



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF SWAKOPMUND
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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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 Swakopmund for the financial year ended 30 June 2015, 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, June 2017

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE MUNICIPALITY OF SWAKOPMUND
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

1. Report on the Financial Statements

1.1 INTRODUCTION

This report on the accounts of the Municipality of Swakopmund for the financial year ended 30 June 2015 is presented to the National Assembly in accordance with the provisions set out in the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in the report are rounded to the nearest Namibia dollar. Deficits are indicated in (brackets).

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

I certify that I have audited the accompanying financial statements of the Municipality of Swakopmund for the financial year ended 30 June 2015. 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 to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992, except that they were only submitted on 28 October 2015 instead of three month after year end as required by the Act.

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 in accordance with Section 86 of the Local Authorities Act, (Act 23 of 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 sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The assistance by the staff of the Municipality of Swakopmund during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 CIRCULAR D3/2015

The Chief Executive Officer of the Municipality of Swakopmund for the year under review did not submit respective statements as requested by Circular D3/2015 of the Auditor- General.

6. UNQAULIFIED AUDIT OPINION

The accounts of the Municipality of Swakopmund for the financial year ended 30 June 2015, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25(1) (b) of the State Finance Act, 1991.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipality of the Swakopmund as at 30 June 2015, and their financial performance and cash flows for the year then ended in accordance with the Local Authorities Act, 1992.



WINDHOEK, June 2017

JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL

**THE MUNICIPALITY OF SWAKOPMUND
BALANCE SHEET AT 30 JUNE**

	Note	2015	2014
		N\$	N\$
ASSETS			
NON CURRENT ASSETS			
		1 169 065 432	926 877 934
Property, plant and equipment	2	837 082 684	739 368 891
Loans receivable	3	9 783 188	12 707 960
Investments	4	322 199 560	174 801 083
CURRENT ASSETS			
		50 600 594	123 784 772
Trade and other receivables	5	32 626 696	25 385 849
Inventories	6	6 313 666	6 595 196
Bank and cash	7	11 660 232	91 803 727
TOTAL ASSETS		1 219 666 026	1 050 662 706
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
		1 180 086 476	1 009 874 686
Capital outlay	8	765 665 200	695 480 764
Funds and accounts	9	309 885 260	211 008 368
Equity Erongo Red		104 536 016	103 385 554
NON-CURRENT LIABILITIES			
		6 418 692	8 551 528
Long-term loans	10	6 418 692	8 551 528
CURRENT LIABILITIES			
		33 160 858	32 236 492
Trade and other payables	11	31 148 209	29 293 225
Deposits	12	2 012 649	2 943 267
TOTAL FUNDS AND LIABILITIES		1 219 666 026	1 050 662 706

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

	Note	2015	2014
		N\$	N\$
INCOME		237 374 535	203 495 647
EXPENDITURE		231 796 368	206 556 480
NET OPERATING SURPLUS / (DEFICIT)		5 578 167	(3 060 833)
INTEREST ON INVESTMENTS		1 024 226	2 468 078
NET SURPLUS / (DEFICIT) AFTER INTEREST		6 602 393	(592 755)
TRANSFER TO INTERNAL FUNDS	13	(5 289 200)	(3 010 000)
NET SURPLUS / (DEFICIT) AFTER TRANSFERS		1 313 193	(3 602 756)
APPROPRIATION ACCOUNT	14	(5 293 943)	(2 145 941)
NET SURPLUS / (DEFICIT) AFTER APPROPRIATIONS		(3 980 750)	(5 748 697)
REVENUE ACCOUNT - Beginning of year		33 719 828	39 468 525
REVENUE ACCOUNT - End of year		29 739 079	33 719 828

