



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF SWAKOPMUND  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**



**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 2022, 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 No. 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".

**WINDHOEK, September 2023**

**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 2022**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Municipality of Swakopmund for the financial year ended 30 June 2022. These financial statements comprise the statement of financial position, the statement of financial performance, the statement of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, because of the significance of matters discussed in the Basis of the Adverse Opinion paragraph, the financial statements do not fairly present the financial position of the Swakopmund Municipality as at 30 June 2022 and its financial performance and cash flow for the year then ended.

**2. BASIS FOR ADVERSE AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audits Institutions (ISSAI's). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the audit 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, 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 sufficient and appropriate to provide a basis for my opinion. The adverse audit opinion is expressed due to the following:

**2.1 FINANCIAL REPORT FRAMEWORK**

The auditors have observed that the Municipality did not comply with this directive to adopt and implement the International Public Sector Accounting Standard (IPSAS's), in line with the circular 14 of 30 September 2019.

The financial statements do not describe accounting policies relating to significant items presented in the statement of financial position and statement of financial performance. In the absence of an acceptable financial reporting framework, Municipality does not have an appropriate basis for preparation of its annual financial statements.

It is recommended that the Municipality should ensure that they have an acceptable accounting reporting framework in place and that the accounting policies and reporting framework are disclosed in the financial statements.

**2.2 FIXED ASSET REGISTER**

The auditors could not verify the existence, valuation and completeness of the Municipality's fixed assets, due to the status of the Municipality's fixed asset register. The Municipality's fixed asset register does not contain sufficient details of individual assets such as classification and original costs. It is recommended that the Municipality should ensure that the fixed asset register is complete.

### **2.3 BUILD TOGETHER AND MASS HOUSING ADVANCES RECEIVABLES**

The auditors could not obtain supporting documents to confirm Build together advances amounting to N\$ 17 897 817 and the Mass housing advances amounting to N\$ 3 260 474.

It is recommended that the Municipality should ensure that supporting documents are provided.

### **2.4 PROVISION FOR BAD DEBTS**

The auditors observed that there is no debtor's policy in place. Provision for bad debts raised in the financial statements is only based on an estimate.

It is recommended that the Municipality should ensure that there is a debtor's policy in place to guide them on the treatment of debtors.

### **2.5 INVESTMENTS**

There were differences observed between the bank statement for investments which reflects an amount of N\$ 230 495 857 and the statement of financial position reflecting N\$ 228 483 800, thus investments are understated by N\$ 2 012 057.

It is recommended that the Municipality should ensure that reconciliations are performed.

### **2.6 LOAN RECEIVABLES – BUILD TOGETHER FUND**

The auditors noted that Build-Together fund stated in the statement of financial position amounting to N\$ 20 756 556 is less than the loan receivable listing balance of N\$ 13 854 721 resulting the difference of N\$ 6 901 834.

It is recommended that the Municipality should reconcile the payments received and the loans outstanding on a monthly basis.

### **2.7 PAYABLES FROM EXCHANGE TRANSACTIONS**

The auditors could not obtain supporting documents to verify the sundry creditors amounting to N\$ 1 733 051 due to the supporting documents not being submitted.

It is recommended that the Municipality should ensure that internal controls and procedures are put in place to ensure that financial and accounting data are accurately organized.

### **2.8 PROVISION FOR SEVERANCE PAY**

The auditors noted that severance pay stated in the statement of financial position amounting to N\$ 4 846 197 is less than the severance pay listing balance N\$ 24 555 822 resulting in a difference of N\$ 19 709 625.

It is recommended that the Municipality should ensure that the correct amount for provision for severance pay is included in the statement of financial position.

## **2.9 STATEMENT OF CASH FLOW**

Cash and cash equivalent in the statement of cash flow reflects a balance of N\$ 34 537 121 while statement of financial position reflects N\$ 40 220 201, resulting in a difference of N\$ 5 683 080. Furthermore an unexplained difference of N\$ 167 782 438 disclosed was observed in the statement of cash flow.

It is recommended that the Municipality should ensure that cash and cash equivalent in the statement of cash flow is reconciled to the statement of financial position and all differences are explained.

## **2.10 STATEMENT OF CHANGES IN EQUITY**

The auditor observed that Municipality did not prepare a statement of changes in equity, which reconciles equity balances at the end of the reporting period.

