	-	-	10 493 147
Inventories Losses / Write-Downs	97 619	-	-	-
Inventory consumed	1 513 780	1 273 048	2 103	39 409
Loss on disposal of assets and liabilities	(57 045)	4 941	1 678	230
Operating leases	3 922 716	-	-	-
Operational cost	36 080 051	680 940	44 315	827 730
Remuneration of councillors	-	-	-	-
Transfers and subsidies	1 548 339	-	-	-
Water losses	-	-	-	-
Total expenditure	144 920 957	14 853 971	4 882 371	40 292 440
Surplus / (deficit) for the year	68 454 164	4 292 718	(4 734 235)	(38 921 345)

75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Finance and Administration R	Housing R	Internal Audit R	Other R
Capital Expenditure	17 073 362	-	-	-

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
REVENUE				
Revenue from exchange transactions				
Agency services	-	2 497 659	-	-
Interest charged (trading)	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	1 084 739	-	291 188
Operational revenue	4 830 936	2 055	-	2 953
Rendering of services	6 170 126	20 040	-	-
Rental of facilities and equipment	-	-	-	-
Sale of goods	-	-	-	-
Service charges (Exchange)	3 120	-	-	-
Total revenue from exchange transactions	11 004 182	3 604 492	-	294 141
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	874 654	1 186 107	307 359	329 712
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-
Transfer revenue				
Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	58 136 249	-	-
Government grants & subsidies - monetary	5 919 372	-	140 000	-
Total revenue from non-exchange transactions	6 794 026	59 322 356	447 359	362 456
Total revenue	17 798 209	62 926 849	447 359	656 596

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Planning and Development	Public Safety	Road Transport	Sport and Recreation
EXPENDITURE	R	R	R	R
Bad debts written off	-	-	-	-
Bulk purchases	-	-	-	-
Contracted services	5 442 492	17 803 071	10 836 439	509 454
Depreciation and amortization	111 951	1 447 244	9 635 346	1 679 908
Employee related costs	32 776 297	51 886 041	8 140 712	17 452 700
Finance costs	1 914 918	789 702	2 709 907	1 142 839
Impairment	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
Inventory consumed	172 900	793 620	200 855	1 022 040
Loss on disposal of assets and liabilities	6 154	4 245	95 490	113 360
Operating leases	-	-	-	-
Operational cost	538 159	4 252 823	1 313 224	1 171 350
Remuneration of councillors	-	-	-	-
Transfers and subsidies	4 126 150	-	-	920 000
Water losses	-	-	-	-
Total expenditure	45 089 021	76 976 745	32 931 975	24 011 651
Surplus / (deficit) for the year	(27 290 812)	(14 049 896)	(32 484 616)	(23 355 055)
75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Planning and Development	Public Safety	Road Transport	Sport and Recreation
	R	R	R	R
Capital Expenditure	300 847	298 248	11 987 279	-

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Waste Management R	Waste Water Management R	Water Management R	Total R
REVENUE				
Revenue from exchange transactions				
Agency services	-	-	-	2 497 659
Interest charged (trading)	2 725 046	4 744 059	4 643 355	13 243 071
Interest earned - cash and investments	-	-	-	13 203 208
Licences and permits	-	-	-	1 427 483
Operational revenue	42 860	-	272 996	7 415 480
Rendering of services	-	-	100	7 446 917
Rental of facilities and equipment	-	-	-	1 354 443
Sale of goods	-	-	-	69 345
Service charges (Exchange)	44 963 662	67 358 185	87 794 690	431 023 794
Total revenue from exchange transactions	47 731 568	72 102 244	92 711 141	477 681 398
Revenue from non-exchange transactions				
Taxation and other revenue				
Actuarial gains	600 045	970 477	-	8 369 684
Availability charges (Non-Exchange)	3 122 359	6 234 268	3 287 710	14 749 809
Interest charged on non-exchange transactions	-	-	-	2 291 556
Property rates	-	-	-	178 228 517
Surcharges and taxes	-	-	-	1 419 866
Transfer revenue				
Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	-	-	60 451 399
Government grants & subsidies - monetary	6 770 481	8 508 480	40 621 703	216 810 117
Total revenue from non-exchange transactions	10 492 886	15 713 225	43 909 413	482 353 692
Total revenue	58 224 453	87 815 469	136 620 554	960 035 091

