



**REPUBLIC OF NAMIBIA**



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

# **MUNICIPALITY OF SWAKOPMUND**

**FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019 and 2020**

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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 years ended 30 June 2019 and 2020, 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, August 2012**

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 YEARS ENDED 30 JUNE 2019 AND 2020**

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**1. DISCLAIMER OF AUDIT OPINION**

I have audited the financial statements of the Municipality of Swakopmund for the financial years ended 30 June 2019 and 2020. These financial statements comprise the Statement of Financial Position, Statement of profit or loss, other Comprehensive Income and Statement of Cash flow for the years then ended and notes to the financial statements.

In my opinion because of the significance of the matters described in the basis for Disclaimer of Audit Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, I do not express an opinion on the financial statements of Swakopmund Municipality as at 30 June 2019 and 2020.

**2. BASIS OF DISCLAIMER OF AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is insufficient and inappropriate to provide a basis for my opinion. A Disclaimer Audit Opinion is being expressed due to the following:

- In consultation with the Office of the Auditor General, the Minister of Urban and Rural Development in his Circular Reference 14/P of 13 September 2019 directed all local authorities to adopt and implement the International Public Sector Accounting Standards (IPSASs) as a recognised accounting framework with effect from 01 July 2018. I have observed that the Municipality of Swakopmund did not comply with this directive.

The requirements of an applicable financial reporting framework determine the form and content of the financial statement prepared by an entity. A recognised framework ordinarily embodies broad principles that serve as a basis for developing and applying accounting policies that are consistent with the underlying concepts of the requirements of an applicable framework. The Municipality's accounting policies embodied in the financial statements are not consistent with the IPSAS framework. Furthermore, the financial statements do not describe accounting policies relating to significant items presented in the statement of financial position, statement of financial performance and statement of changes in net assets.

In the absence of an acceptable financial reporting framework, the Municipality of Swakopmund does not have an appropriate basis for preparation of its annual financial statements.

- Due to the status of the Municipality's fixed asset register, the auditors could not verify the existence, valuation and completeness of the Municipality's fixed assets. The Municipality's fixed asset register does not contain sufficient details of individual assets such as descriptions, date of acquisition, original cost, accumulated depreciation and impairment,

useful live and residual values. The auditors were unable to adequately perform procedures they considered necessary to gain assurance on the completeness, existence, valuation and accuracy of fixed assets included in the statement of financial position for the years ended 30 June 2019 and 30 June 2020.

- The Municipality of Swakopmund has a shareholding of twenty eight percent in Erongo Regional Electricity Distribution (Proprietary) Limited. The Municipality accounted for the investment at cost. Under IPSASs, the investment in Erongo RED (Pty) Limited should be accounted for using the equity method of accounting for associates and joint ventures. The method requires that the Municipality should account for its share of total comprehensive income and post-acquisition reserves of Erongo RED (Pty) Limited in relation to its shareholding in the investee. Some elements of the financial statements would have been materially affected had the equity method of accounting been correctly accounted for
- Due to the status of accounting records, lack of documentation and the absence of key controls designed to detect and prevent and correct misstatements on the completeness, existence, valuation and accuracy inventory on hand as at 30 June 2019 and 2020, the auditors were unable to adequately perform procedures they considered necessary to gain assurance on the completeness, existence, valuation and accuracy of inventory included in the statement of financial position for the years ended 30 June 2019 and 2020. Amounting to N\$ 8 470 347 and N\$ 7 598 741 respectively.
- The opinion on the financial statements for the year ended 30 June 2018 was disclaimed as a result of various significant accounting matters as well as the fact that the Municipality did not disclose accounting policies related to significant items contained in the financial statements for the year ended 30 June 2018. As a result of this, auditors were unable to give assurance on the opening balances at 1 July 2018 and comparative financial information for the year ended 30 June 2018.

### **3. KEY AUDIT MATTERS**

Key audit matters are those matters that in my professional judgment were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

### **4. OTHER INFORMATION**

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact.

I draw attention to encourage staff members in the finance department to obtain academic and professional qualifications in financial reporting standards, to enhance the quality of the Municipality financial statements. Furthermore, there is need for the staff to receive technical training in a suitable financial reporting package. My opinion is not qualified in respect of this matter.

## **5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with acceptable standards and legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

## **6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) I exercise professional scepticism throughout the audit I also;

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery intentional omissions misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable related safeguards.

From the matters communicated with those charged with governance I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

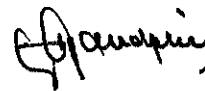
## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The accounts were submitted by the Accounting Officer to the Auditor-General on 21 January 2020 with respect to the financial statements for the year ended 30 June 2019 and 11 November 2020 with respect to the financial statements for the year ended 30 June 2020 in compliance with Section 87(1) of the Local Authorities Act, 1992 (Act No. 23 of 1992).

