



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **MUNICIPALITY OF GROOTFONTEIN**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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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 2016, 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.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, July 2018**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
MUNICIPALITY OF GROOTFONTEIN  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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**1. Report on the financial statements**

**1.1 INTRODUCTION**

This report on the accounts of Municipality of the Grootfontein for the year ended 30 June 2016 is presented to the National Assembly in accordance with the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in this report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

The Auditor-General in terms of Section 26(2) of the State Finance Act, 1991, has appointed the firm, MMG Global Chartered Accountants and Auditors of Windhoek to audit the accounts of the Municipality of Grootfontein on his behalf and under his supervision.

I certify that I have audited the accompanying financial statements of the Municipality of Grootfontein for the year ended 30 June 2016. These financial statements comprise the following:

Annexure A: Balance sheet;  
Annexure B: Income statement;  
Annexure C: Cash flow statement; and  
Annexure D: Notes to the financial statements.

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87(1) of the Local Authorities Act, 1992.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A – D.

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements Section 86 of the Local Authorities Act, 1992 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error..

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b) (iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

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.

I believe that the audit evidence I have obtained is insufficient and inappropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

The courtesy and assistances extended to the Auditor- General and his staff members by the Municipality's staff during the audit are appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Circular D3/2015**

The Chief Executive Officer of the Municipality for the year under review did not submit to the Auditor- General statements in stipulated in Circular D3/2015.

## **Recommendations**

It is recommended that the Chief Executive Officer should submit all annual report stipulated in Circular D3/2015 statements to the Auditor-General.

### **5.2 Staff qualification**

Three senior staff members namely, the Strategic Executive Finance and IT, Chief Accountant and an Accountant, are in charge of the finance department. Based on the audit work done, the finance personnel do not possess adequate bookkeeping and financial reporting skills.

#### **Recommendation**

The auditors recommend that the Municipality must ensure that finance department is exposed to professional training and education in bookkeeping and corporate reporting.

### **5.3 Accounting framework**

The auditors observed that Municipality of Grootfontein's accounting records and financial statements do not conform to international accounting standards for public entities or public sector.

#### **Recommendation**

The auditors recommend that the Municipality must develop, document and adopt sound accounting policies that comply with IFRSs or IPSASs Generally Acceptable Accounting Practices.

### **5.4 Presentation of financial statements**

The auditors observed that the Municipality presented an unconventional statement of financial position and draft departmental income statements. The financial statements did not include a statement of cash flows, a statement of changes in equity and a summary of significant accounting policies and other explanatory notes.

#### **Recommendation**

The auditors recommend that the Municipality must prepare a complete set of financial statements in compliance with the International Accounting Standard 1: Presentation of Financial statements.

### **5.5 Adjusting Journals - Lack of segregation of duties**

The auditors observed that there were no approvals and reviews done on all journals processed by the Strategic Executive Finance and IT.

#### **Recommendation**

The auditors recommend that the accountant and the chief accountant should initiate and approve all journals while the Strategic Executive Finance and IT reviews all journals before and after processing.

## **5.6 Property, plant and equipment**

The auditors observed that the Municipality did not charge depreciation on assets acquired through government and internal loans. No depreciation as per fixed asset register was charged to statement of profit or loss and other comprehensive income. Furthermore, full depreciation was charged on assets under construction or acquired during the year

### **Recommendation**

The Municipality must develop, adopt, document and implement a sound depreciation and amortization policy for its non-current assets.

Where assets such as infrastructure are constructed over long durations that span over several financial periods, the capital expenditure must be accumulated under either assets under construction or work in progress until such time that the assets are commissioned. No depreciation expense should be recognised during the period of construction.

## **5.7 Equity – Capital outlay**

The auditors observed that depreciation amounting to N\$ 3 175 350 was debited to capital outlay.

By charging the depreciation expense against capital outlay, the Municipality is effectively concealing its losses. The net deficit for the period under review and prior periods is therefore understated.

### **Recommendation**

The auditors recommend that the Municipality must restate its financial statements to reflect the correct treatment of depreciation and utilization of funds.

## **5.8 Accounts payables**

The auditors observed that the creditors list supplied by the Municipality had a total amount of N\$ 950 403 while financial statements disclosed accounts payable as N\$ 831 290. The Municipality excluded VAT component amounting to N\$ 119 113 from the gross amount as per creditors' list on the basis that the VAT amount does not belong to creditors, further to the above incorrect treatment, a creditor for the 2016/2017 financial year amounting to N\$ 782 000 resulting in accounts payables being over stated by the same amount.

