



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF TSUMEB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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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 Tsumeb for the financial year ended 30 June 2012, 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, January 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF TSUMEB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. INTRODUCTION

The accounts of the Municipality of Tsumeb for the year ended 30 June 2012 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

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

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

2. FINANCIAL STATEMENTS

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

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

4. AUDIT OBSERVATION AND COMMENTS

Items that were also reported in the previous financial year are indicated by way of an asterisk (*).

4.1 Collection of debts (*)

Uncollected services debts have continued to increase out of proportion during the past financial years. This adversely affects the cash flow of the Municipality.

4.2 Bad and doubtful debts (*)

The Municipality provided for bad debts of N\$ 43 979 130. However, the auditors calculations revealed that the provision is understated by N\$ 37 081 961 (2011: N\$ 26 259 232). This has a negative impact on the Municipality's cash flow position. It appears that the Municipalities credit policy is ineffective and should urgently be revised to ensure debts are collected on a regular and timeous basis as individual debtors' accounts have reached unacceptably high levels.

4.3 Cash flow position (*)

The Municipality is facing an adverse cash flow problem as indicated by the temporary advances to revenue from other funds and accounts amounting to N\$ 42 138 562 (2011: N\$ 40 076 148) at year-end. Furthermore, external loan redemptions and interest amounting to N\$ 17 385 421 (2011: N\$ 15 738 874) have not been paid and some have been outstanding for the past 10 years.

4.4 VAT differences (*)

The recoverability of the VAT asset as per balance sheet of N\$ 6 039 880 (2011: N\$ 4 197 258) is in doubt because the statement from the Directorate: Inland Revenue indicates a payable balance of N\$ 2 386 212 on 30 June 2012. This indicates that there is a difference between the Directorate: Inland Revenue and the Municipality. The Municipality should reconcile the receivable balance as per their records to the balance payable as per the Directorate: Inland Revenue statement.

4.5 Import VAT returns (*)

Not all returns for import VAT were submitted timeously. No provision for any penalties and interest were made in the financial statements.

4.6 Uncleared suspense balances. (*)

The Municipality's records are characterized by long outstanding suspense accounts and the majority of which no explanation could be given. The balances have remained unchanged from prior year periods and it appears that no action is being taken by the Treasurer in clearing these accounts. The balance is so significant to the extent that it distorts the fair presentation of the financial statements.

4.7 Stock (*)

As the auditors were not involved in the stock count, and no alternative procedures could be performed, the completeness and existence of stock items could not be verified.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/(Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2011				2 247 904
General accounts				
- Non profitable	18 138 633	30 300 830	(12 162 197)	
- Self supporting	13 170 097	8 247 217	4 922 880	
Trade accounts				
- Electricity	6 029 498	328 461	5 701 037	
- Water	14 621 787	11 123 019	3 498 768	
Surplus for the year	51 960 015	49 999 527	1 960 488	1 960 488
				4 208 392
Adjustments and utilisations (See note 13, Annexure D)				(1 652 553)
Transfer to Funds (See note 14, Annexure D)				(947 517)
Accumulated surplus on 30/06/2012				1 608 322

7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Unfavourable cash-book balance at 30 June - Balance sheet	(4 757 023)	(2 457 289)
Outstanding cheques	5 216 565	2 833 745
Unexplained difference	-	(2 452)
Outstanding deposits	-	(2 483)
Advanced receipts	-	69 910
Stop orders not in cash-book	-	(12 651)
Bank charges not in cash-book	-	(6 714)
Favourable balance as per bank statement	459 542	422 066

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012		2011	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Commercial banks	4 836 001	84 644	2 363 220	154 299
Censored investment	35 236 648	-	35 236 648	-
	40 072 649	84 644	37 599 868	154 299

The investments were allocated as follows:

Allocation	2012	2011
	N\$	N\$
Build Together Fund	3 811 270	2 363 220
Renewal Fund	237 658	-
Twatameka Two Savings	237 886	-
Dantago Hoada	151 579	-
Peace Maker	99 125	-
Khaibasen Group	57 654	-
Peace Group	78 441	-
Omwene Tukwafa Group	99 432	-
Khomas Group	62 956	-
Cenored Investment	35 236 648	35 236 648
	40 072 649	37 599 868

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 8 in Annexure D. Temporary advances amounting to N\$ 42 138 562 for 2012 (2011: N\$ 40 076 148) were made from the Fund accounts to Revenue to finance operating expenditure. Funds are as such no longer fully cash backed and can thus not be fully utilized for the purposes for which they have been created. The increase of these advances indicates the speed with which the Municipality is depleting its funds.

10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	Electricity		Water	
	2012	2011	2012	2011
	N\$	N\$	N\$	N\$
Sales	6 029 498	6 033 934	14 567 792	12 363 982
Cost of sales	-	-	-	-
Gross surplus	6 029 498	6 033 934	14 567 792	12 363 982
Other income/(expenses)	(328 461)	(309 110)	(11 069 024)	(9 771 598)
Net (deficit)/surplus	5 701 037	5 724 824	3 498 768	2 592 384
Gross surplus percentages on sales	-	-	100.0%	100.0%
Net surplus percentage on sales	-	-	24.0%	21.0%

10.2 Water distribution results in cubic meters:

	Water	
	2012	2011
	Units	Units
Sales	4 140 920	1 798 764
Pumped	4 634 076	2 319 650
Loss	(493 156)	(520 886)
Percentage loss in units purchased	(10.6%)	(22.5%)

No electricity statistics for the year as Cenored is responsible for the electricity distribution in Tsumeb from the 2007 year onward.

11. SELF-SUPPORTING SERVICES

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

Service	Income 2012	Expenses 2012	Surplus/ (deficit) 2012	Surplus/ (deficit) 2011
	N\$	N\$	N\$	N\$
Sewerage	6 646 054	2 749 477	3 896 577	263 407
Cleansing	6 524 043	5 497 740	1 026 303	3 420 583
Effluent water	-	-	-	358
	13 170 097	8 247 217	4 922 880	3 684 348

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

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

13. SUSPENSE ACCOUNTS

The balance sheet includes the following suspense accounts:

	2012	2011
	N\$	N\$
Omutuli savings	240 439	288 791
Social housing	1 486 000	1 500 000
Endowment fees	505 237	505 237
Donkerhorkie compound	100 470	121 849
Ondundu upgrade	239 159	563 196
Elverum grand	23 654	23 654
Informal settlement	1 700 718	1 700 718
Natural disaster	200 000	-
Tipeeg projects	7 418 684	-
Donations youth office	1 148	-
	11 915 509	4 703 445

All suspense accounts should be cleared on a regular basis

14. IRREGULARITIES AND LOSSES

No irregularities or losses due to theft, fire and accidents were revealed during the year.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by			Total expenditure 2012	Total expenditure 2011
	Revenue account	General capital	Internal loans		
	N\$	N\$	N\$	N\$	N\$
Town clerk's department	17 459	-	3 044	20 503	18 739
Cemetery and Parks	-	-	45 278	45 278	338 139
Council's general expenses	-	-	78 076	78 076	-
Civic Buildings	-	-	36 904	36 904	-
Town Engineer's department	5 437	-	11 764	17 201	21 280
Town Treasurer's department	7 543	-	14 985	22 528	269 189
Water	-	810 898	390 513	1 201 411	307 140
Human recourses	1 591	-	6 302	7 893	17 637
Mayors office	-	-	355 131	355 131	-
Housing	-	21 380	-	21 380	-
Streets	1 833 188	1 412 204	316 715	3 562 107	53 838
Sewerage	-	48 352	-	48 352	74 434
Health	-	-	-	-	9 442
Stores	-	-	-	-	13 884
Tsumeb Cultural Village	-	-	-	-	115 813
Cleansing	-	-	-	-	6 479
	1 865 218	2 292 834	1 258 712	5 416 764	1 246 014

16. BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

No contributions other than listed in paragraph 21 were made during the year.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year.