## **ACKNOWLEDGEMENT**

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

**WINDHOEK, August 2021**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**THE MUNICIPALITY OF SWAKOPMUND**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

		<b>2020</b>	<b>2019</b>	<b>2018</b>
	Note	N\$	N\$	N\$
<b>Assets</b>				
<b>Non-Current Assets</b>				
		<b>1 271 935 766</b>	<b>1 242 590 384</b>	<b>1 211 274 967</b>
Property Plant and Equipment	2	1 122 775 223	1 093 073 279	1 059 446 215
Long-term Receivables	3	13 642 920	14 149 463	16 365 192
Investment : Equity Erongo Red	4	135 517 623	135 367 642	135 463 560
<b>Current Assets</b>				
		<b>479 426 860</b>	<b>392 872 501</b>	<b>305 682 550</b>
Inventories	5	7 598 741	8 470 347	11 252 781
Investments	6	325 479 143	239 000 000	199 000 000
Receivables from exchange transactions	7	77 880 956	58 873 501	37 259 678
Value added tax Receivable	8	14 135 909	14 909 609	19 336 359
Cash and Cash Equivalents	9	54 332 113	71 619 043	38 833 732
<b>Total Assets</b>		<b>1 751 362 627</b>	<b>1 635 462 885</b>	<b>1 516 957 517</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
		<b>3 267 694</b>	<b>3 670 565</b>	<b>4 036 449</b>
Long-term Liabilities	10	3 267 694	3 670 565	4 036 449
<b>Current Liabilities</b>				
		<b>63 132 870</b>	<b>49 837 237</b>	<b>38 848 021</b>
Consumer Deposits	11	16 458 380	13 776 318	6 524 703
Employee Benefits	12	18 446 801	15 161 194	16 364 990
Payables from exchange transactions	13	28 227 689	20 899 725	15 958 329
<b>Total Liabilities</b>		<b>66 400 565</b>	<b>53 507 802</b>	<b>42 884 471</b>
<b>Accumulated Funds and Reserves</b>	14	<b>1 684 962 062</b>	<b>1 581 955 082</b>	<b>1 474 073 046</b>
<b>Total Net Assets and Liabilities</b>		<b>1 751 362 627</b>	<b>1 635 462 885</b>	<b>1 516 957 517</b>

**THE MUNICIPALITY OF SWAKOPMUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR**  
**YEARS ENDED 30 JUNE**

		<b>2020</b>	<b>2019</b>	<b>2018</b>
	Note	N\$	N\$	N\$
<b>Revenue</b>				
<b>Revenue from exchange Transactions</b>				
Property rates & taxes		149 239 728	135 217 315	121 534 703
Service charges	15	184 364 376	167 693 525	148 608 186
Bungalows		9 661 712	10 473 262	12 295 231
Nursery		642 075	903 669	1 757 512
Local authority surcharges		15 507 314	15 847 841	16 137 726
Swakopmund aerodrome		2 618 738	3 178 292	2 859 351
Rental of facilities and properties	16	4 599 107	4 391 318	3 895 941
Interest received: outstanding service accounts	17	3 081 198	3 363 586	2 539 724
Interest received: current account & investments		28 345 926	5 621 840	4 041 162
Government subsidies: operational	18	5 052 244	6 867 000	5 100 825
Other revenue	19	11 453 947	14 620 973	12 686 233
		<b>400 394 848</b>	<b>369 621 758</b>	<b>328 054 637</b>
<b>Expenditures</b>				
Employee related costs	20	185 457 887	173 270 376	157 996 265
Remuneration of Councilors	21	2 723 614	2 696 767	2 652 669
Finance costs	22	18 142 165	18 335 601	18 016 942
Bulk purchases		74 705 281	62 196 353	49 570 290
Contracted (outsource) services	23	27 364 617	24 260 797	20 417 424
Repairs and Maintenance	24	22 335 908	21 605 612	17 839 073
5% rates & taxes - regional council		7 461 986	6 760 866	6 076 735
Other general expenses	25	62 203 390	60 495 387	55 485 241
		<b>14 171 518</b>	<b>(1 443 138.11)</b>	<b>3 401 956.17</b>
<b>Surplus/(deficit) for the year</b>				

## THE MUNICIPALITY OF SWAKOPMUND

## STATEMENT OF CASH FLOW STATEMENT FOR THE YEARS ENDED 30 JUNE

	Note	2020 N\$	2019 N\$	2018 N\$
<b>Cash generated from operations</b>		<b>469 586 811</b>	<b>450 113 441</b>	<b>599 881 527</b>
Cash receipts from rate payers and services charges	26	426 709 337	422 624 601	496 107 872
Subsidies: operating	18	5 052 244	6 867 000	5 100 825
Interest received		28 345 926	5 621 840	4 041 162
Grants: capital		9 479 304	15 000 000	94 631 668
<b>Cash flows from operating activities</b>		<b>(442 126 027)</b>	<b>(457 670 483 )</b>	<b>(504 055 986)</b>
Employee related costs	20	185 457 887	173 270 376	157 996 265
Remuneration of Councilors	21	2 723 614	2 696 767	2 652 669
Finance costs (paid)	22	722 136	717 695	436 509
Suppliers and Other payments	25	253 222 390	280 985 645	342 970 543
<b>Net cash flows from operating activities</b>		<b>27 460 783.97</b>	<b>(7 557 042)</b>	<b>95 825 541</b>
<b>Cash flows from investing activities</b>		<b>12 011 449</b>	<b>53 217 885</b>	<b>(10 051 133)</b>
Purchase of property, plant and equipment	27	(42 312 277)	38 345 180	(195 836 488)
Proceeds from sale of assets		671 958	645 756	4 347
Proceeds from land sale transactions		53 145 224	88 701 579	183 436 702
Decrease / (increase) in long-term receivables	8	506 543	2 215 730	2 344 307
Net increase / (decrease) in cash and cash Equivalents		(17 286 931)	32 785 311	(7 647 053)
Cash and cash equivalents at beginning of period	28	71 619 043	38 833 732	46 480 785
<b>Cash and cash equivalents at end of period</b>	<b>28</b>	<b>54 332 113</b>	<b>71 619 043</b>	<b>38 833 732</b>

