



REPUBLIC OF NAMIBIA

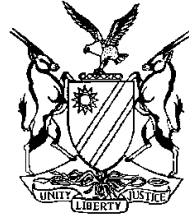


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
**MUNICIPALITY OF GROOTFONTEIN**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Municipality of Grootfontein for the financial year ended 30 June 2011, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF GROOTFONTEIN  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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**1. INTRODUCTION**

The accounts of the Municipality of Grootfontein for the year ended 30 June 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 ( Act 31 of 1991) and the Local Authorities Act, 1992 ( Act 23 of 1992).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Municipality on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar.

**2. FINANCIAL STATEMENTS**

The Municipality's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87 (1) of the Local Authorities Act, 1992. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at Annexure A is a true reflection of the original signed by the Accounting Officer.

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

**3. SCOPE OF THE AUDIT**

***Management's Responsibility for the Financial Statements***

The Accounting Officer of the Municipality is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

#### 4. AUDIT OBSERVATION AND COMMENTS

##### 4.1 Recoverability of consumer debtors - Bad and doubtful debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 711 days (2010 - 522 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 63 days (2010 - 36 days). The Council should attend to the arrears as a matter of urgency. Due to above-mentioned information the auditors are of the opinion that the provision for bad debts is adequate.

##### 4.2 Fixed assets depreciation

The computerized accounting system used by the Council, was not able to calculate depreciation on a pro-rata basis. This inability creates an incorrect valuation of fixed assets as stated in the annual financial statements.

##### 4.3 VAT control receivable

All VAT returns were submitted to the Ministry Finance but not all returns were submitted on time. All VAT returns must be submitted on time to avoid penalties. The Council should attend to this as a matter of urgency.

#### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Grootfontein Municipality during the audit is appreciated.

#### 6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2010				1 290 946
General accounts				
- Non-profitable services	9 510 572	21 865 300	(12 354 728)	
- Self-supporting services	10 222 729	9 929 083	293 646	
Trade accounts				
- Electricity	7 860 841	33 170	7 827 671	
- Water	9 198 122	4 566 470	4 631 652	
Surplus for the year	36 792 264	36 394 023	398 241	398 241
				1 689 187
Adjustments and utilisations (See note 11, Annexure D)				(4 137 349)
Accumulated deficit on 30/06/2011				<b>(2 448 162)</b>

## 7. CURRENT BANK ACCOUNT

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	2 637 783	(869 980)
Outstanding cheques	966 648	2 197 819
Outstanding deposits	(50 702)	(137 528)
Explained - adjusting figure	-	(22 282)
<b>Balance as per bank statement</b>	<b>3 553 729</b>	<b>1 168 028</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2011 Investment</b>	<b>2010 Investment</b>
	N\$	N\$
Commercial banks	16 334 974	16 038 175
CENORED	28 804 555	28 804 555
	<b>45 139 529</b>	<b>44 842 730</b>
<b>Distribution</b>		
Build Together Fund	14 517 147	11 002 241
Renewal Fund	1 817 827	5 035 934
Revenue	28 804 555	28 804 555
	<b>45 139 529</b>	<b>44 842 730</b>

\* Interest to the amount of N\$ 1 450 121 were earned and allocated to several Funds.

## 9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 8 in Annexure D.

## 10. TRADE ACCOUNT

### 10.1 The results of water operations were as follows:

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Sales	9 129 068	9 485 046
Cost of sales	-	-
Gross surplus	9 129 068	9 485 046
Other income/(expenses)	(4 497 416)	3 860 369
<b>Net (deficit)/surplus</b>	<b>4 631 652</b>	<b>5 624 677</b>
Gross surplus percentages on sales	100.0%	100.0%
Net surplus percentage on sales	50.7%	59.4%

## 11. SELF SUPPORTING SERVICES

### 11.1 The result for the year under review is as follows:

Service	Income 2011	Expenses 2011	Surplus/ (deficit) 2011	Surplus/ (deficit) 2010
	N\$	N\$	N\$	N\$
House rentals	689 183	195 865	93 318	558 359
Single quarters	1 960 731	1 101 184	59 547	897 498
Abattoir	4 943 341	5 729 180	(785 839)	(1 020 952)
Cleansing	2 220 321	1 309 817	910 504	(1 077 819)
Sewerage	409 153	1 593 037	(1 183 884)	1 005 283
	<b>10 222 729</b>	<b>9 929 083</b>	<b>293 646</b>	<b>362 369</b>

The Council should address the loss making services to make them self-supporting.