19. VISITS TO FOREIGN COUNTRIES

There was a visit to Sweden (Stockholm by eight delegates). This visit was duly approved by the Council.

20. CLAIMS

	Claims against the Municipality			Claims by the Municipality		
		Claimed	Settled		Claimed	Settled
	Number	N\$	N\$	Number	N\$	N\$
Outstanding 01/07/2011	-	-	-	-	-	-
Received 2011/2012	2	7 000	-	3	38 528	-
Finalised 2011/2012	(2)	(7 000)	-	(2)	(34 028)	-
Outstanding 30/06/2012	-	-	-	1	4 500	-

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

The Municipality made the following gifts/donations:

Nature of gift/donation	Beneficiary	Value
		N\$
Donation	Etosha Secondary School	400
Donation	Pick & Pay Model	625
Donation	Uukume Combined School	400
Donation	Metro Cash & Carry	1 890
Donation	Furniture Mart	347
Donation	Megabuild Pupkewitz	62
Donation	Opawa Primary School	400
Donation	Pensioner's Water Basic Exemption	244 347
		248 471

22. TRANSFER OF PROPERTY

There was no transfer of property to and from Government.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2012	2011
	N\$	N\$
Services rendered and assessment rates	88 160 694	76 790 414
VAT Provision	6 039 880	4 197 258
Sundries	302 614	619 014
	94 503 188	81 606 686
Provision for bad debts	(43 979 130)	(44 053 711)
Consumer deposits	(1 217 211)	(1 178 762)
Total	49 306 847	36 374 213

23.2 Trade and other payables at 30 June were:

	2012	2011
	N\$	N\$
Accruals	1 309 640	665 324
Provisions	4 646 369	4 571 816
Arrears for loan interest and redemptions	17 385 421	15 738 874
Sundries	1 550 444	1 873 098
Suspense accounts	11 915 509	4 703 445
Totals	36 807 383	27 552 557

Included in trade and other payables is an amount of N\$ 17 385 421 (2011: N\$ 15 738 874) which is in respect of arrear payments as well as interest payable to Government of Namibia on external loans. All suspense accounts, as stated under note 13 should be cleared on a regular basis.

24. ASSESSMENT RATES

Net proceeds from assessment rates were N\$ 8 267 094 (2011: N\$ 8 108 794). The tariffs for private and business property were N\$ 0.23557 (2011: N\$ 0.23557) per dollar per year of the site valuations plus

N\$ 0.00571 (2011: N\$ 0.00571) per dollar per year of the valuations of improvements.

25. LOANS

25.1 External loans

External loan balances were N\$ 10 119 531 (2011: N\$ 10 181 824). The balances correspond with the balances as per actuarial tables and the general ledger. Redemption payments are not up to date as stated in paragraph 23.2.

Loan assets were correctly capitalized and no loan assets have been disposed off before the loan was completely redeemed. Loan moneys were used for the purposes they were obtained for. However, there were amounts totalling N\$ 4 556 853 (2011: N\$ 4 556 853) which were unspent on loans and appear to be long term in nature.

25.2 Internal loans

Internal loans as at 30 June 2012, being N\$ 7 443 049 (2011: N\$ 7 058 083), are not disclosed in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

25.3 Due to the Municipality

	2012	2011
	N\$	N\$
Balance due to the Municipality by house owners	11 164 684	4 124 089

26. SALE OF ERVEN

26.1 Property transferred from the Municipality during the year

There were 22 (2011: 50) properties to the value of N\$ 1 425 986 (2011: N\$ 1 416 589) transferred from the Municipality to others.

26.2 Property transferred to the Municipality during the year

There were no properties transferred from other to the Municipality.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No figures were provided for the year under review.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

29.1 Excess on approved budget

All budget excesses were approved.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof

No statistics were available.

30.2 Inventory

Adequate systems of control over and recording of inventory were maintained.

Inventory counts are performed twice per annum.

Slow moving inventory was identified and adequate provision has been made for obsolete items.