It is recommended that the Municipality should ensure that a complete set of the financial statements is prepared.

## **2.11 PROPERTY, PLANT AND EQUIPMENT**

The auditors observed that the note to property, plant and equipment is incomplete. The cost, depreciation and carrying amounts are not disclosed.

It is recommended that the Municipality should ensure that the note to property, plant and equipment be complete.

## **2.12 CASH FLOW STATEMENT – CAPITAL EXPENDITURE**

The auditors observed a difference of N\$ 47 105 488 between the capital expenditure on the statement of cash flow of N\$ 70 530 758 and the statement of cash flow, note 37, amounting to N\$ 23 425 270.

It is recommended that the Municipality should ensure that statement of cash flow and note to the statement of cash flow correspond.

## **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 do not have anything to report on this matter.

## **4. OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and accordingly the auditor does not express any form of assurance conclusion thereon. In connection with the 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 the knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard. .

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management deems it 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 for 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions for users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional skepticism throughout the audit. I also;

- Identify and assess the risk 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 expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used 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. I conclude that material uncertainty exists, I am required to draw attention in the report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit



evidence obtained up to date of the 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 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; and

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 at 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 the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

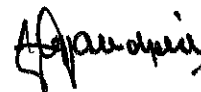
## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements for the financial year ended 30 June 2022 were submitted later than required by the Accounting Officer to the Auditor-General on 06 March 2023 in terms of Local Authorities Act, 1992 (Act No. 23 of 1992), instead of three months after year end as required by the Act.

## **8. ACKNOWLEDGEMENT**

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

**WINDHOEK, September 2023**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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

	Note	2022 N\$	2021 N\$
<b>ASSETS</b>			
<b>Current Assets</b>		<b>403 920 847</b>	<b>418 039 084</b>
Inventories	2	6 841 966	6 893 549
Investments	3	228 483 800	258 415 766
Receivables from exchange transactions	4	107 104 173	100 659 467
Value added tax receivable	5	21 270 707	32 443 934
Cash and cash equivalents	*6	40 220 201	19 626 368
<b>Non- Current Assets</b>		<b>1 364 868 731</b>	<b>1 295 506 916</b>
Property plant and equipment	7	1 205 997 706	1 144 613 459
Long-term receivables	8	23 353 229	15 375 661
Investment equity: Erongo Red		135 517 796	135 517 796
<b>Total Assets</b>		<b>1 768 789 578</b>	<b>1 713 546 000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>		<b>76 815 888</b>	<b>60 043 570</b>
Consumer deposits	10	10 123 207	9 523 473
Employee benefits	11	37 178 593	24 928 063
Payables from exchange transactions	12	29 514 088	25 592 034
<b>Non-Current Liabilities</b>			
Long-term liabilities	13	2 334 553	2 825 513
<b>Total Liabilities</b>		<b>79 150 441</b>	<b>62 869 083</b>
<b>Net Assets/Equity</b>		<b>1 689 639 137</b>	<b>1 650 676 917</b>
Accumulated funds	14	1 689 639 137	1 650 676 917
<b>Total Net Asset/Equity</b>		<b>1 689 639 137</b>	<b>1 650 676 917</b>

## ANNEXURE B

**THE MUNICIPALITY OF SWAKOPMUND**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

	Note	<b>2022</b>	<b>2021</b>
		N\$	N\$
<b>Revenue</b>			
<b>Total revenue from exchange transactions</b>		<b>460 711 290</b>	<b>425 700 532</b>
Property rates & taxes		156 644 146	152 054 119
Service charges	16	203 400 537	184 429 092
Bungalows		9 273 492	5 599 934
Nursery		808 646	1 007 499
Local authority surcharges		14 342 361	14 894 850
Swakopmund aerodrome		2 370 195	1 569 680
Rental of facilities and properties	21	4 296 188	4 470 066
Interest received: current account & investments		8 222 151	13 228 965
Road fund administration subsidies: Operational	24	2 531 731	2 852 627
Other revenue	25	58 821 843	45 593 700
<b>Total expenses</b>		<b>458 787 874</b>	<b>424 136 728</b>
Employee related cost	26	227 255 791	221 297 837
Remuneration of Councilors	2	2 844 560	2 878 689
Finance cost		321 915	316 580
Bulk purchases		85 699 172	77 423 678
Contracted services	30	25 093 102	19 019 865
Repairs and maintenance	31	40 423 735	29 628 553
Payment 5% of revenue on rates & taxes - Regional Council		7 917 479	7 602 706
General expenses	33	69 232 120	65 968 820
<b>Surplus for the year</b>		<b>1 923 416</b>	<b>1 563 804</b>