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2019

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	Budget	Outcome	Variance	Actual Outcome Original Budget
	N\$	N\$	N\$	
<b>Financial performance</b>				
<b>Revenue from exchange transactions</b>	<b>381 234 580</b>	<b>456 880 199</b>		
Property rates & taxes	132 280 000	135 217 315	2 937 315	102.22
Service charges	173 704 060	167 693 525	(6 010 535)	96.54
Bungalows	16 061 200	11 492 876	(4 568 324)	71.56
Nursery	1 917 850	903 669	(1 014 181)	47.12
Local authority surcharges	17 500 000	15 847 841	(1 652 159)	90.56
Swakopmund aerodrome	3 370 000	3 178 292	(191 708)	94.31
Rental of facilities and properties	5 053 470	4 391 318	(662 152)	86.90
Interest received: outstanding service accounts	1 900 000	3 363 586	1 463 586	177.03
Interest received: current account	2 600 000	5 621 840	3 021 840	216.22
Government subsidies: operational	4 950 000	6 867 000	1 917 000	138.73
Other revenue	21 898 000	13 601 359	(8 296 641)	62.11
Sale of land transactions	-	88 701 579	88 701 579	-
	<b>392 376 610</b>	<b>369 621 758</b>		
<b>Expenditure</b>				
Employee related costs	181 178 790	173 270 376	(7 908 414)	95.64
Remuneration of Councilors	3 140 000	2 696 767	(443 233)	85.88
Finance costs	18 368 200	18 335 601	(32 599)	99.82
Bulk purchases	62 299 000	62 196 353	(102 647)	99.84
Contracted (outsource) services	24 880 900	24 260 797	(620 103)	97.51
Repairs and maintenance	26 106 100	21 605 612	(4 500 488)	82.76
Payment 5% of revenue on rates & taxes - regional council	6 763 900	6 760 866	(3 034)	99.96
General expenses	69 639 720	60 495 387	(9 144 333)	86.87
<b>Surplus/(deficit) for the year</b>	<b>(11 142 030)</b>	<b>87 258 441</b>		
<b>Capital Expenditure Per Department</b>	<b>160 424 550</b>	<b>38 345 180</b>		
Council	755 250	40 728	(714 522)	5.39
Corporate services	695 000	255 916	(439 084)	36.82
Finance	720 000	215 370	(504 630)	29.91
Engineering services	66 541 700	25 276 978	(41 264 722)	37.99
Health services	1 320 000	465 682	(854 318)	35.28
Swakopmund aerodrome	1 472 900	1 159 201	(313 699)	78.70
Cleansing services	8 125 000	183 241	(7 941 759)	2.26
Sewerage services	33 910 900	2 880 684	(31 030 216)	8.49

## THE MUNICIPALITY OF SWAKOPMUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2019  
(continued)

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	<b>Budget</b>	<b>Outcome</b>	<b>Variance</b>	<b>Actual Outcome Original Budget</b>
	N\$	N\$	N\$	
Electricity	2 325 000	-	(2 325 000)	-
Water supply	18 611 000	6 245 248	(12 365 752)	33.56
Community development services	21 708 300	256 858.22	(21 451 442)	1.18
Tourism	4 239 500	1 365 273.09	(2 874 227)	32.20

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2020

(continued)