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was revealed during the audit.

## 13. SUSPENSE ACCOUNTS

The suspense accounts contain no long outstanding transactions. These accounts are properly maintained, controlled and reconciled on a regular basis.

## 14. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed by the audit for the year under review.

## 15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/ acquisitions	Financial by		Total expenditure 2011	Total expenditure 2010
	*Revenue account	Internal loans		
	N\$	N\$	N\$	N\$
Administration	12 705	-	12 705	4 915
Cemetery	45 956	-	45 956	-
Council general expenses	41 386	213 903	255 289	-
Fire brigade	-	-	-	5 908
Health	4 348	-	4 348	10 464
Parks and gardens	-	-	-	1 577
Sanitation	-	134 783	134 783	-
Sewerage	-	23 728	23 728	3 854
Show and sportgrounds	-	162 203	162 203	74 086
Single quarters	470 099	-	470 099	3 521 982
Street and storm waters	-	-	-	192 738
Town Clerks	-	-	-	15 529
Town engineers	-	223 341	223 341	-
Town treasurer	12 979	-	12 979	52 159
Townlands	-	98 442	98 442	25 786
	<b>587 473</b>	<b>856 400</b>	<b>1 443 873</b>	<b>3 908 998</b>

\* Above-mentioned figures were taken from the Capital statement ex revenue.

When having a closer look to the figures above in conjunction with the relevant votes the following occurred:

<b>Vote name</b>	<b>Amount in capital Statement – ex Revenue</b>	<b>Amount In Vote</b>	<b>Capital statement (more)/less</b>
	N\$	N\$	N\$
Cemetery	45 956	8 564	(37 392)
Council’s general expenses	41 386	21 522	(19 864)
Single quarters	470 099	-	(470 099)
Sewerage	-	10 475	10 475
Show and sport grounds	-	19 864	19 864
Town engineer	-	37 392	37 392

From the above-mentioned it is clear that misallocations could have happened between the votes for Cemetery and Town engineer as well as between the Council’s general expenses and show and sport grounds.

The capital statements however reflects a net figure of N\$ 459 624 more than the votes.

The Council should investigate these differences and make the necessary rectifications where needed.

**16. STUDY LOANS/BURSARIES**

No bursaries were granted during the year under review.

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

The audit did not reveal any such expenditure during the year under review.

**18. COMPENSATION PAYMENTS**

There were no such expenses.

**19. VISITS TO FOREIGN COUNTRIES**

No visits were undertaken to foreign countries.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Local Authority.

**21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

The Municipality made the following gifts/donations:

<b>Nature of gift/donation</b>	<b>Beneficiary</b>	<b>Value</b>
		N\$
Donation	Otjondjupa Regional Council	2 500
Donation	Samalindi Primary School	500
Donation	Wilhelm Nortier Primary School	500
Donation	Grootfontein Secondary School	500
Donation	Fridrich Awaseb Secondary School	500
Donation	St-Isidor RC Primary School	500
Donation	Makalani Primary School	500
Donation	Luiperdheuwel Primary School	500
Donation	Kalenga Primary School	500
Donation	Omulunga Primary School	500
Donation	Duetsche Schulerherm	500
Donation	Makalani Meals - Christmas for Pensioners	11 160
		<b>18 660</b>

## 22. TRANSFER OF PROPERTY

No properties were transferred from/to the Ministry of Regional and Local Government, Housing and Rural Development.

## 23. TRADE AND OTHER RECEIVABLES/PAYABLES

### 23.1 Trade and other receivables at 30 June were:

	2011	2010
	N\$	N\$
Services rendered and assessment rates	44 630 098	41 871 428
Interest accrued on investments	773	585 699
VAT receivable	-	2 620 897
Sundries	7 100	269 813
	44 637 971	45 347 837
Provision for bad debts	(40 683 417)	(39 022 054)
Total	<b>3 954 554</b>	<b>6 325 783</b>

### 23.2 Trade and other payables at 30 June were:

	2011	2010
	N\$	N\$
Trade payables	125 058	241 619
Provisions and accruals	78 495	78 495
Suspense accounts	*202 031	86 212
Consumer deposits	697 265	662 806
VAT	305 141	-
Totals	<b>1 407 990</b>	<b>1 069 132</b>

\* An amount of N\$ 6 160 is included under suspense account. This amount is disclosed as a temporary advance – ex Fixed Property Fund under Loans to clubs and societies. When looking at the Fixed Property Fund above, it is incorrect. The Council should investigate this entry and make the necessary adjustments during the next financial year.