## ANNEXURE C

**THE MUNICIPALITY OF SWAKOPMUND**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**

	Note	2022 N\$	2021 N\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>		<b>401 288 851</b>	<b>398 899 338</b>
Cash receipts from rate payers and services charges	35	390 534 969	379 888 746
Subsidies: Operating	24	2 531 731	5 781 627
Interest received		8 222 151	13 228 965
<b>Payments</b>		<b>(519 795 366)</b>	<b>(498 400 370)</b>
Employee related costs	26	(227 255 791)	(221 297 837)
Remuneration of Councilors	27	(2 844 560)	(2 878 689)
Finance costs (paid)		(321 915)	(316 580)
Suppliers and other payments	34	(289 373 100)	(273 907 264)
<b>Net cash flow from operating activities</b>		<b>(118 506 515)</b>	<b>(99 501 032)</b>
<b>Cash flow from investing activities</b>			
<b>Net cash flow from investing activities</b>		<b>(25 731 972)</b>	<b>(5 667 375)</b>
Capital expenditure	*37	(70 530 758)	(36 363 436)
Proceeds from sale of assets		561 641	-
Proceeds from land; sale transactions		44 237 145	30 696 061
<b>Unexplained differences</b>		<b>167 782 438</b>	<b>61 829 464</b>
<b>Net change in cash and cash equivalents</b>		<b>23 543 951</b>	<b>(43 338 943)</b>
Cash and cash equivalents at the beginning of the year		10 993 170	54 332 113
<b>Cash and cash equivalents at the end of the year</b>	*40	<b>34 537 121</b>	<b>10 993 170</b>

**Note:**

Cash and cash equivalent not balanced

**\*40 220 201 – 34 537 121 = 5 683 080**

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

**1. ACCOUNTING POLICIES**

**1. Basis of preparation of Financial Statements**

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 Financial statements of the Swakopmund Municipality are still being prepared on fund accounting concept.

However, Council has adopted the implementation of the IPSAS reporting standards, and with implementation date scheduled for 1 July 2022.

**2. INVENTORIES**

Inventories are recorded at its original purchase price and are kept at Council's main Stores.

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>6 841 966</b>	<b>6 893 549</b>
Houses	1 136 469	1 258 879
Stores	4 296 553	4 182 139
Oil Workshop	410 024	378 328
Nursery	568 746	615 359
Water Reservoir	430 174	458 844

**3. INVESTMENTS**

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

	<b>228 483 800</b>	<b>258 415 766</b>
General account	124 937 722	160 000 000
Built together fund	32 507 744	31 117 421
Mass housing fund	71 038 334	67 298 345

## ANNEXURE D

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

**4. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Accounts receivable in respect of the rates and taxes and other services provided by Council.

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>107 104 173</b>	<b>100 659 467</b>
Debtors (main account)	131 150 197	112 856 162
Debtors tourism	759 316	557 257
Erongo Red (1a surcharges)	-	1 270 591
Study aid advances	265 653	602 258
Road fund administration	36 662	-
Kinghorn: Legal costs	39 450	52 633
Aily N Nangolo	(5 759)	-
Sofia Hansen	164 701	63 450
Default cashier vote	(38 890)	6 391
Unpaid debit orders	642 721	73 534
Debtors control refunds	(17 250)	(54 226)
Salaries control account	2 563 494	-
Provision: Bad debts	(7 278 204)	(5 278 204)
Insurance claim	(17 897 817)	(1 025)
Debtors: Built together	(3 260 474)	1 809 698
Debtors: Mass housing	(37 738)	529 164
Advances: Built together	18 111	(8 575 836)
Advances: Mass housing	-	(3 260 474)
Suspense: Built together	-	(3 673)
Sundry Creditors: Mass housing	-	11 767