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	<b>Budget</b>	<b>Outcome</b>	<b>Variance</b>	<b>Actual Outcome Original Budget</b>
	N\$	N\$	N\$	
<b>Revenue from Exchange transactions</b>	<b>477 018 644</b>	<b>414 566 366</b>		
Property rates & taxes	146 900 000	149 239 728	-2 339 728	101.59
Service charges	197 218 900	184 364 376	12 854 524	93.48
Bungalows	16 061 200	9 661 712	6 399 488	60.16
Nursery	1 917 850	642 075	1 275 775	33.48
Local authority surcharges	17 500 000	15 507 314	1 992 686	88.61
Swakopmund aerodrome	3 600 000	2 618 738	981 262	72.74
Rental of facilities and properties	5 778 470	4 599 107	1 179 363	79.59
Interest received: outstanding service accounts	3 600 000	3 081 198	518 802	85.59
Interest received: current account	3 500 000	28 345 926	(24 845 926)	809.88
Government subsidies: operational	4 950 000	5 052 244	(102 244)	102.07
Other revenue	22 847 000	11 453 947	11 393 053	50.13
Sale of land transactions	53 145 224	-	-	-
<b>Expenditure</b>	<b>443 605 890</b>	<b>400 394 848</b>		
Employee related costs	200 345 520	185 457 887	14 887 633	92.57
Remuneration of Councilors	3 000 000	2 723 614	276 386	90.79
Finance costs	18 304 500	18 142 165	162 336	99.11
Bulk purchases	75 040 000	74 705 281	334 719	99.55
Contracted (outsourced) services	31 951 600	27 364 617	4 586 983	85.64
Repairs and maintenance	28 762 500	22 335 908	6 426 592	77.66
Payment 5% of revenue on rates & taxes - regional council	7 500 000	7 461 986	38 014	99.49
General expenses	78 701 770	62 203 390	16 498 380	79.04
<b>Surplus/(deficit) for the year</b>	<b>33 412 754</b>	<b>14 171 518</b>		
<b>Capital Expenditure Per Department</b>	<b>228 154 600</b>	<b>42 312 277</b>		
Council	855 000	626 332	228 668	73.26
Corporate services	90 000	9 940	80 060	11.04
Finance	713 000	399 601	313 399	56.05
Engineering services	68 418 000	7 667 273	60 750 727	11.21
Health services	7 040 000	1 748 452	5 291 548	24.84
Swakopmund aerodrome	1 623 000	960 263	662 737	59.17
Cleansing services	14 144 000	6 748 271	7 395 729	47.71
Sewerage services	55 242 600	8 368 055	46 874 545	15.15

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2020

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	<b>Budget</b>	<b>Outcome</b>	<b>Variance</b>	<b>Actual Outcome Original Budget</b>
	N\$	N\$	N\$	
Electricity	3 825 000	150 153.72	3 674 846	3.93
Water supply	26 885 000	5 803 909	21 081 092	21.59
Community development services	43 116 000	7 776 976.45	35 339 024	18.04
Tourism	6 203 000	2 053 050.23	4 149 950	33.10

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

1. The accounts of the Swakopmund Municipality are being prepared and submitted in accordance with the provisions set out in the Local Authority Act, 1922 (Act 23 of 1992, as amended).

The Financials of the Swakopmund Municipality are still being prepared on fund accounting concept.

	2020	2019	2018
	N\$	N\$	N\$
<b>2. Property Plant &amp; Equipment</b>			
Council still acquires its assets through funding from its own funds and reserves.			
Depreciation costs of the assets are transferred to main source of funding.			
	<b>1 122 775 223</b>	<b>1 093 073 278</b>	<b>1 059 446 215</b>
Revenue	87 786 499	80 239 450	75 569 041
Loans	159 636 919	171 798 984	166 163 066
Funds and reserves	875 351 805	841 034 844	817 714 108

<b>3. Long term Receivable</b>			
Council grants loans to low-income Beneficiaries for construction of houses, and to purchase erven.			
	<b>13 642 920</b>	<b>14 149 463</b>	<b>16 365 192</b>
Even loans	906 865	2 295 919	3 583 124
Huidare loans	189 884	216 977	252 150
Housing fund	112 930	131 703	148 698
Built together fund	9 278 728	8 199 128	8 840 321
Mass housing loans	2 692 496	2 803 412	3 002 703
Housing loans	462 018	502 324	538 196

<b>4. Equity: Investment Erongo Red</b>			
Council has invested funds in electrical infrastructure Development, and with the taking of electricity these were converted in equities with, and based on that Council's shareholding percentage was determined.			
	<b>135 517 623</b>	<b>135 367 642</b>	<b>135 463 560</b>
Revenue	47 678 307	41 238 653	40 199 832
Loans	5 211 926	11 651 752	12 786 491
Funds and reserves	82 627 390	82 477 237	82 477 237



## THE MUNICIPALITY OF SWAKOPMUND

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

(continued)

	2020	2019	2018
	N\$	N\$	N\$
<b>5. Inventories</b>			
Inventories are recorded at its original purchase price and are kept at Council's main Stores.			
	<b>7 598 741</b>	<b>8 470 347</b>	<b>11 252 781</b>
Houses	1 343 499.31	1 390 329	1 718 139
Stores	3 084 927	3 857 994	2 899 883
Oil workshop	342 075	275 614	233 808
Nursery	661 210	869 706	845 350
Refuse bin	-	-	3 520 000
Water emergency stock	1 782 350	1 782 350	1 782 350
Water reservoir	454 383	359 057	323 907
<i>Less : redundant stock</i>	(69 704)	(64 703)	(70 656)

**6. Investments**

Council's funds are invested mostly on call accounts, and due to favorable interest, investments are kept for longer than 12 months, or till funds are needed, and interest rates varies between 6.85% and 7.86% per annum.