## 24. ASSESSMENT RATES

	2011	2010
	N\$	N\$
The net proceeds from assessment rates were	4 668 486	3 834 769
Tariffs per N\$1 valuation per month		
Private Property Town		
- Land	0.040688	0.038750
- Improvement	0.010366	0.009872
Luiperdheuwel:		
- Land	0.039795	0.037900
- Improvement	0.01036	0.009870
Omulunga		
- Land	0.04070	0.038760
- Improvement	0.01037	0.009880
Central Authority 90%		
- Land	0.04476	0.042630
- Improvement	0.01141	0.010870

(continued)



**ASSESSMENT RATES (continued)**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Central Authority 80%		
- Land	0.04883	0.046500
- Improvement	0.01243	0.011840
Agriculture 25%		
- Land	0.01017	0.009690
- Improvement	0.00258	0.002460
Interim valuations		
- Land	-	-
- Improvement	0.010374525	0.009881

**25. LOANS****25.1 External loans**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Capital outlay	3 274 609	3 472 730
Housing Fund	459 430	459 430
	<b>3 734 039</b>	<b>3 932 160</b>

The balances agree with actuarial tables. Loan assets have been capitalised and no loan assets were disposed of before the loan was redeemed. Loan monies were used for the purpose they were obtained for.

**25.2 Internal loans**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Total	5 830 185	5 304 040

Internal loans are not disclosed in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

**25.3 Due to the Municipality**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Housing and Build Together loans	9 955 483	9 545 363

**26. SALE OF ERVEN**

During the current financial year, cash proceeds to the value of N \$18 188 217 (2010: N\$1 054 698) were received.

## 27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

	<b>Luiperd Heuwel</b>	<b>Omulunga</b>	<b>Build Together</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Balance - 01/07/2010	14 636	127 725	7 008 336	7 150 697
New advances	1 535	9 745	1 265 035	1 276 315
Receipts	(3 052)	(59 615)	(791 509)	(854 176)
<b>Balance - 30/06/2011</b>	<b>13 119</b>	<b>77 855</b>	<b>7 481 862</b>	<b>7 572 836</b>

## 28. TARIFF ADJUSTMENTS

Tariff adjustments were duly approved and promulgated in the Government Gazette.

## 29. APPROVALS

All overspending were approved by the Council.

## 30. INVENTORY AND EQUIPMENT

### 30.1 Motor vehicles and values thereof:

	<b>Sedan</b>		<b>LDV's, 4x4's and Combi's</b>		<b>Other</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
		N\$		N\$		N\$
Balance - 01/07/2010	2	191 218	19	249 553	42	3 477 445
Additions	1	213 903	1	134 783	-	-
<b>Sub-total</b>	<b>3</b>	<b>405 121</b>	<b>20</b>	<b>384 336</b>	<b>42</b>	<b>3 477 445</b>
Write off	-	-	-	-	-	-
Depreciation	-	-	-	(1 841)	-	(28 428)
<b>Balance - 30/06/2011</b>	<b>3</b>	<b>405 121</b>	<b>20</b>	<b>382 495</b>	<b>42</b>	<b>3 449 017</b>

The kilometres travelled and fuel used was not available to calculate fuel consumption. It is recommended that auxiliary records be implemented to calculate fuel consumption per vehicle per month. This control measure will give an indication to the Council if and when vehicles are misused.

### 30.2 Inventory

According to the municipality, stock comprising of stationery and consumables amounted to N\$ 718 575 (2010: N\$ 488 760).

## 31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

## 32. GENERAL

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. While increased management involvement reduces risks, the risk arises that management and the Council override existing controls, a potentially dangerous practice, which the Municipality should vigilantly guard against.

### **33. FORMAL AND INFORMAL QUERIES**

**33.1** Formal queries are embodied in this report.

**33.2** Informal queries were raised with the Municipality by way of a management letter and the following were taken up:

- Trade and other receivables
- Fixed assets – Depreciation
- Value Added Tax
- Consumer deposits

### **34. AUDIT OPINION**

The accounts of the Grootfontein Municipality for the financial year ended 30 June 2011, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authority act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

In my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2011 and the results of its operations and cash flows for the year then ended.