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75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Waste Management	Waste Water Management	Water Management	Total
EXPENDITURE	R	R	R	R
Bad debts written off	10 185 725	17 446 096	14 838 572	74 425 834
Bulk purchases	-	-	1 032 806	198 660 760
Contracted services	4 009 598	2 969 744	4 215 102	77 655 131
Depreciation and amortization	2 483 188	6 236 928	8 300 959	39 993 649
Employee related costs	27 169 139	3 177 110	26 639 415	312 819 808
Finance costs	658 703	1 901 651	1 569 393	20 922 363
Impairment	3 280 658	2 612 949	7 653 846	37 337 551
Inventories Losses / Write-Downs	-	-	-	97 619
Inventory consumed	2 712 470	788 433	4 737 871	15 619 222
Loss on disposal of assets and liabilities	111 747	2 390 796	246 546	3 216 693
Operating leases	328 454	-	-	4 792 855
Operational cost	11 019 863	2 864 404	2 412 095	72 030 550
Remuneration of councillors	-	-	-	7 376 219
Transfers and subsidies	-	-	-	9 208 274
Water losses	-	-	13 370	13 370
Total expenditure	61 959 545	40 388 111	71 659 974	874 169 897
Surplus / (deficit) for the year	(3 735 092)	47 427 358	64 960 580	85 865 193

75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Waste Management	Waste Water Management	Water Management	Total
	R	R	R	R
Capital Expenditure	-	17 811 188	33 289 560	104 311 273

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
REVENUE					
Revenue from exchange transactions					
	Agency services	-	-	-	-
	Interest charged (trading)	-	1 159 916	-	65 364
	Interest earned - cash and investments	-	-	-	-
	Licences and permits	-	-	-	8 956
	Operational revenue	1 898	229 348	-	379 709
	Rendering of services	37 879	-	-	-
	Rental of facilities and equipment	67 673	-	-	830 884
	Sale of goods	-	-	-	-
	Service charges (Exchange)	366	210 164 342	-	-
	Total revenue from exchange transactions	107 816	211 553 605	-	1 284 913
Revenue from non-exchange transactions					
Taxation and other revenue					
	Actuarial gains	1 339 904	1 055 615	-	969 707
	Availability charges (Non-Exchange)	-	2 064 215	-	-
	Interest charged on non-exchange transactions	-	-	-	-
	Property rates	-	-	-	-
Transfer revenue					
	Fines, penalties and forfeits	3 311	-	-	-
	Government grants & subsidies - monetary	11 867 000	9 318 414	-	129 019 000
	Total revenue from non-exchange transactions	13 210 215	12 438 244	-	129 988 707
	Total revenue	13 318 031	223 991 849	-	131 273 620

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
	EXPENDITURE	R	R	R	R
	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
	Depreciation and amortization	1 367 632	4 868 738	-	220 236
	Employee related costs	20 347 812	22 474 666	-	16 055 243
	Finance costs	1 104 842	2 712 445	-	537 348
	Impairment	-	(1 567 220)	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	470 132	2 985 396	-	227 637
	Loss on disposal of assets and liabilities	11 048	(358 719)	-	1 786
	Operating leases	380 632	19 796	-	-
	Operational cost	1 003 490	5 326 693	-	1 893 258
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	285 000	-	-	1 621 592
	Water losses	-	-	-	-
	Total expenditure	28 650 145	205 952 998	-	28 603 145
	Surplus / (deficit) for the year	(15 332 115)	18 038 851	-	102 670 475
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
		R	R	R	R
	Capital Expenditure	2 358 633	25 394 871	-	-