**5. VALUE ADDED TAX RECEIVABLE**

	<b>21 270 707</b>	<b>32 443 934</b>
Outstanding VAT returns	13 534 577	12 390 997
VAT suspense account	6 627 711	19 457 289
Mass housing	56	259
Built together	1 108 363	595 389

**6. CASH AND CASH EQUIVALENTS**

	<b>40 220 201</b>	<b>19 626 368</b>
General accounts	34 537 119	10 993 169
Build together fund	3 643 416	6 836 972
Mass housing fund	2 039 666	1 796 227

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

## 7. PROPERTY, PLANT AND EQUIPMENT

Council still acquires its assets through funding from its own funds and reserves.  
Depreciation costs of the assets are transferred to main source funding.

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>1 205 997 706</b>	<b>1 144 613 459</b>
Computer software	565 933	657 910
Investment property	62 859 739	62 150 568
Land	2 481 075	2 481 075
Transport (vehicles)	35 103 221	29 609 769
Water infrastructure	385 148 054	384 334 943
Wastewater	54 280 450	41 702 686
Plant & equipment	41 671 503	38 522 353
Furniture	6 186 154	6 038 635
Roads infrastructure	417 210 881	392 168 889
Buildings & community assets	156 409 741	149 138 840
Other	44 080 955	37 807 791

## 8. LONG-TERM RECEIVABLES

Council grants loans to low-income beneficiaries for construction of houses, and to purchase erven.

	<b>23 353 229</b>	<b>15 375 661</b>
Even loans	39 040	227 674
Huidare loans	74 810	92 191
Housing fund	127 499	161 425
Built together fund	20 756 556	12 337 656
Mass housing loans	2 355 324	2 556 715

## 9. EQUITY INVESTMENT: ERONGO RED

The Council has invested funds in electrical infrastructure development, and with the taking of electricity, these were converted in equities with, and based on that the Council's shareholding percentage was determined.

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

**10. 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.

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>10 123 207</b>	<b>9 523 473</b>
Tourism reservations	325 439	(37 581)
Sundry deposits	302 823	295 177
Unappropriated deposits	3 249 177	3 249 177
Consumer deposits	6 245 768	6 016 700

**11. EMPLOYEE BENEFITS**

Provision for the below listed provisions were made.

	<b>37 178 593</b>	<b>24 928 063</b>
Leave reserve	22 381 218	19 055 179
Provision for bonuses	4 110 323	1 873 795
Severance pay	4 846 197	1 153 065
Early retirement	5 840 855	2 846 024

**12. PAYABLES FROM EXCHANGE TRANSACTIONS**

	<b>29 514 088</b>	<b>25 592 034</b>
Trading creditors (accounts payable)	27 242 264	18 786 552
Audit fees	754 244	754 244
Retention money	1 428 214	882 660
Unclaimed money	449 136	449 136
Wages control account	(259 874)	-
Sundry creditors	(1 733 051)	-
Deposits: Sale of erven	1 633 155	4 719 442



**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30**  
**JUNE(Continued)**

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**13. LONG-TERM LIABILITIES**

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.

	<u>2022</u>	<u>2021</u>
	N\$	N\$
Long term loans	<u>2 334 553</u>	<u>2 825 513</u>

**14. ACCUMULATED FUNDS**

	<b>1 689 639 137</b>	<b>1 650 676 917</b>
Accumulated funds	1 574 161 382	1 650 676 917
Built together fund	42 644 017	44 117 626
Mass housing fund	72 833 738	71 281 668
Unexplained difference	-	(115 399 294)

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

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**15. RATES AND TAXES: PROPERTY**

Council generates revenue from levying rates and taxes on properties within its boundaries. Rates and taxes are levied on land value as well as on improvements. General valuations of properties are done every 5 years and the values remains applicable, until new valuations are performed, unless there are improvements done by the respective. Interim valuations are done in a financial year.

<b>2022</b>	<b>2021</b>
N\$	N\$

**16. SERVICE CHARGES**

Council's main revenue sources are from the below:

	<b>203 400 537</b>	<b>184 429 092</b>
Cleansing services (refuse removal)	41 260 348	41 179 014
Sewerage works	65 447 024	62 036 693
Water supply	96 693 165	81 213 385

**17. BUNGALOWS**

Council owns an accommodation facility and the revenue generated from this entity is stated hereunder.