**WINDHOEK, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## MUNICIPALITY OF GROOTFONTEIN

## BALANCE SHEET AT 30 JUNE

	Notes	2011 N\$	2010 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
		99 341 645	97 668 816
Property, plant and equipment	2	39 014 296	38 071 912
Investments	3	45 139 529	44 842 730
Loans receivable	4	15 187 820	14 754 174
<b>Current assets</b>			
		7 311 442	6 815 073
Trade and other receivables	5	3 954 554	6 325 783
Inventories	6	718 575	488 760
Bank and cash		2 638 313	530
<b>TOTAL ASSETS</b>		<b>106 653 087</b>	<b>104 483 889</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
		95 680 873	93 308 577
Capital outlay	7	30 063 765	29 449 405
Funds and accounts	8	65 617 108	63 859 172
<b>Non-current liabilities</b>			
Long-term loans	9	9 564 224	9 236 200
<b>Current liabilities</b>			
		1 407 990	1 939 112
Trade and other payables	10	1 407 990	1 069 132
Bank overdraft		-	869 980
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>106 653 087</b>	<b>104 483 889</b>

## MUNICIPALITY OF GROOTFONTEIN

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

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	Note	2011	2010
		N\$	N\$
INCOME		36 792 264	33 999 127
EXPENDITURE		36 394 023	34 357 051
NET OPERATING SURPLUS/(DEFICIT)		398 241	(357 924)
INTEREST ON INVESTMENTS		-	147 399
NET SURPLUS/(DEFICIT) AFTER INTEREST		398 241	(210 525)
APPROPRIATION ACCOUNT	11	(4 137 349)	(11 124 392)
NET DEFICIT AFTER APPROPRIATIONS		(3 739 108)	(11 334 917)
REVENUE ACCOUNT - Beginning of the year		1 290 946	12 625 863
REVENUE ACCOUNT - End of the year		<b>(2 448 162)</b>	<b>1 290 946</b>

## MUNICIPALITY OF GROOTFONTEIN

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2011 N\$	2010 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		36 792 264	33 999 127
Cash paid to suppliers		(38 051 100)	(13 341 104)
Cash (utilised)/generated by operations	12	(1 258 836)	20 658 023
Interest received		-	147 399
Increase/(decrease) in Fund accounts		5 497 044	(1 677 712)
Increase in Capital outlay		614 360	3 741 647
Net cash flow from operating activities		4 852 568	22 869 357
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(942 384)	(3 396 380)
Increase in investments		(296 799)	(23 635 060)
Increase in loans receivable		(433 646)	(571 337)
		(1 672 829)	(27 602 777)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long-term liabilities		328 024	(344 873)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>3 507 763</b>	<b>(5 078 293)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		<b>(869 450)</b>	<b>4 208 843</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		<b>2 638 313</b>	<b>(869 450)</b>

## MUNICIPALITY OF GROOTFONTEIN

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

**1. ACCOUNTING POLICIES****1.1 Introduction**

The annual financial statements set out in Annexures A to C were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

**1.2 Property, plant and equipment**

Property, plant and equipment acquired with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation, and except fixed property, the cost or valuation of these items of property, plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

**1.3 Inventory**

Fuel inventory is valued at cost on the first-in first-out basis. Consumables are valued at the average landed costs.

	<u>2011</u>	<u>2010</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Loan assets	15 039 279	14 182 879
Income assets	23 192 988	23 031 126
General capital assets	782 029	857 907
Total	<b><u>39 014 296</u></b>	<b><u>38 071 912</u></b>
<b>3. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	16 334 974	16 038 175
CENORED	28 804 555	28 804 555
	<b><u>45 139 529</u></b>	<b><u>44 842 730</u></b>
ALLOCATED AS FOLLOWS		
Build Together Fund	14 517 147	11 002 241
Renewal Fund	1 817 827	5 035 934
Revenue	28 804 555	28 804 555
	<b><u>45 139 529</u></b>	<b><u>44 842 730</u></b>