THE MUNICIPALITY OF SWAKOPMUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	2015	2014
	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES	164 176 839	121 082 737
Cash receipts from customers	237 374 535	203 495 647
Cash paid to suppliers	(248 414 462)	(215 703 029)
Interest received	1 024 226	2 468 078
Increase in Fund accounts	102 857 642	70 371 581
Increase in Capital outlay	70 184 436	58 196 692
Increase in Erongo Red equity	1 150 462	2 253 768
CASH FLOW FROM INVESTING ACTIVITIES	(242 187 498)	(53 978 444)
Net capital expenditure	(97 713 793)	(72 041 792)
Decrease/(Increase) in loans receivable	2 924 772	(1 236 865)
(Increase)/Decrease in investments	(147 398 477)	19 300 213
CASH FLOW FROM FINANCING ACTIVITIES	(2 132 836)	(2 106 473)
Decrease in long-term liabilities	(2 132 836)	(2 106 473)
Net (decrease)/increase in cash and cash equivalents	(80 143 495)	64 997 820
Cash and cash equivalents - beginning of year	91 803 727	26 805 907
Cash and cash equivalents - end of year	11 660 232	91 803 727

THE MUNICIPALITY OF SWAKOPMUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE

	2015	2014
	N\$	N\$
1. ACCOUNTING POLICY		
Municipality did not attach accounting policy to the Financial Statements for the year under review.		
2. PROPERTY, PLANT AND EQUIPMENT	837 082 684	739 368 891
Income assets	61 346 681	57 800 850
Loan assets	130 594 825	101 892 204
Funds and grants	645 141 178	579 675 837
3. LOANS RECEIVABLE	9 783 188	12 707 960
Property Development Fund:	790 194	3 039 183
Build Together Fund:Secured loans	9 409 030	9 274 198
Build Together Fund:Advances	(1 073 450)	(577 589)
Huidare Building Project:	324 774	346 696
Housing loans:	332 640	625 472
4. INVESTMENTS	322 037 083	174 801 083
Commercial banks	23 000 000	22 500 000
Nampost	59 000 000	17 000 000
Mass Housing Fund	104 736 000	-
Erongo Red	135 301 083	135 301 083
ALLOCATED AS FOLLOWS:		
Sundry Funds and Reserves	161 835 651	79 635 859
Erongo-RED Investment	135 301 083	135 301 083
Revenue	25 062 826	(40 135 859)
5. TRADE AND OTHER RECEIVABLES	32 626 696	25 542 065
Services rendered and assessment rates	24 729 010	17 763 350
Interest accrued on investments	272 926	30 452
Subsidies receivable from the Government	709 941	1 269 690
Erongo Red	1 156 140	1 156 140
VAT provision	6 653 281	3 359 140
Tourism debtors	1 508 624	1 223 502
Build Together debtors	814 003	855 437
Sundries	2 135 650	4 606 431
Provision for bad debts	(1 688 204)	(1 558 204)
Consumer deposits	(3 664 675)	(3 163 873)

THE MUNICIPALITY OF SWAKOPMUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2015	2014
	N\$	N\$
6. INVENTORIES	6 313 666	6 595 197
Stores	2 345 066	2 653 687
Oil – Workshop	69 993	37 903
Revolving Fund – Stock houses	3 953 322	3 953 322
DVD stock	942	942
Less: Redundant Stock	(55 657)	(50 657)
7. BANK AND CASH	11 660 232	91 803 727
Current account – Municipality operating account	10 825 830	89 775 865
Current account – Build Together Fund	829 702	2 023 162
Petty cash	4 700	4 700
8. CAPITAL OUTLAY	765 665 200	695 480 764
Loans redeemed	59 177 341	58 004 077
Revenue contributions	61 346 681	57 800 850
General capital contributions	645 141 178	579 675 837