### **Recommendation**

The auditors recommend that the Municipality must ensure that there are stringent controls over year-end procedures to ensure that transactions are recorded in the correct period.

## **5.9 Employee benefits - provision for leave pay**

The auditors observed that the Municipality made an arbitrary provision for leave pay for an amount of N\$ 1 169 679 .The provision for leave was recalculated by the auditors to an amount of N\$ 2 503 943. The provision for leave pay and payroll costs were therefore understated by an amount of N\$ 1 334 264.



## **Recommendations**

It is recommended that the Municipality must base the calculation of the provision for leave pay on actual employees' leaves days that remain unutilized as at the end of each financial year.

### **5.10 Provision for severance pay**

The auditor observed that the Municipality did not provide for severance pay. The under provision was determined as N\$ 4 687 616

#### **Recommendation**

The auditors recommend that the Municipality must provide for the provision for severance pay based on actual employees' years of service as at the end of each financial year.

### **5.11 Unrecorded liabilities - Government Loans**

The auditors observed that the Municipality owes the central government an amount of N\$ 4 786 867, the last payment was made on 30 June 2009, loan repayment arrears of N\$ 2 979 720 were not reported in the financial statements; and there are no loan agreements in place.

#### **Recommendation**

It is recommended that all unpaid loan and instalments due within twelve months after year-end date must be reclassified from long-term liabilities to current liabilities.

### **5.12 Misallocation of investment income**

The auditors observed that all investments held by the Municipality with financial institutions relate to Build Together Fund, the interest earned on these financial investments was allocated to all funds.

Municipality earned a total of N\$ 1 358 194 as investment interest, only interest of the value of N\$ 537 845 was allocated to build together. The Municipality appropriated N\$ 820 349 of Build Together funds interest for its own use.

#### **Recommendation**

The auditors recommend that the investment income allocated to other funds be transferred back to the Build Together Fund since the Municipality does not have its own funds held with commercial banks as short-term investments.

### **5.13 Build Together Fund - temporary advance to revenue**

The auditors observed that an amount of N\$ 15 407 012 was recorded as temporary advance to revenue. This represents a portion of the Build Together Funds that the Municipality has utilized without ministerial approval.

## **Recommendation**

The auditors recommend that the Municipality must pay back all the cash borrowed from the Build Together Fund. Alternatively, the Municipality may seek ministerial condonation. The auditors further recommend that the councillors should exercise strict oversight over the Build Together Funds short-term investments.

### **5.14 Unsupported investment credited to the appropriation account**

The auditors observed that the Municipality credited an investment amount of N\$ 1 971 185 to the appropriation account as prior year investment made. The Municipality could not provide supporting documents for the investment.

## **Recommendation**

The auditors recommend that the Municipality should ensure that all transactions with third parties are supported by documents.

### **5.15 Unsupported funds and reserves**

The auditors observed that the Municipality of Grootfontein has funds, reserves and internal loans amounting to N\$ 58 244 844 which are not supported by assets. The Municipality indicated that there were no physical or financial assets to support the funds in question.

## **Recommendation**

The auditors recommend that the above funds and reserves and the related assets be written off against each other. Where actual external debtors exist, such balances should be recognized as receivables

### **5.16 Understatement of provision for bad debts**

The auditors observed that the Municipality reported the provision for bad debts as N\$ 65 114 908. The recalculated provision based on the actual debtors was N\$ 67 128 369 resulting in an understatement of N\$ 2 013 461.

## **Recommendation**

The auditors recommend that the Municipality needs to remain consistent with its policy on provision for bad debts (credit losses).

### **5.17 Absence of lease agreements**

The Municipality received rental income of N\$ 1 058 844 from informal settlement (known as reception area). It was observed that the Municipality does not have written and lease agreements in place or mechanisms of ensuring that correct amounts receivable are collected. The auditors could not verify the accuracy and completeness of the rental income earned by the Municipality.

## **Recommendation**

The auditors recommend that the Municipality should ensure that all rental income is supported by a standard lease agreement.

### **5.18 Overcharging of refuse and removal collection fees**

The auditors observed that the Municipality duplicated the VAT charges on domestic and business tariffs because of incorrectly capturing the tariffs inclusive of VAT in the system. The impact of this error was that revenue was overstated by N\$ 1 103 252 while consumers were overcharged by the same amount in total.

## **Recommendation**

It is recommended that the Municipality must reverse the income recognised and the related VAT amounts and ensure that the affected consumers are refunded accordingly.