**18. NURSERY**

Council also generates minimal revenue from its operations at the Nursery.  
 Own plants are produced and sold to the Public.

**19. LOCAL AUTHORITY SURCHARGES**

Council has 28% shareholding in Erongo Regional Electricity Distributor Council receives royalties from the service provider.  
 The royalties are paid at 0.13 for Units (kWh) sold within the boundaries of Swakopmund.

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

**20. SWAKOPMUND AERODROME**

	<u>2022</u>	<u>2021</u>
	N\$	N\$

Council taken the operations at the Swakopmund Aerodrome.  
 Since 1 July 2012, revenue is generated through landing fees and rental of Hangars.

Total Income	<u>2 370 195</u>	<u>1 569 680</u>
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**21. RENTAL OF FACILITIES AND PROPERTIES**

Council owns number of properties and lease land being rented to consumers  
 These properties resorts under public building section and our multipurpose centre.

	<u>4 296 188</u>	<u>4 470 066</u>
Business stalls / markets	338 291	-
Public buildings	100 106	4 134 915
Multipurpose center	3 857 791	335 151

**22. INTEREST RECEIVED: OUTSTANDING SERVICE ACCOUNTS**

Council levies late fees on service accounts not paid by due date.  
 The penalty raise is executed after all payments has been processed and before the new billing cycle is loaded on the system.

**23. INTEREST RECEIVED: CURRENT ACCOUNTS**

Council maintains favorable bank balances, and as such receives interest on its current account balances.

Interest is received on Council's main current account as well as the tourism deposit account.

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

## 24. ROAD FUND ADMINISTRATION SUBSIDIES: OPERATIONAL

Council annually receives subsidy from Road Fund Administration for road maintenance and traffic Law enforcement expenditures.

	2022	2021
	N\$	N\$
	<b>2 531 731</b>	<b>2 852 627</b>
Streets (roads maintenance)	-	4 742 460
Traffic law enforcement (subsidy)	2 531 731	1 039 167
Traffic law enforcement - expenditure	-	(2 929 000)

## 25. OTHER REVENUE

	58 821 843	45 593 700
Council	32 543	26 956
Corporate Services	104 894	86 989
Finance	49 561 211	34 846 134
Engineering Services	444 683	2 172 228
Health Services	1 398 541	1 530 658
Parks & Gardens	87 291	41 771
Cemetery	494 051	282 143
Fire Brigade	815 130	721 682
Streets	229 944	199 373
Traffic	18 675	19 407
Stores	-	1 223 669
Workshop	1 248 406	650 711
Trucks	442 123	490 150
Graders	723 450	703 629
Road Rollers	2 435 356	1 315 930
Water Tankers	459 895	320 070
Front-End Loaders	325 650	960 700
Economic Development Services	-	1 500

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE(Continued)

## 26. EMPLOYEE RELATED COST

	2022	2021
	N\$	N\$
	<b>227 255 791</b>	<b>221 297 838</b>
Employee related costs: Salaries and wages	102 431 059	103 223 798
Employee related costs: Overtime	14 223 363	11 680 988
Employee related costs: Pension and medical aid contributions	44 331 942	43 630 398
Housing benefits and allowances	33 799 982	33 540 186
Vehicle and transport allowances	7 039 840	7 438 168
Employee related costs: standby	432 551	438 798
Employee related costs: uniforms	42 003	275 515
Long service awards	523 204	347 707
Free services	4 128 575	3 072 683
Social security	411 619	402 342
Contract workers	2 900 185	1 472 131
Life savers	94 833	68 579
Sanitation allowances	421 938	403 400
Recruitment costs	29 547	43 130
Job attachments	1 272 450	852 165
Leave	4 396 300	4 395 000
Early retirement	3 314 100	3 479 000
Bonus	2 361 100	2 042 650
Severance pay	5 101 200	4 491 200

## 27. REMUNERATION OF COUNCILLORS

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

	2 844 560	2 878 689
Monthly allowances	257 600	256 800
Meeting attendance fees	2 586 960	2 621 889

## 28. FINANCE COST

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

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)**

**29. BULK PURCHASES**

<b>2022</b>	<b>2021</b>
N\$	N\$

Council purchases its water supply from Namwater in bulk.  
The current purchase is N\$ 14.87 per cubic.