THE MUNICIPALITY OF SWAKOPMUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2015	2014
	N\$	N\$
9. FUNDS, ACCOUNTS AND RESERVES	309 885 262	211 081 534
Anti-Crime Fund	21 925	2 425
Betterment Fund	6 844 838	6 020 363
Bond Protection Fund	1 009 454	978 179
Build Together Fund	32 979 285	30 992 157
Bursary Fund	256 898	335 365
Capital Development Fund	21 039 177	28 118 356
Chairs Replacement Fund	119 635	119 635
Employees Sport Club	6 163	(7 346)
Erongo Regional Donations Fund	708 231	708 231
Housing Fund	5 067 161	5 242 517
Huidare Project	965 787	949 916
Indoor Sport Complex Fund	1 099 759	1 770 559
Insurance Fund	799 742	686 168
Maintenance Reserve Fund	5 887 141	5 663 147
Mayoral Development Fund	399 058	257 418
Pavement Reserve Fund	203 630	84 962
Property Development Fund	70 840 705	52 372 492
Quarry Ventures Fund	1 196 209	993 401
Relocation Rubbish Dump Fund	936 922	910 922
Renewal Fund	16 685 678	17 206 462
Revolving Fund	11 557 083	11 483 719
Save The Jetty Fund	646 993	641 993
Sewerage Fund	37 685	896 758
Study Aid Fund	288 043	478 098
Swakop Emergency Fund	217 672	192 672
Tourism Fund	176 356	223 263
Erongo Red Dividends	12 108 250	9 829 050
Water Supply Fund	1 310 826	210 263
Mass Housing Fund	86 735 877	-
Revenue account	29 739 079	33 719 828
10. LONG-TERM LIABILITIES	6 418 693	8 551 528
Capital outlay	5 716 910	7 724 998
Housing Fund	701 783	826 530

THE MUNICIPALITY OF SWAKOPMUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2015	2014
	N\$	N\$
11. TRADE AND OTHER PAYABLES	31 148 209	29 293 225
Commitments by purchase and other obligations	20 146 096	16 685 883
Audit fees, provision	424 244	374 244
Retention monies	1 562 952	1 389 789
Leave provision	4 579 760	4 569 567
Sundries	6 131 047	7 109 772
Recoverables	(1 695 890)	(836 030)
12. DEPOSITS	2 012 649	2 943 267
Tourism – Reservations	452 362	1 239 392
Sundries (excluding consumers)	1 560 287	1 703 875
13. TRANSFER (TO)/FROM INTERNAL FUNDS	(5 289 200)	(3 010 000)
Bursary Fund	(50 000)	(50 000)
Employees Sport Club	(100 000)	(100 000)
Maintenance Fund	(539 000)	(539 000)
Renewal Fund	(683 000)	(683 000)
Revolving Fund	-	-
Sewerage Fund	(571 000)	(571 000)
Study Aid Fund	(67 000)	(67 000)
Dividends–Erongo Red	(2 279 200)	-
Water Supply Fund	(1 000 000)	(1 000 000)

THE MUNICIPALITY OF SWAKOPMUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2015	2014
	N\$	N\$
14. ADJUSTMENTS TO APPROPRIATION	(5 293 943)	(2 145 941)
Audio Visual Equipment	-	(145 950)
Automatic meter reading system	-	(381 975)
Court case – Village Hotel	(9 630)	(183 916)
Court case – Airport	-	267 053
Court case – Desert wear CC	(273 403)	-
Court case – DMA Holdings	(15 427)	-
Crack houses	(6 690)	(17 629)
Cancellation of NIB Lease agreement	-	(383 000)
Documentary DVD	(185 378)	-
Draft of various policies	(173 638)	-
Reversal of NTB Levies	20 363	-
Eviction orders DRC squatters	(300 00)	(35 700)
Early retirement cost	-	(671 826)
Hosting of NAMA music awards	(540 030)	(267 617)
Interest on VAT returns	-	54 740
Marketing Namibia – SAIMSA Games	-	(846 709)
NIB Sinking fund cost	(1 608 914)	-
Refund NIB Transaction	82 416	-
Sport Club account	-	80 462
Sundry receipts	-	142 380
VAT adjustments	-	(92 124)
Water losses program	(2 355 927)	-
Unclaimed monies	72 316	335 868