### **5.19 Incorrect classification of loan reduction.**

The auditors observed that the Municipality incorrectly classified loan redemption amounting to N\$ 1 297 903 as expenditure.

## **Recommendation**

It is recommended that the Municipality must implement year-end procedures that ensure correct accounting treatment of loan repayment.

### **5.20 Expenditure- Non submission of documents**

The auditors observed that the Municipality could not provide supporting documents for expenditure amounting to N\$ 1 468 718

## **Recommendation**

The auditors recommend that the Municipality must ensure that all documents required to support accounting transactions in the accounting records are maintained and readily available.

### **5.21 Going Concern**

The Municipality reported an accumulated deficit of N\$ 21 171 573 for the period under review. Due to several discrepancies, inadequate controls over journal entries and inadequate accounting policies, the accuracy of the net deficit for the period under review cannot be relied upon.

## **Recommendation**

Appropriate measures should be put in place for the Municipality to generate or raise enough funds to run its operations.

## 6. BASIS FOR DISCLAIMER OF AUDIT OPINION

- Non submission of Circular D3 statements;
- A full set of financial statements not presented;
- Property, plant and equipment overstated;
- Charging of depreciation on work in progress;
- Early recognition of assets were not available for use as intended by management;
- Incorrect allocation of depreciation expense capital outlay;
- Understatement of provision for leave pay by N\$ 1 334 264;
- Failure to provide provision for severance pay of N\$ 4 687 616;
- Unrecorded liabilities amounting to N\$ 2 979 720;
- Use of Build Together Funds as temporally advance to revenue;
- Unsupported investment income;
- Understatement of provision for bad debts by N\$ 2 013 461;
- Unsupported funds, reserves and internal loans amounting to N\$ 58 244 844;
- Absences of lease agreements for rental;
- Overcharging of refuse and removal collection fees by N\$ 1 103 252;
- Incorrect classification of loan redemption of N\$ 1 297 905 as operating expenditure;
- Expenditure amounting to N\$ 1 468 718 not submitted for audit purpose; and
- Non reliance of accumulated deficit due to numerous errors.

### DISCLAIMER OF OPINION

The accounts of the Municipality of Grootfontein for the financial year ended 30 June 2016 summarized in Annexure A to C were audited in terms of the provision of Section 85 of the Local Authorities Act, 1992.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the annual financial statements of the Municipality of Grootfontein as at 30 June 2016.

WINDHOEK, July 2018



**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

**MUNICIPALITY OF GROOTFONTEIN  
BALANCE SHEET AS AT 30 JUNE**

	Note	2016 N\$	2015 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>172 884 347</b>	<b>130 550 624</b>
Property, plant and equipment	2	63 667 823	60 347 690
Investments	3	50 738 567	49 768 110
Loan receivable	4	58 477 957	20 434 824
<b>Current assets</b>		<b>14 931 038</b>	<b>4 008 434</b>
Trade and other receivables	5	13 484 294	1 908 180
Inventories	6	559 398	718 883
Cash and cash equivalents	7	887 346	1 381 371
<b>Total assets</b>		<b>187 815 385</b>	<b>134 559 058</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		<b>132 042 755</b>	<b>123 883 560</b>
Capital outlay	8	61 577 922	51 712 203
Funds and accounts	9	91 636 406	86 966 036
Accumulated deficits		(21 171 573)	(14 794 78)
Long-term loans	11	2 089 901	9 249 180
<b>Current liabilities</b>		<b>53 682 729</b>	<b>1 426 318</b>
Creditors and other payables	12	2 541 479	1 426 318
Internal Loan	13	51 141 250	-
<b>Total funds and liabilities</b>		<b>187 815 385</b>	<b>134 559 058</b>

**MUNICIPALITY OF GROOTFONTEIN**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2016	2015
Note	N\$	N\$
Income	59 882 828	52 444 263
Expenditure	(58 121 503)	(55 040 254)
<b>Net operating profit (deficit)</b>	<b>1 761 325</b>	<b>(2 595 991)</b>
Other income	168 009	171 192
<b>Net deficit before interest</b>	<b>1 929 334</b>	<b>(2 424 799)</b>
Finance charges	(2 043 164)	-
<b>Net deficit after finance charges</b>	<b>(113 830)</b>	<b>(2 424 799)</b>
Appropriation account	(6 263 065)	(6 962 115)
<b>Net deficit for the year</b>	<b>(6 376 895)</b>	<b>(9 386 914)</b>
Accumulated deficit at the beginning of year	(14 794 678)	(5 407 764)
Accumulated deficit at the end of the year	<b>(21 171 573)</b>	<b>(14 794 678)</b>