## MUNICIPALITY OF GROOTFONTEIN

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>4. LOANS RECEIVABLE</b>		
Property loans		
Luiperd heuwel	3 119	14 636
Omulunga	77 855	127 725
Build Together loans	9 864 509	9 403 002
	<u>9 955 483</u>	<u>9 545 363</u>
Vehicle loans	46 457	47 248
Clubs and societies	59 589	62 990
Internal loans	5 126 291	5 098 573
	<u><b>15 187 820</b></u>	<u><b>14 754 174</b></u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Services rendered and assessment rates	44 630 098	41 871 428
Interest accrued on investments	773	585 699
VAT receivable	-	2 620 897
Sundries	7 100	269 813
	<u>44 637 971</u>	<u>45 347 837</u>
Provision for bad debts	(40 683 417)	(39 022 054)
	<u><b>3 954 554</b></u>	<u><b>6 325 783</b></u>
<b>6. INVENTORIES</b>		
Stores and fuel	718 575	488 760
	<u><b>718 575</b></u>	<u><b>488 760</b></u>
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	6 088 748	5 560 373
Revenue contributions	23 192 988	23 031 125
General capital contributions	782 029	857 907
	<u><b>30 063 765</b></u>	<u><b>29 449 405</b></u>



## MUNICIPALITY OF GROOTFONTEIN

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>8. FUNDS, ACCOUNTS AND RESERVES</b>		
Leave Reserve Fund	832 735	826 366
Capital Development Fund	2 098 872	2 389 827
Housing Funds	26 393 194	22 325 646
Bonus Reserve Fund	687 885	996 612
Insurance Reserve Fund	612 537	574 056
Personnel Housing Fund	2 849 913	2 797 166
Motor Loan Scheme Fund	1 861 514	1 759 327
Loans to clubs and societies	81 150	87 223
Fixed Property Fund	8 006 631	7 632 360
Betterment Fund	7 053 463	6 403 764
Renewal Fund	17 587 376	16 775 879
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(2 448 162)	1 290 946
	<b>65 617 108</b>	<b>63 859 172</b>
<b>9. LONG-TERM LIABILITIES</b>		
Capital outlay	3 274 609	3 472 730
Housing Fund	459 430	459 430
Internal loans	5 830 185	5 304 040
	<b>9 564 224</b>	<b>9 236 200</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	125 058	241 619
Provisions and accruals	78 495	78 495
Suspence accounts	202 031	86 212
Consumer deposits	697 265	662 806
VAT	305 141	-
	<b>1 407 990</b>	<b>1 069 132</b>

## MUNICIPALITY OF GROOTFONTEIN

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Adjustment of bank account	-	22 282
Cemetery claim from prior year	-	33 478
Correction of CENORED investment	-	23 157 691
Correction of creditors	(132 029)	2 629
Correction of insurance premiums	34 722	-
Correction of interest	(428 846)	(251 258)
Correction of investment	(154 694)	410 429
Correction of loan redeemed	-	(789)
Correction of overcharges	(1 883)	-
Correction of refuse removal	-	8 117
Correction of surcharges	-	(4 519)
Correction of suspense accounts	(3 145 183)	89 642
Correction previous year	4 302	2 082
Credit fault adjustment	(1 125)	-
Daily fault adjustments	1 290	-
Debts written back	(81 491)	(361 598)
External loan repayments	(186 233)	-
Insurance claim	382	-
Over charge on municipal services	123 985	(9 317)
Over payment	-	2 700
Provision for bad debts	-	(33 991 010)
Provision for capital transfer	-	(834)
Purchases of second hand water meters	210	-
Rectification of levies on various debtors accounts	125 369	107 833
Refunds	2 065	-
Repayment for materials	(1 940)	-
Sale of redundant materials	-	57 350
Severance and leave pay	-	(397 229)
Stale cheques	(301 236)	1 096
Unclaimed debtors refunds	4 986	1 646
Water over read	-	(4 813)
	<b>(4 137 349)</b>	<b>(11 124 392)</b>

## MUNICIPALITY OF GROOTFONTEIN

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	<u>2011</u>	<u>2010</u>
	N\$	N\$
<b>12. CASH (UTILISED)/GENERATED BY OPERATIONS</b>		
Net operating surplus/(deficit) before interest and transfers	398 241	(357 924)
Adjustments for:		
- Adjustments to appropriation account	(4 137 349)	(11 124 392)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	<u>(3 739 108)</u>	<u>(11 482 316)</u>
CHANGES IN WORKING CAPITAL		
Decrease in trade and other receivables	2 371 229	31 830 817
(Increase)/decrease in inventories	(229 815)	220 020
Increase in trade and other payables	338 858	89 502
	<u>2 480 272</u>	<u>32 140 339</u>
CASH (UTILISED)/GENERATED BY OPERATIONS	<b><u>(1 258 836)</u></b>	<b><u>20 658 023</u></b>