	325 479 143	239 000 000	199 000 000
General account	200 000 000	160 000 000	120 000 000
Built together fund	31 000 000	31 000 000	31 000 000
Mass housing fund	48 000 000	48 000 000	48 000 000
Interest: call accounts	25 657 414	-	-
Interest: call accounts built together fund	5 928 982	-	-
Interest: call accounts mass housing fund	14 892 746	-	-

Investments are held with below listed Financial Institutions:

	325 479 143	239 000 000	199 000 000
Standard bank	36 928 982	31 000 000	31 000 000
Standard bank	62 892 746	48 000 000	48 000 000
Nedbank	112 062 184	95 000 000	95 000 000
Bank Windhoek	86 157 608	40 000 000	25 000 000
Standard bank	27 437 622	25 000 000	-

## THE MUNICIPALITY OF SWAKOPMUND

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

(continued)

	2020	2019	2018
	N\$	N\$	N\$
<b>7. Receivables from Exchange Transactions</b>			
Accounts receivable in respect of the rates and taxes and other services provided by Council.	<b>77 880 956</b>	<b>58 873 501</b>	<b>37 259 678</b>
Debtors (main account)	79 793 375	60 763 764	41 002 230
Interest receivable	-	-	16 151
Debtors Tourism	3 208 139	1 676 854	2 291 678
Erongo Red (La surcharges)	1 161 075	1 357 805	1 380 931
Study Aid Advances	858 838	469 847	705 410
Road Fund Administration	2 929 000	2 929 000	-
Legal Costs	63 386	71 780	6 848
Aily N Nangolo	44 175	44 175	44 175
Sofia Hansen	87 450	111 450	135 450
Default Cashier Vote	(150)	-	848
Unpaid Debit Orders	45 189	-	995
Debtors Control Refunds	(16 056)	-	4 975
Salaries Control Account	(738 771)	(790 557)	(3 855)
Provision: Bad Debts	(3 278 204)	(2 878 204)	(817 487)
Debtors : Built Together	1 316 305	943 687	(2 578 204)
Debtors : Mass Housing	334 650	212 274	898 572
Advances: Built Together	(4 690 478)	(2 770 982)	141 065
Advances: Mass Housing	(3 260 474)	(3 260 473)	(2 709 630)
Suspense: Built Together	13 588	(6 919)	(3 260 473)
Sundry creditors: Mass Housing	9 918	-	-

**8 VAT Receivable**

Council's VAT control account is reconciled and the returns are submitted timeously:

	14 135 909	14 909 609	19 336 359
Outstanding VAT returns	12 390 999	13 307 053	18 124 971
VAT debtors control	(93 787)	1 694 901	1 049 387
VAT suspense account	1 826 667	(92 345)	162 001
Mass Housing	72	-	-
Built Together	11 958	-	-

## THE MUNICIPALITY OF SWAKOPMUND

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

(continued)

	2020	2019	2018
	N\$	N\$	N\$
<b>9. Cash and Bank</b>			
Council earns interest on daily favorable bank balances based changing daily interest rates of the bank.			
	<b>54 332 113</b>	<b>71 619 043</b>	<b>38 833 731</b>
General Accounts	49 647 247	68 087 143	36 554 540
Build Together Fund	3 008 971	2 036 378	1 113 549
Mass Housing Fund	1 675 895	1 495 522	1 165 642
<b>10 Long Term Liabilities.</b>			
Council received external loans from Central Government and National Housing Enterprise after Independence for installation for services related infrastructural developments relating Streets, Sewerage, Water, Electricity.			
	<b>3 267 694</b>	<b>3 670 565</b>	<b>4 036 449</b>
SD 315	21 554	30 990	39 630
SD 319	100 578	114 568	127 019
SD 315	37 841	54 406	69 575
SD 319	21 861	24 901	27 607
SD 320	129 689	143 784	156 327
SD 321	245 286	266 684	285 729
SD 322	147 368	158 976	169 307
SD 323	223 075	240 646	256 284
SD 315	21 768	31 297	40 023
SD 317	47 282	67 979	86 931
SD 318	157 537	186 719	212 690
SD 319	21 861	24 901	27 607
SD 320	129 689	143 784	156 327
SD 321	139 310	151 464	162 281
SD 322	251 084	270 861	288 462
SD 323	305 766	329 850	351 285
SD 315	53 564	77 012	98 484
SD 316	56 321	80 975	103 550
SD 319	83 409	95 010	105 336
SD 320	129 689	143 784	156 327
SD 321	303 664	330 156	353 733
SD 322	175 461	189 281	201 581
SD 321	462 018	502 324	538 196
NBC 3	286	533	757
NBC 3	346	2 968	5 369
NBC 3	343	2 146	3 796
NBC 3	1 043	4 568	12 234

## THE MUNICIPALITY OF SWAKOPMUND

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

(continued)

	2020	2019	2018
	N\$	N\$	N\$

**11. Consumer Deposits.**

Council holds deposits from Consumers in lieu service accounts, Reservation deposits and other sundry deposits. Consumers with credit account balances are also listed separately.

	16 458 380	13 776 318	6 524 703
Tourism reservations	232 612	393 594	516 296
Sundry deposits	300 068	298 486	273 279
Unappropriated deposits	3 471 855	1 262 324	595 005
Consumer deposit	5 649 861	5 364 752	5 140 123
Consumer credit account balances	6 803 984	6 457 162	-

**12. Employee Benefits.**

Provision for the below listed provisions were made.