**MUNICIPALITY OF GROOTFONTEIN**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	<b>2016</b>	<b>2015</b>
<b>Note</b>	<b>N\$</b>	<b>N\$</b>
<b>Net Cash Flow from Operating Activities</b>	-	<b>(9 554 063)</b>
Cash receipts from customers	-	52 444 263
Cash generated by increase in working capital	-	(62 169 518)
Cash flow from operation	-	(9 725 255)
Add Back Investment Income	-	171 192
<b>Cash flow from investing activities</b>		<b>5 375 711</b>
Net capital expenditure	-	(4 243 226)
Net (decrease)/increase in loans receivable	-	4 137 978
Net (increase)/decrease in investments	-	5 480 959
<b>Cash flow from financing activities</b>	-	<b>3 397 626</b>
Decrease in Funds	-	(845 600)
Increase in Capital Outlay	-	5 620 532
Decrease in Long Term Liabilities	-	(1377 306)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	-	<b>(780 726)</b>
Cash and cash equivalents – at the beginning	-	2 162 097
<b>Cash and cash equivalents – at the end of the year</b>	-	<b>1 381 371</b>

**MUNICIPALITY OF GROOTFONTEIN**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1. ACCOUNTING POLICIES**

The auditors observed that Municipality of Grootfontein does not have any documented specific principles; bases, rules, conventions and practices adopted for the preparation and presentation of the town Municipality's annual financial statements. The International Financial Reporting Standards (IFRSs) and the International Public Sector Accounting Standards (IPSASs) are the most widely acceptable frameworks.

The Municipality of Grootfontein does not follow a systematic approach in measuring noncurrent assets, current assets, expenses, liabilities and income. Based on the explanations received from the management, the audit of these financial statements is conducted under the IFRSs framework. However, several practices inconsistent with IFRSs were observed.



**MUNICIPALITY OF GROOTFONTEIN**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>2 PROPERTY, PLANT AND EQUIPMENT</b>	<b>63 667 823</b>	<b>60 347 690</b>
Loan assets	19 654 387	19 027 602
Income assets	43 419 465	40 707 208
General assets	593 971	612 880
<b>3 INVESTMENTS</b>	<b>72 672 581</b>	<b>49 768 110</b>
Build Together SQ	4 344 007	-
Build Together Fund	17 590 006	-
Total commercial bank CENORED	21 934 013	20 963 555
	28 804 555	28 804 555
<b>4 LOANS RECEIVABLE</b>	<b>58 477 957</b>	<b>20 434 824</b>
Fixed Property Fund	6831 545	-
Capital Development Fund	2 989 749	-
Betterment Fund	5 921 183	-
Renewal Fund	17 205 420	-
Housing Fund	906 225	-
Housing Fund – Luiperdhuewel	914 625	2 705
Housing Fund – Omulunga	1 026 453	32 608
Build Together SQ, M&N and Show Houses	6 148 956	-
Build Together Fund	9 258 056	11 596 499
Personnel Housing Fund	3 104 523	-
Bonus Reserve	75 430	-
Internal Loans	-	8 696 966
Leave Reserve	1 169 679	-
Insurance Reserve	803 168	-
Loans to Societies / Clubs	27 721	59 589
Motor Loan Scheme	2 095 222	46 457
<b>5 TRADE AND OTHER RECEIVABLES</b>	<b>13 484 294</b>	<b>1 908 180</b>
Services, rates and taxes	67 364 614	58 661 702
Provision for bad debts	(65 114 908)	(56 753 522)
FNB Suspense	10 150	-
Show Society	1 383	-
Housing Fund – Luiperdhuewel	6 468.17	-
Housing Fund – Omulunga	27 164	-
Build Together SQ, M&N	5 102 170	-
Build Together Fund	5 987 675	-
Rugby Club	53 121	-
Motor loan Scheme	46 457	-