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Finance and Administration R	Housing R	Internal Audit R	Other R
	REVENUE				
	Revenue from exchange transactions				
	Agency services	-	-	-	-
	Interest charged (trading)	-	-	-	-
	Interest earned - cash and investments	8 026 792	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	437 672	-	-	1 424 861
	Rendering of services	1 005 538	-	-	95 192
	Rental of facilities and equipment	-	-	-	225 111
	Sale of goods	57 565	-	-	-
	Service charges (Exchange)	-	-	-	-
	Total revenue from exchange transactions	9 527 567	-	-	1 745 165
	Revenue from non-exchange transactions				
	Taxation and other revenue				
	Actuarial gains	5 311 364	465 856	343 466	168 371
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	4 242 192	-	-	-
	Property rates	151 444 708	-	-	-
	Transfer revenue				
	Fines, penalties and forfeits	2 840 702	-	-	-
	Government grants & subsidies - monetary	2 147 444	10 984 557	-	-
	Total revenue from non-exchange transactions	165 986 410	11 450 413	343 466	168 371
	Total revenue	175 513 977	11 450 413	343 466	1 913 535

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Finance and Administration	Housing	Internal Audit	Other
	EXPENDITURE	R	R	R	R
	Bad debts written off	1 748 335	-	-	-
	Bulk purchases	-	-	-	-
	Contracted services	8 656 949	11 614 143	117 179	253 615
	Depreciation and amortization	1 955 804	80 223	24 889	405 826
	Employee related costs	62 867 791	6 577 193	4 109 066	2 478 287
	Finance costs	4 630 222	496 337	190 326	93 300
	Impairment	895 916	-	-	10 071 296
	Inventories Losses / Write-Downs	8 628	-	-	-
	Inventory consumed	1 097 677	558 377	3 526	64 085
	Loss on disposal of assets and liabilities	2 937	535	-	1
	Operating leases	3 309 725	-	-	-
	Operational cost	31 085 486	483 965	76 738	857 731
	Remuneration of councillors	-	-	-	-
	Transfers and subsidies	242 239	-	-	-
	Water losses	-	-	-	-
	Total expenditure	116 501 709	19 810 774	4 521 724	14 224 140
	Surplus / (deficit) for the year	59 012 267	(8 360 361)	(4 178 258)	(12 310 604)

75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Finance and Administration	Housing	Internal Audit	Other
		R	R	R	R
	Capital Expenditure	2 548 124	-	-	-

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
REVENUE					
Revenue from exchange transactions					
	Agency services	-	2 500 851	-	-
	Interest charged (trading)	-	-	-	-
	Interest earned - cash and investments	-	-	-	-
	Licences and permits	-	1 070 740	-	116 062
	Operational revenue	1 539 969	12 326	-	21 267
	Rendering of services	5 374 717	29 816	-	-
	Rental of facilities and equipment	-	-	-	-
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	-	-	-
	Total revenue from exchange transactions	6 914 686	3 613 732	-	137 329
Revenue from non-exchange transactions					
Taxation and other revenue					
	Actuarial gains	2 065 334	2 235 722	535 877	941 211
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	-	-	-	-
	Property rates	-	-	-	-
Transfer revenue					
	Fines, penalties and forfeits	-	43 878 345	-	-
	Government grants & subsidies - monetary	3 268 908	-	-	-
	Total revenue from non-exchange transactions	5 334 242	46 114 067	535 877	941 211
	Total revenue	12 248 928	49 727 800	535 877	1 078 540

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development	Public Safety	Road Transport	Sport and Recreation
	EXPENDITURE	R	R	R	R
	Bad debts written off	-	26 291 200	-	-
	Bulk purchases	-	-	-	-
	Contracted services	1 727 877	15 321 373	12 029 359	1 947 541
	Depreciation and amortization	142 088	1 486 758	9 597 658	1 650 249
	Employee related costs	33 523 887	43 424 982	8 217 121	17 074 003
	Finance costs	1 144 473	1 636 665	2 566 824	570 082
	Impairment	4 653 795	-	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	133 084	1 238 364	251 193	689 089
	Loss on disposal of assets and liabilities	2 546	64 141	15 918	100 697
	Operating leases	-	-	-	-
	Operational cost	427 274	5 659 543	1 173 481	1 196 221
	Remuneration of councillors	-	-	-	-
	Transfers and subsidies	3 400 000	-	-	-
	Water losses	-	-	-	-
	Total expenditure	45 155 024	95 123 026	33 851 553	23 227 884
	Surplus / (deficit) for the year	(32 906 096)	(45 395 227)	(33 315 676)	(22 149 344)
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development	Public Safety	Road Transport	Sport and Recreation
		R	R	R	R
	Capital Expenditure	434 783	2 327 462	9 134 818	921 022