**30. CONTRACTED SERVICES**

	<b>25 093 102</b>	<b>19 019 865</b>
Processing of accounts	365 822	350 716
Rental: computer & IT	8 029 087	7 682 012
Security guards	8 065 365	6 494 785
Cleaning of wards	3 884 700	1 447 547
Cleaning of offices	479 527	409 441
Legal fees	2 258 129	815 890
Cleaning of bungalows	336 187	121 995
Rent: Mobile toilets	1 674 285	1 697 479

**31. REPAIRS AND MAINTENANCE**

	<b>40 423 735</b>	<b>29 628 553</b>
Buildings	2 487 257	1 279 759
Vehicles	5 133 155	4 651 174
Infrastructure - Roads and Streets	16 693 807	14 196 626
Infrastructure - Sanitation	2 978 715	2 821 502
Infrastructure - Sewerage	3 395 356	3 143 290
Infrastructure - Water	8 645 754	3 001 666
Tools and Equipment	431 386	169 332
Central Sports field	658 305	365 204

**32. RATES AND TAXES: REGIONAL COUNCIL**

In terms provisions of the Local Authority Act, Local Authorities must pay over 5% of revenue collected on rates and taxes to Regional Council.

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE(Continued)

## 33. GENERAL EXPENDITURE

	2022	2021
	N\$	N\$
	<b>69 232 120</b>	<b>65 968 390</b>
Advertising materials	-	6 938
Animal control	177 257	107 996
Annual licenses	55 053	51 452
Bank charges	944 448	845 582
Beautification of town entrance	91 439	77 683
Brine purchases	102 637	82 337
Burial fees	5 127	2 496
Bursaries	60 179	46 470
Cancelled reservations	460 495	-
Cancer association	1 000	-
Civil protection (Covid-19)	44 575	250 806
Cleaning	75 786	361 020
Conference expenses	338 918	213 379
Consumables	1 144 810	964 125
Contagious diseases	11 627	4 903
Control of mosquitoes	6 000	-
Corporate gifts	82 322	75 737
Debt impairment	2 100 000	2 000 000
Fumigation – Municipal Bungalows	24 103	-
Departmental charges: Municipal services	4 240 303	2 858 580
Depreciation	9 146 509	14 525 200
Donations	2 621 989	479 286
DSTV	11 419	-
Electricity	4 459 787	4 111 433
Emergency equipment	25 652	-
Entertainment	4 025	6 467
Entertainment mayor	12 230	10 761
Fair expenses	26 433	28 668
Fire victims	90 096	98 988
Fuel	4 160 475	3 012 448
Functions & entertainment	409 533	318 312
Garage rental	64 633	52 083
Garden equipment	92 827	95 967
Payments: Funds and reserves	2 026 630	526 453
Green environment project	5 760	18 744
IEC material	13 101	19 728
Implement & labour charges (civil)	302 719	127 150

## ANNEXURE D

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

## 33. GENERAL EXPENDITURE (Continued)

	2022	2021
	N\$	N\$
Implement & labour charges (electrical)	13 188	11 370
Insurance	1 473 080	1 407 923
Internal audit	477 221	-
Inventory adjustments	75 283	41 390
Job evaluations	11 929	85 100
Laundry expenses	501 977	253 325
Loss control	4 272	7 005
Lunch for the elderly	399 961	363 330
Marketing strategy	43 691	39 332
Marketing	-	25 876
Medical examinations	96 287	223 109
Membership & subscription fees	246 970	106 309
Municipal vegetable garden	196 365	247 785
New plant consumables	91 833	45 751
New plant electricity	12 022 355	12 060 973
New plant outsourcing	4 386 809	4 355 356
Notices & advertisements	552 682	654 686
Namibia Tourism Board levy	-	(450)
Oil	42 356	38 730
Plants nursery	287 031	362 933
Pollution control	258 791	165 377
Postage	739 488	770 465
Public Private Partnership: Groups	1 136 321	787 381
Prepaid tokens	254 023	-
Printing & stationery	1 604 878	1 380 996
Professional fees	1 200	186 600
Professional services	54 630	134 415
Project shine	167 484	-
Protective clothing	1 448 333	1 060 063
Publicity	466 207	274 704
Purchasing of cutlery	76 952	28 432
Purchasing of seedlings	5 644	11 437
Purchasing of shower mats	44 500	-
Refilling of fire extinguishers	12 344	14 688
Renewal of radio licenses	10 990	9 510
Renewal of TV licenses	37 934	51 234
Renewal of vehicle licenses	1 015 573	997 110
Renewal of vehicle licenses (Staff)	9 982	6 781
Rental cylinders	14 550	12 992
Rental: electronic equipment	720 571	650 977



## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

## 33. GENERAL EXPENDITURE (Continued)

	2022	2021
	N\$	N\$
Research	14 131	7 415
Risk assessment	25 461	-
Road safety campaign	20 833	16 327
S.P.C.A	1 000	-
Sale of erven	210 027	3 136 396
Seaweed removal	40 518	40 053
Settlement discount	1 874	-
Software licenses	651 546	-
Spares	554 827	246 957
Sports tournament	27 985	-
Student subsidy	476 181	473 968
Sundry expenses	3 913	-
Team building events	4 800	410 402
Telephone	1 574 400	1 363 099
Tools & equipment	351 723	187 002
Training of personnel	98 134	59 723
Valuation costs	270 001	445 935
Vehicle tracking system	420 913	241 652
VET levy	2 010 271	1 864 618
Workmen compensation	-	921 051
Website design and maintenance	30 000	12 500
Renewal of annual licenses	-	292 476
<b>Unexplained difference</b>	-	<b>(1 998 003)</b>

## THE MUNICIPALITY OF SWAKOPMUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

## 34. SUPPLIERS AND OTHER PAYMENTS

## CALCULATION OF EXPENDITURE - STATEMENT OF CASH FLOWS

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>289 373 100</b>	<b>273 907 264</b>
All Payments	285 502 629	277 248 111
Opening balance of payables: exchange transactions	(25 592 034)	(28 227 689)
Closing balance of payables: exchange transactions	29 514 088	25 592 034
Opening balance of payables: inventory	(6 893 549)	(7 598 741)
Closing balance of payables: inventory	6 841 966	6 893 549

All operational payments during the year suppliers and all other payments.

	<b>285 502 629</b>	<b>277 248 111</b>
Total payments	356 033 387	313 611 547
Less capital expenditure	(70 530 758)	(36 363 436)

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

**35. CASH RECEIPTS FROM RATE PAYERS AND SERVICES CHARGES**

	<b>2022</b>	<b>2021</b>
	N\$	N\$
	<b>390 534 969</b>	<b>379 888 746</b>
Total receipts processed	375 512 963	359 394 048
Opening balance of debtors	(100 659 467)	(92 030 876)
Closing balance of debtors	107 104 172	(14 263 699)
Opening balance of consumer deposits	(9 523 473)	(16 458 380)
Closing balance of consumer deposits	10 123 207	9 523 473
Opening balance of long-term receivables	(15 375 661)	(13 642 920)
Closing balance of long-term receivables	23 353 228	15 375 661

**36. GRANTS FROM CENTRAL GOVERNMENT**

The Council receives grants from central government for formalization, installation of services for Matatura area

**37. CAPITAL EXPENDITURE**

	<b>23 425 270</b>	<b>36 363 436</b>
Council	-	34 484
Corporate services	486 105	137 120
Finance	314 353	262 889
Engineering services	-	8 172 089
Health services	24 038	635 635
Swakopmund aerodrome	-	-
Cleansing services	9 459 759	8 238 646
Sewerage services	12 195 747	3 343 611
Electricity	29 792	-
Water supply	813 111	6 109 281
Economic development services	-	9 342 293
Tourism	102 365	87 388

**THE MUNICIPALITY OF SWAKOPMUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

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**38. PROCEEDS FROM SALE OF ASSETS**

<b>2022</b>	<b>2021</b>
N\$	N\$

Total proceeds from redundant assets sold during the year.

**39. PROCEEDS FROM SALE OF ERVIN**

Proceeds from sale of erven for the year

**40. CURRENT ACCOUNT BANK BALANCES**

	<b>40 220 201</b>	<b>19 621 068</b>
Main account	34 537 119	10 987 869
Built together	3 643 416	6 836 972
Mass housing	2 039 666	1 796 227