	18 446 801	15 161 194	16 364 990
Leave reserve	16 915 316	13 669 520	12 714 486
Provision for bonuses	53 225	89 678	54 107
Medical assistance	383 980	368 280	404 605
Severance pay	321 682	362 597	2 330 467
Early retirement	15 219	17 477	269 890
Provision: HIV/Aids	757 378	653 642	591 435

**13. Payables from Exchange transactions**

	28 227 689	20 899 725	15 958 329
Sundry creditors	23 250 742	18 875 361	11 873 658
Audit fees	754 244	624 244	574 244
Tourism breakage	63 608	63 608	63 608
Provision: Clean up	371 357	362 678	316 604
Retention money	1 477 647	2 482 765	3 389 991
Unclaimed money	447 961	440 097	277 079
Pabx telephone systems	75 000	75 000	75 000
Computer fund	989 896	847 895	705 896
Water stabilisation account	-897 048	-897 047	102 200
Less: Recoverable sundries	-2 066 044	-1 974 876	-1 445 081
Creditors: built together	-	-	25 130
Erongo Regional Council - 5% Rates and taxes	3 760 328	-	-

Council is exempted to pay external audit fees for the work performed by Office of the Auditor General. The arrangement has a duration of 5 years.

## THE MUNICIPALITY OF SWAKOPMUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE  
(continued)

	2020	2019	2018
	N\$	N\$	N\$
<b>14. Accumulated Funds:</b>	<b>1 684 962 164</b>	<b>1 581 955 080</b>	<b>1 474 073 046</b>
<b>Funds</b>	<b>668 750 014</b>	<b>601 406 533</b>	<b>527 612 888</b>
General accounts	558 536 728	512 754 506	439 446 269
Built together fund	45 868 054	39 401 293	39 117 681
Mass housing fund	64 345 232	49 250 734	49 048 938
<b>Capital Outlay Funding.</b>	<b>1 016 212 150</b>	<b>980 548 547</b>	<b>946 460 158</b>
Revenue	87 786 499	80 239 451	75 569 041
Statutory funds	620 862 392	584 365 299	578 459 735
Provisions & reserves	46 728 424	48 860 158	45 901 012
Donations / grants	207 760 989	207 809 386	193 353 360
Loans redeemed	3 212 688	50 522 091	44 319 435
Loans redeemed: equity	49 861 158	8 752 162	8 857 575
<b>15. Service Charges</b>			
Council's main revenue sources are from the below:			
	<b>184 364 376</b>	<b>167 693 523</b>	<b>148 608 186</b>
Cleansing services (refuse removal)	39 854 892	37 104 295	33 642 434
Sewerage works	59 945 038	53 378 587	47 560 075
Water supply	84 564 446	77 210 641	67 405 678
<b>16. Rental of facilities and Properties.</b>			
Council owns number of properties and lease land being rented to Consumers. These properties resorts under Public Building section and our Multipurpose centre.			
	<b>4 599 107</b>	<b>4 391 318</b>	<b>3 895 941</b>
Public Buildings	4 442 876	4 276 319	3 836 535
Multipurpose Centre	156 231	114 999	59 406
<b>17. Interest received: Outstanding Service Accounts.</b>			
Council levies late fees on service accounts not paid by due date. The penalty raise are executed after all payments has been processed and before the new billing cycle is loaded on the system.			
	<b>3 081 198</b>	<b>3 363 586</b>	<b>2 539 724</b>
Interest Services Accounts	1 524 735	1 826 915	1 318 878
Interest on Rates and Taxes Accounts	1 556 463	1 536 671	1 220 846

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

	2020	2019	2018
	N\$	N\$	N\$
<b>18. Road Fund Administration Subsidies: Operational</b>			
Council annually receives subsidy from Road Fund Administration for Road Maintenance and Traffic Law enforcement expenditures.			
	<b>5 052 244</b>	<b>6 867 000</b>	<b>5 100 825</b>
Streets (Roads maintenance)	5 269 400	3 938 000	2 727 000
Traffic Law Enforcement (Subsidy)	3 087 166	2 929 000	2 373 825
Traffic Law Enforcement - Expenditure	(3 304 322)	-	-
<b>19. Other Revenue</b>			
Council also generates additional revenue from the below listed Sections/Departments.			
	<b>11 453 947</b>	<b>14 620 974</b>	<b>12 686 232</b>
Council	20 175	33 118	34 263
Human resources	-	5 713	5 300
Corporate services	99 536	129 219	201 716
Finance	514 378	386 295	306 585
Engineering services	952 862	960 656	914 302
Health services	1 591 695	1 533 748	1 602 306
Parks & gardens	61 541	95 727	140 145
Cemetery	228 366	308 363	248 583
Fire brigade	734 850	819 791	733 307
Streets	56 823	49 469	84 391
Traffic	15 344	1 935	129
Shopping complex	-	409 259	381 082
Stores	2 735 678	2 839 083	2 508 533
Workshop	562 869	564 562	510 758
Sundry implements	-	-	212 321
Trucks	334 699	268 240	518 796
Bulldozers	-	1 274 956	264 160
Graders	639 186	2 746 837	703 500
Road rollers	2 295 420	-	2 218 433
Watertankers	367 540	899 845	442 852
Front-end loaders	218 400	1 204 450	590 560
Housing	24 586	89 708	64 213