Housekeeping is up to standard.

31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

32. GENERAL

The accounting and internal controls applied by the Municipality are not satisfactory.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were raised with the Accounting Officer.

34. QUALIFIED AUDIT OPINION

The accounts of the Tsumeb Municipality for the financial year end 30 June 2012, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authority act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

The audit opinion has been qualified due to the following reasons:

Bad and doubtful debts

Municipality provided for bad debts of N\$ 43 979 130. However, our calculations reveal that the provision is understated by N\$ 37 081 9612.

Cash flow position

The Municipality is facing an adverse cash flow problem as indicated by the temporary advances to revenue from other funds and accounts amounting to N\$ 42 138 562 at year end. Furthermore, external loan redemptions and interest amounting to N\$ 17 385 421 have not been paid and some have been outstanding for the past 10 years.

VAT differences

The recoverability of the VAT asset as per balance sheet of N\$ 6 039 880 is in doubt because the statement from the Directorate: Inland Revenue indicates a payable balance of N\$ 2 386 212 on 30 June 2012. This indicates that there is a difference between the Directorate: Inland Revenue and the Municipality.

Import VAT returns

Not all returns for import VAT were submitted timeously. No provision for any penalties and interest were made in the financial statements.

Uncleared suspense balances.

The Municipality's records are characterized by long outstanding suspense accounts and the majority of which no explanation could be given. These balances are significant to the extent that it distorts the fair presentation of the financial statements.

Except for the effect of any adjustments that might have been necessary as referred to in the preceding paragraphs, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2012 and the results of its operations and cash flows for the year then ended.

WINDHOEK, January 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MUNICIPALITY OF TSUMEB

BALANCE SHEET AT 30 JUNE

	Note	2012 N\$	2011 N\$
ASSETS			
Non-current assets		87 170 076	75 732 395
Property, plant and equipment	2	35 932 743	34 008 438
Loans receivable	3	11 164 684	4 124 089
Investments	4	40 072 649	37 599 868
Current assets		49 569 405	36 592 016
Trade and other receivables	5	49 306 847	36 374 213
Inventories	6	262 558	217 803
TOTAL ASSETS		136 739 481	112 324 411
FUNDS AND LIABILITIES			
Funds and reserves		77 612 495	72 132 741
Capital outlay	7	22 694 036	21 092 405
Funds and accounts	8	54 918 459	51 040 336
Non-current liabilities			
Long-term loans	9	17 562 580	10 181 824
Current liabilities		41 564 406	30 009 846
Trade and other payables	10	36 807 383	27 552 557
Bank overdraft	11	4 757 023	2 457 289
TOTAL FUNDS AND LIABILITIES		136 739 481	112 324 411

MUNICIPALITY OF TSUMEB

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012 N\$	2011 N\$
INCOME		51 960 015	48 147 698
EXPENDITURE		49 999 527	43 738 467
NET OPERATING SURPLUS		1 960 488	4 409 231
TRANSFER TO INTERNAL FUNDS	12	(947 517)	(977 561)
NET SURPLUS AFTER TRANSFERS		1 012 971	3 431 670
APPROPRIATION ACCOUNT	13	(1 652 553)	(658 952)
NET SURPLUS AFTER APPROPRIATIONS		(639 582)	2 772 718
REVENUE ACCOUNT - Beginning of year		2 247 904	(524 814)
REVENUE ACCOUNT - End of year		1 608 322	2 247 904

MUNICIPALITY OF TSUMEB

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012 N\$	2011 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		51 960 015	48 147 698
Cash paid to suppliers		(56 322 160)	(50 630 422)
Cash utilised by operations	14	(4 362 145)	(2 482 724)
Increase in Fund accounts		4 517 705	3 010 027
Increase/(decrease) in Capital outlay		1 601 631	(2 133 488)
Net cash flow from operating activities		1 757 191	(1 606 185)
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(1 924 305)	2 024 436
Increase in suspense accounts		-	-
Decrease in loans receivable		17 488	271 631
Increase in investments		(2 472 781)	(1 280 770)
		(4 379 598)	1 015 297
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in long-term liabilities		322 673	(512 423)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2 299 734)	(1 103 311)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		(2 457 289)	(1 353 978)
CASH AND CASH EQUIVALENTS - END OF YEAR		(4 757 023)	(2 457 289)