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management R	Waste Water Management R	Water Management R	Total R
REVENUE					
Revenue from exchange transactions					
	Agency services	-	-	-	2 500 851
	Interest charged (trading)	3 598 356	6 634 205	5 661 669	17 119 510
	Interest earned - cash and investments	-	-	-	8 026 792
	Licences and permits	-	-	-	1 195 759
	Operational revenue	35 367	-	20 186	4 102 602
	Rendering of services	-	-	-	6 543 142
	Rental of facilities and equipment	-	-	-	1 123 668
	Sale of goods	-	-	-	57 565
	Service charges (Exchange)	41 353 150	72 644 993	81 626 602	405 789 453
	Total revenue from exchange transactions	44 986 873	79 279 198	87 308 457	446 459 341
Revenue from non-exchange transactions					
Taxation and other revenue					
	Actuarial gains	1 028 632	725 515	824 789	18 011 364
	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
	Property rates	-	-	-	151 444 708
Transfer revenue					
	Fines, penalties and forfeits	-	-	-	46 722 358
	Government grants & subsidies - monetary	-	5 600 000	20 344 376	192 549 699
	Total revenue from non-exchange transactions	5 177 485	12 086 102	26 179 816	429 954 627
	Total revenue	50 164 358	91 365 300	113 488 273	876 413 967

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75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management	Waste Water Management	Water Management	Total
	EXPENDITURE	R	R	R	R
	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
	Depreciation and amortization	2 431 341	5 588 787	7 713 051	37 533 280
	Employee related costs	22 586 924	13 039 665	14 981 079	287 757 717
	Finance costs	1 615 318	1 071 998	1 370 287	19 740 467
	Impairment	(501 137)	80 687 040	(65 617 034)	28 622 656
	Inventories Losses / Write-Downs	-	-	-	8 628
	Inventory consumed	1 149 902	1 008 138	4 254 054	14 130 654
	Loss on disposal of assets and liabilities	6	842 057	391 395	1 074 350
	Operating leases	306 712	-	-	4 016 866
	Operational cost	10 789 173	4 590 496	2 298 195	66 861 745
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	-	-	-	5 548 831
	Water losses	-	-	1	1
	Total expenditure	55 655 227	133 053 121	(6 665 172)	797 665 298
	Surplus / (deficit) for the year	(5 490 869)	(41 687 821)	120 153 444	78 748 669
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management	Waste Water Management	Water Management	Total
		R	R	R	R
	Capital Expenditure	1 383 387	15 301 757	25 002 295	84 807 152

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

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
Monetary allocations - other								
Local Government, Water And Related Service SETA	359 886	-	359 886	832 364	-	(800 676)	-	391 574
Total monetary allocations - other	359 886	-	359 886	832 364	-	(800 676)	-	391 574
Monetary Allocations: National Government								
Integrated National Electrification Programme	-	-	-	3 774 000	-	-	(3 774 000)	-
Municipal Infrastructure	9 348 852	-	9 348 852	21 783 000	-	(1 142 200)	(29 986 103)	3 549
Local Government Financial Management	677 707	-	677 707	1 771 000	-	(2 448 707)	-	-
Extended public works program (EPWP)	-	-	-	1 879 000	-	(1 879 000)	-	-
Total Monetary Allocations: National Government	10 026 559	-	10 026 559	29 207 000	-	(5 469 907)	(33 760 103)	3 549

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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 2024