**THE MUNICIPALITY OF SWAKOPMUND**

**ANNEXURE D**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE  
(continued)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	N\$	N\$	N\$
<b>20. Employee Related Costs</b>			
	<b>185 457 887</b>	<b>173 270 376</b>	<b>157 996 265</b>
Employee related costs: salaries and wages	95 478 653	90 375 269	82 275 157
Employee related costs: overtime	10 338 456	9 174 149	8 010 515
Employee related costs: pension and medical aid contributions	36 576 371	33 675 407	30 630 972
Housing benefits and allowances	30 237 889	28 507 213	25 558 393
Vehicle and transport allowances	5 763 523.60	5 270 168	5 065 790
Employee related costs: standby	727 727	615 349	561 424
Employee related costs: uniforms	36 019	107 574	181 112
Long service awards	181 821	505 994	260 156
Free services	2 810 898	2 519 689	2 182 398
Social security	388 924	383 251	370 508
Contract workers	1 751 034	1 451 534	2 361 318
Life savers	30 000	58 000	-
Sanitation allowances	402 800	-	145 220
Recruitment costs	13 011	120 429	393 302
Job attachments	720 761	506 350	-

**21. Remuneration of Councillors Allowances**

Council is served by ten (10) Councillors, receiving a monthly allowance are based on the portfolio held. Councillors are also remunerated for attending official meetings.

	<b>2 723 614</b>	<b>2 696 767</b>	<b>2 652 669</b>
Monthly allowances	2 476 414	2 456 767	2 362 269
Meeting attendance fees	247 200	240 000	290 400

**22. Finance Costs**

Council annually incurs cost the internal and external loans for financing of the infrastructural development costs as well acquiring of assets for service delivery.

	<b>18 142 165</b>	<b>18 335 601</b>	<b>18 016 942</b>
Interest external	359 571	396 566	430 379
Interest internal	5 230 956	5 711 661	5 946 274
Redemption external	362 565	321 129	6 130
Redemption internal	12 189 072	11 906 245	11 634 158

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

	2020	2019	2018
	N\$	N\$	N\$
<b>23. Contracted (Outsource) Services.</b>	<b>27 364 617</b>	<b>24 260 797</b>	<b>20 417 424</b>
Internal audit	471 372	327 014	514 074
Processing of Accounts	287 271	227 925	145 034
Rental: computer & it	7 574 891	7 498 078	6 675 742
Security guards	6 028 063	5 676 465	3 539 273
Cleaning of Wards	1 644 206	2 486 373	2 476 915
Management sewerage plant	4 401 781	3 290 721	3 346 883
Cleaning of Offices	381 188	415 886	169 000
Legal fees	691 879	686 700	137 749
Cleaning of Bungalows	193 206	322 216	248 687
Maintenance: refuse dump	2 535 363	3 329 418	3 164 067
Rent: mobile toilets	1 580 568	-	-
Valuations cost	1 151 557	-	-
PPP Groups: Cleaning of Streets	190 326	-	-
Vehicle tracking system	232 946	-	-
	<b>22 335 908</b>	<b>21 605 612</b>	<b>17 839 073</b>
<b>24. Repairs and Maintenance.</b>			
Buildings	1 575 389	1 292 719	966 269
Vehicles	3 508 552	4 618 421	3 933 041
Infrastructure - Roads and streets	10 336 954	9 583 033	7 935 226
Infrastructure - sanitation	370 764	456 150	463 780
Infrastructure - sewerage	2 605 994	2 105 383	1 718 607
Infrastructure - water	3 352 015	3 063 014	2 492 159
Tools and Equipment	138 169	158 099	100 515
Central Sports field	448 071	328 793	229 476
	<b>76 613 440</b>	<b>60 495 387</b>	<b>55 485 241</b>
<b>25. General Expenditures.</b>			
Brine purchases	66 875	85 148	86 052
Vehicle tracking system	-	192 309	190 295
Burial fees (paupers)	1 283	-	6 784
Renewal of radio licenses	26 927	-	686 262
Civil protection (covid-19)	480 327	-	808 525
Renewal of vehicle licenses	720 717	724 308	342 183
Conference expenses	423 704	978 987	883 056
Software licenses	404 224	405 830	128
Consumables	966 155	931 895	9 190
Contagious diseases	6 629	2 140	102 501