MUNICIPALITY OF TSUMEB

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

1. ACCOUNTING POLICIES**1.1 Introduction**

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

1.2 Property, plant and equipment

Property, plant and equipment are stated at cost or at valuation where assets have been acquired by grant or by donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

1.3 Stock

Stock is valued at the lower of cost and net realizable value. Obsolete stock is written off against the income statement.

1.3 Funds**1.3.1 Revenue Account**

All monies received and accrued and expenses paid and accrued, except for allocation to other funds, are reflected in this account, and are kept in compliance with Section 86(1)(b) of the Local Authorities Act of 1992 as amended.

1.3.2 Housing Fund

The purpose of this Fund is to provide funds to enable tenants of houses to buy such houses as required in terms of Section 58 of the Act.

1.4 Special Funds

The Municipality also maintains the following Funds in terms of the authorizations in Section 80(4) of the Local Authorities Act of 1992.

1.4.1 Parking Meter Fund

The purpose of this Fund is to provide for the installation and up keeping of parking meters.

1.4.2 Capital Development Fund

The purpose of this Fund is to build up a general reserve to ensure that the Municipality's financial position is stable. Income to this Fund is transferred from the general income account and derived from interest on investments.

1.4.3 Betterment Fund

The purpose of this Fund is to provide for future improvement of Municipal assets. Part of the proceeds of the sale of properties developed by the Municipality accumulates in this Fund as well as interest derived from investments.

MUNICIPALITY OF TSUMEB

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**1. ACCOUNTING POLICIES (continued)****1.4.4 Fixed Property Fund**

Proceeds on the sale of developed properties accumulate in this Fund and are used to develop properties.

1.4.5 Renewal Fund

The purpose of this Fund is to provide for replacement for assets and for additional depreciation on assets which decreased in value. Income is obtained from the Revenue account and interest derived from investments.

1.4.6 Build Together Fund

The purpose of this Fund is to provide loans to applicants who want to build or buy houses with the help of the community. The instalments received for the payment of these loans are reinvested in this Fund.

	2012	2011
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Income assets	4 631 600	4 540 566
Loan assets	23 254 535	24 927 764
General capital assets	8 046 608	4 540 108
Total	35 932 743	34 008 438
3. LOANS RECEIVABLE		
Housing Fund 1	(123 114)	(29 354)
Housing Fund 2	805 779	805 779
Sale of erven	23 584	91 841
Build Together Fund	825 036	879 511
Build Together Fund - Temporary advances	466 984	466 984
Twatameka Two Savings	161 427	211 101
Dantago Hoada	251 618	275 624
Peace Maker	258 851	298 747
Khaibasen Group	184 597	203 636
Peace Group	240 591	269 112
Omwene Tukwafa Group	302 638	337 648
Khomas Group	295 622	313 460
Internal loans	7 471 071	-
	11 164 683	4 124 089

MUNICIPALITY OF TSUMEB

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

	2012	2011
	N\$	N\$
4. INVESTMENTS		
INVESTMENTS		
Commercial banks	4 836 001	2 363 220
Censored Investment	35 236 648	35 236 648
	40 072 649	37 599 868
ALLOCATED AS FOLLOWS		
Build Together Fund	3 811 270	2 363 220
Renewal Fund	237 658	-
Twatameka Two Savings	237 886	-
Dantago Hoadia	151 579	-
Peace Maker	99 125	-
Khaibasen Group	57 654	-
Peace Group	78 441	-
Omwene Tukwafa Group	99 432	-
Khomas Group	62 956	-
Censored Investment	35 236 648	35 236 648
	40 072 649	37 599 868
5. TRADE AND OTHER RECEIVABLES		
Services rendered and assessment rates	88 160 694	76 790 414
VAT Provision	6 039 880	4 197 258
Sundries	302 614	619 014
	94 503 188	81 606 686
Provision for bad debts	(43 979 130)	(44 053 711)
Consumer deposits	(1 217 211)	(1 178 762)
	49 306 847	36 374 213
6. INVENTORIES		
Stores	262 558	217 803
7. CAPITAL OUTLAY		
Loans redeemed	12 709 046	12 011 731
Revenue contributions	4 631 600	4 540 566
General capital contributions	5 353 390	4 540 108
	22 694 036	21 092 405