**ANNEXURE D (continue)**

**MUNICIPALITY OF GROOTFONTEIN**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>6 INVENTORY</b>	<b>559 398</b>	<b>718 883</b>
Stationery and other consumables	559 398	718 883
<b>7 CASH AND CASH EQUIVALENTS</b>	<b>887 346</b>	<b>1 381 371</b>
Petty Cash	530	-
Bank	886 816	1 381 371
<b>8 CAPITAL OUTLAY</b>	<b>61 577 922</b>	<b>51 712 203</b>
Revenue contributions	43 419 465	40 707 208
Loans	17 564 485	10 392 115
General capital contribution	593 971	612 880
<b>9 FUNDS AND RESERVES</b>	<b>91 636 406</b>	<b>86 966 036</b>
Betterment Fund	5 921 183	5 905 800
Bonus Reserve Fund	75 430	64 743
Build Together SQ, M &N	15 595 132	-
Build Together Fund	32 835 736	-
Capital Development Fund	2 989 749	2 699 273
Fixed Property Fund	6 831 545	5 569 723
Housing Fund	906 225	49 393 045
Housing Fund – Luiperheuwel	916 007	-
Housing Fund - Omulunga	1 053 617	-
Insurance Reserve Fund	803 168	765 306
Leave Reserve	1 169 679	761 300
Loans to Societies / Clubs	87 310	81 150
Motor Loan Scheme	2 141 680	2 089 187
Personnel Housing Fund	3 104 523	3 054 677
Renewal Fund	17 205 421	16 575 672
Temporary advance to Fixed Property	-	6 160
Fixed Property Fund	6 831 545	5 569 723
Housing Fund	906 225	49 393 045
Housing Fund – Luiperheuwel	916 007	-
Housing Fund - Omulunga	1 053 617	-
Insurance Reserve Fund	803 168	765 306
Leave Reserve	1 169 679	761 300
Loans to Societies / Clubs	87 310	81 150
Motor Loan Scheme	2 141 680	2 089 187
Personnel Housing Fund	3 104 523	3 054 677
Renewal Fund	17 205 421	16 575 672
Temporary advance to Fixed Property	-	6 160

**MUNICIPALITY OF GROOTFONTEIN**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continue)**

	2016	2015
	N\$	N\$
<b>10 APPROPRIATION STATEMENT</b>	<b>(24 317 394)</b>	<b>3 259 651</b>
Opening balance 30 June 2015	14 794 679	-
Unclaimed Refunds	-	6 979
Payment for a 5 year bonus	-	386 272
Medical aid wrongly processed	-	1 141
Municipal service wrong processed	2 369 787	-
Correction on Municipal services	180	-
Overcharge	32 126	-
Massive Creative	127 183	-
Interest received	-	1 092
Collection	-	361
Payment received from line Ministry	-	386 272
Interest received and allocation	35 400	-
Refund show hall	276	-
Evaluation cost of rollcall	234 888	-
Evaluation cost of rollcall	234 888	-
Correction of water overcharged	1 710	-
NTA Levy	29 304	-
Bad Debts written off for elders	113 250	-
Clearing of NTA Levy	-	29 304
Provision for NTA levy	58 564	-
Stale cheque	-	2 700
Adjustments – VAT account	929014	-
Min of Defence refuse removal PFY	-	469 885
Back dated levies	-	3 303
Clearing Suspense account for NHE	2 752	-
Water estimate	-	2 249
Correction of investment made	-	1 971 185
Provision for bad debts	5 344 388	-
Courier services for prior year	1 665	-
Cell phone charges for deputy Mayor	6 250	-
<b>11 LONG TERM LIABILITIES</b>	<b>2 089 901</b>	<b>9 249 180</b>
Long – Term Loans	2 089 901	9 249 180

**MUNICIPALITY OF GROOTFONTEIN**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continue)**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>12 TRADE AND OTHER PAYABLES</b>	<b>2 541 479</b>	<b>1 426 318</b>
Accounts Payables	831 290	239 633
Audit Fees	78 495	-
Consumer Deposits	971 344	936 551
Group Insurance	32 745	-
NTA Levy	58 564	-
Operation Clean - up	12 361	-
Receiver of Revenue	398 362	-
Regional Municipality Fees	35 400	-
Provisions and other accruals	-	250 134
Sundry Deposits	57 530	-
Transfer cost	65 386	-
<b>13. INTERNAL LOANS PAYABLE</b>	<b>51 141 250</b>	<b>-</b>
Capital	154 262	-
Motor loan scheme	2 095 222	-
SQ, M&N show houses	6 148 956	-
Housing Fund Town	626 655	-
Housing Fund Luiperdheuwel	914 625	-
Housing Loan Omulunga	1 026 453	-
Fixed Property Fund	2 189 818	-
Capital Development Fund	2 635 509	-
Leave Reserve	1 169 679	-
Bonus Reserve	75 430	-
Betterment Fund	4 308 234	-
Renewal Fund	16 602 937	-
Personnel Housing Fund	3 104 522	-
Insurance Fund Reserve	803 168	-
Rugby Club	27 721	-
Build Together Fund	9 258 056	-