**THE MUNICIPALITY OF SWAKOPMUND**

**ANNEXURE D**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE**  
**(continued)**

	2020	2019	2018
	N\$	N\$	N\$
Deverminisation	23 813	10 465	164 124
Dog control	124 989	126 854	-
Donations	30 700	144 200	3 595 237
Consumer education	6 089	5 136	11 417
Electricity	3 877 942	4 065 765	18 254
Refilling of Fire Extinguishers	19 945	-	3 649 458
Entertainment mayor	10 621	6 190	239 202
Fair expenses	13 886	44 283	59 802
Fuel	3 529 185	4 350 647	36 512
Functions & entertainment	393 719	263 203	470 825
Garage rental	56 382	51 979	7 494 689
Garden equipment	78 708	34 112	482
Grants	545 107	488 850	1 104 127
Implement & labour charges (civil)	7 433 593	9 363 641	6 020
Implement & labour charges (electrical)	7 846	893	605 829
Insurance	1 206 477	1 123 288	4 274
Renewal of vehicle licences (Staff)	5 410	3 170	248 888
Laundry expenses	279 404	325 691	3 169
Road safety campaign	15 321	6 813	2 566 142
Lunch for the elderly	293 133	119 527	45 307
Loss control	17 532	6 287	205 104
Medical aid: pensioners	3 522 753	2 994 316	59 517
Medical examinations	51 622	123 138	171 554
Membership & subscription fees	104 639	132 149	338 368
Oil	34 541	42 254	87 117
Notices & advertisements	325 957	282 948	679 933
Plants nursery	253 552	293 718	1 823 054
Pollution control	145 011	78 100	29 864
Postage	662 710	674 026	1 212 092
Bank charges	1 064 927	1 889 075	101 215
Corporate gifts	29 137	51 110	-
Printing & stationery	1 440 316	1 432 016	693 742
Professional services	35 476	416 315	446 424
Professional fees	26 436	23 715	-
Protective clothing	823 775	750 842	26 180
Publicity	338 080	332 693	9 930
Publicity: mayor's office	3 998	7 454	1 000
Renewal of TV Licences	27 720	29 425	4 609
Purchasing of seedlings	23 928	13 927	558 779

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

	2020	2019	2018
	N\$	N\$	N\$
Baseline risk assessment	54 576	-	11 928
Green environment project	-	19 709	5 885
Rental: electronic equipment	468 375	568 842	10 625
Rental cylinders	13 432	12 674	40
Rental public address system	-	-	12 792
Research	8 238	9 125	129 904
Seasonal equipment	1 859	18 921	-
Seaweed removal	9 577	32 528	1 221 991
PPP: groups	-	210 159	116 446
Sundry expenses	775	2 946	159 471
Telephone	1 272 533	1 194 764	1 555 492
Tools & equipment	192 586	179 900	206 605
Training of Personnel	66 635	25 373	383 094
VET levy	2 008 508	1 746 004	44 940
Advertising materials	6 938	-	-
Valuation costs	-	142 165	81 825
WCA	260 824	368 754	3 607
Annual licences	48 086	-	71 816
Team building events	-	11 329	-
Purchases: pre-paid tokens	158 412	89 405	34 757
Iec material	14 069	13 152	-
Laboratory fees	6 993	59 761	36 674
Municipal vegetable garden	-	593	116 408
Job evaluations	60 000	186 660	11 521 781
Skip system DRC	27 349	39 997	285 556
Control of Mosquitoes	-	15 747	159 120
Rental: mobile toilets	-	181 413	2 037 040
New plant electricity	11 753 628	11 392 706	7 390 230
New plant consumables	277 103	183 311	-
Website Design and Maintenance	175 900	-	-
Service standby generator	90 762	-	-
Capital outlay	137 953	242 581	-
Inter-departmental transfers	17 087 875	2 557 804	-
Provisions	12 429 230	7 560 230	-

**THE MUNICIPALITY OF SWAKOPMUND**

**ANNEXURE D**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE**  
(continued)

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	N\$	N\$	N\$
<b>26. Cash receipts from rate payers and services charges</b>	<b>426 709 337</b>	<b>422 624 601</b>	<b>496 107 872</b>
Total receipts processed	405 792 788	487 400 869	705 503 893
Less total receipts for sale of erven	-	(86 999 227)	(178 884 442)
Opening Balance of Debtors	(73 783 110)	(56 596 037)	(89 202 001)
Closing Balance of Debtors	92 030 876	73 783 110	56 596 037
Opening Balance of Consumer Deposits	(13 776 318)	(6 524 703)	(1 090 014)
Closing Balance of Consumer Deposits	16 458 380	13 776 318	6 524 703
Opening Balance of long-Term Receivables	(14 149 463)	(16 365 192)	(19 705 497)
Closing Balance of Consumer Receivables	14 136 185	14 149 463	16 365 192
<b>27. Capital Expenditure</b>	<b>42 312 277</b>	<b>38 345 180</b>	<b>195 836 488</b>
Council	626 332	40 728	40 728
Corporate Services	9 940	255 916	255 916
Finance	399 601	215 370	215 370
Engineering Services	7 667 273	25 276 978	25 276 978
Health Services	1 748 452	465 682	465 682
Swakopmund Aerodrome	960 263	1 159 201	1 159 201
Cleaning Services	6 748 271	183 241	183 241
Sewerage Services	8 368 055	2 880 684	2 880 684
Electricity	150 154	-	-
Water Supply	5 803 909	6 245 248	6 245 248
Community Development Services	7 776 976	256 858	256 858
Tourism	2 053 050	1 365 273	1 365 273
<b>30. Current Account Bank Balances.</b>	<b>54 332 113</b>	<b>71 619 043</b>	<b>38 833 732</b>
Main Account	49 647 247	68 087 143	36554540
Built Together	3 008 971	2 036 379	1 113 549
Mass Housing	1 675 895	1 495 522	1 165 642