MUNICIPALITY OF TSUMEB

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

	2012	2011
	N\$	N\$
8. FUNDS, ACCOUNTS AND RESERVES		
Fixed Property Fund	20 024 313	17 444 242
Twatameka two savings	399 313	390 059
Capital Development Fund	3 253 657	2 968 242
Betterment Fund	1 955 185	1 955 185
Renewal Fund	18 111 937	17 013 895
Housing Funds	9 565 732	9 020 809
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	1 608 322	2 247 904
	54 918 459	51 040 336
9. LONG-TERM LIABILITIES		
The Government of Namibia	9 764 400	10 154 071
Commercial Banks	355 131	27 753
Internal loans	7 443 049	7 058 083
	17 562 580	10 181 824
10. TRADE AND OTHER PAYABLES		
Accruals	1 309 640	665 324
Provisions	4 646 369	4 571 816
Arrears for loan interest and redemptions	17 385 421	15 738 874
Sundries	1 550 444	1 873 098
	24 891 874	22 849 112

MUNICIPALITY OF TSUMEB

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

	2012	2011
	N\$	N\$
Suspense accounts		
Omutuli savings	240 439	288 791
Social housing	1 486 000	1 500 000
Endowment fees	505 237	505 237
Donkerhorkie compound	100 470	121 849
Ondundu upgrade	239 159	563 196
Elverum grand	23 654	23 654
Informal settlement	1 700 718	1 700 718
Natural disaster	200 000	-
Tipeeg projects	7 418 684	-
Donations youth office	1 148	-
	<u>11 915 509</u>	<u>4 703 445</u>
Total	<u>36 807 383</u>	<u>27 552 557</u>
11. BANK OVERDRAFT		
Current account	<u>4 757 023</u>	<u>2 457 289</u>
12. TRANSFER (TO)/FROM INTERNAL FUNDS		
Capital Development Fund	(276 415)	(306 459)
Renewal Fund	(671 102)	(671 102)
	<u>(947 517)</u>	<u>(977 561)</u>
13. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustments- Expenditure relating to prior year	(1 624 700)	(151 025)
Adjustments- Revenue relating to prior year	156 291	(364 931)
Cash surplus	2 200	420
Correction of daily report	70 490	-
Court ruling - J. Shikale	(260 522)	-
Interest - Prior year	2 476	-
Provision for bad debts	-	(145 129)
Stale cheques	-	1 713
Unclaimed balances	1 212	-
	<u>(1 652 553)</u>	<u>(658 952)</u>

MUNICIPALITY OF TSUMEB

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

	<u>2012</u>	<u>2011</u>
	N\$	N\$
14. CASH UTILISED BY OPERATIONS		
Net operating surplus before interest and transfers	1 960 488	4 409 231
Adjustments for:		
- Adjustments to appropriation account	(1 652 553)	(658 952)
- Transfer to Funds	(947 517)	(977 561)
OPERATING (DEFICIT)/SURPLUS BEFORE CHANGES IN WORKING CAPITAL	<u>(639 582)</u>	<u>2 772 718</u>
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(12 932 634)	(10 024 755)
Increase in inventories	(44 755)	(12 213)
Increase in trade and other payables	9 254 826	4 781 526
	<u>(3 722 563)</u>	<u>(5 255 442)</u>
CASH UTILISED BY OPERATIONS	<u>(4 362 145)</u>	<u>(2 482 724)</u>