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
Monetary Allocations: Provincial Government								
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	(1 392 542)	-	(1 392 542)	1 182 362	-	(3 680 403)	(2 153 466)	(6 044 048)
Library Services Replacement Funding for most vulnerable B3 Municipalities	-	(1 248 522)	(1 248 522)	8 601 739	-	(7 353 217)	-	(0)
Western Cape Financial Management Capability	366 407	-	366 407	700 000	(57 761)	(1 008 645)	-	-
Community Development Workers (CDW)	4 864	-	4 864	19 000	-	(10 057)	-	13 806
Community Library Services	-	(299 348)	(299 348)	2 091 304	-	(1 171 069)	(314 428)	306 460
Human Settlement Development	(26 575 528)	-	(26 575 528)	15 672 552	-	(1 638 087)	(13 734 115)	(26 275 178)
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	-	-	-	140 000	-	(140 000)	-	-
Regional Social Economic Projects (RSEP)	-	-	-	350 000	-	-	(344 649)	5 351
Thusong Services Centres	70 541	-	70 541	120 000	-	(115 296)	-	75 246
Western Cape Municipal Energy Resilience (WC MER)	12 766	(12 766)	-	-	-	-	-	-
Total Monetary Allocations: Provincial Government	(27 513 493)	(1 560 636)	(29 074 129)	28 876 958	(57 761)	(15 116 773)	(16 546 658)	(31 918 363)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

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
Monetary allocations: District municipalities								
Safety Plans	120 000	-	120 000	-	-	-	-	120 000
Total monetary allocations: District municipalities	120 000	-	120 000	-	-	-	-	120 000
Total grants	(17 007 048)	(1 560 636)	(18 567 683)	58 916 321	(57 761)	(21 387 357)	(50 306 760)	(31 403 240)
Grand total	(17 007 048)	(1 560 636)	(18 567 683)	58 916 321	(57 761)	(21 387 357)	(50 306 760)	(31 403 240)

The unspent grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.

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 2024

Grant description	Unspent public		
	Unspent grants R (Creditor)	contributions R (Creditor)	Unpaid grants R (Debtor)
<u>Monetary allocations - other</u>			
Local Government, Water And Related Service SETA	391 574		-
Total monetary allocations - other	391 574	-	-
<u>Monetary Allocations: National Government</u>			
Integrated National Electrification Programme	-		-
Municipal Infrastructure	3 549		-
Total Monetary Allocations: National Government	3 549	-	-
<u>Monetary Allocations: Provincial Government</u>			
Informal Settlement Upgrading Partnership: Provinces	-		(6 044 048)
Library Services Replacement Funding for most	-		(0)
Community Development Workers (CDW)	13 806		-
Community Library Services	306 460		-
Human Settlement Development	-		(26 275 178)
Regional Social Economic Projects (RSEP)	5 351		-
Thusong Services Centres	75 246		-
Total Monetary Allocations: Provincial Government	400 863	-	(32 319 226)
<u>Monetary allocations: District municipalities</u>			
Safety Plans	120 000		-
Total monetary allocations: District municipalities	120 000	-	-
Total grants	915 986	-	(32 319 226)
Grand total	915 986	-	(32 319 226)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

APPENDIX B

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Annuity loans				
Banks: ABSA				
ABSA - 2015/2016	8 285 867	-	-2 485 568	5 800 299
ABSA - 2016/2017	13 000 142	-	-2 793 749	10 206 393
Banks: Nedbank				
Nedbank - 7831 033912 / 000 001	3 034 795	-	-1 429 106	1 605 688
Nedbank - 2017/2018	19 322 721	-	-3 106 281	16 216 440
Nedbank 2022/2023	35 255 300	-	-1 981 485	33 273 815
Banks: Standard Bank				
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)	5 112 841	-	-2 414 901	2 697 940
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)	1 888 287	-	-1 888 287	-
Standard Bank - 2023/2024	-	45 150 000	-	45 150 000
Banks: Development Bank of South Africa				
DBSA - 103437/1	14 566 439	-	-1 815 409	12 751 030
DBSA - 103437/2	359 859	-	-359 859	-
Total annuity loans	100 826 251	45 150 000	-18 274 646	127 701 605

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APPENDIX B

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Finance leases				
Standard Bank				
Finance lease - SCM/2020/20/ENG	1 250 915	-	-1 250 915	-
Total finance leases	1 250 915	-	-1 250 915	-
Grand total	102 077 166	45 150 000	-19 525 561	127 701 605



MUNICIPAL COUNCIL OF BITOU
SOUTH AFRICA
29 Nov 2024