



REPUBLIC OF NAMIBIA



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

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Municipality of Tsumeb for the financial year ended 30 June 2016, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, March 2017

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. Report on the Financial Statements

1.1 INTRODUCTION

The accounts of the Municipality of Tsumeb for the year ended 30 June 2016 are being reported on in accordance with the provisions set out in section 86 of the Local Authorities Act, 1992 (Act 23 of 1992).

The firm Strategies Chartered Accountants 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).

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

Annexure A: Balance Sheet;
Annexure B: Income Statement;
Annexure C: Cash Flow statement; and
Annexure D: Notes to the Annual Financial Statements.

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

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

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

3. AUDITOR'S RESPONSIBILITY

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

Powers and duties

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

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

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the qualified opinion.

4. ACKNOWLEDGEMENT

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

5. KEY AUDIT FINDINGS

5.1 Understatement of bad debts provision

The auditors' reasonableness test calculation of provision for bad debts based on the recovery rate using three months' receipt after year end resulted in an estimated provision for bad debts of N\$ 111 135 001. This amount is significantly higher than the bad debts provision in the financial statements of N\$ 43 221 686. This has resulted in provision for bad debts being understated by N\$ 67 913 315.

Recommendation

It is recommended that the Municipality should intensify its debt collection process. Furthermore, it is also recommended that the Municipality revises its provision for bad debts.

5.2 Equity Investments

It is the Municipality's policy to account for its equity investments at fair value. No such fair value adjustment was done on the CENORED investments during the 2016 financial year. As a result, the investment value of CENORED as reported in the financial statements is understated by N\$ 2 093 187.

Recommendation

It is recommended that the Municipality should be consistent in its application of its policies on investments.

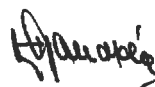
6. BASIS FOR QUALIFIED AUDIT OPINION

- Understatement of provision for bad debts amounting to N\$ 67 913 315; and
- Understatement of investments amounting to N\$ 2 093 187.

7. QUALIFIED AUDIT OPINION

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

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Municipality of Tsumeb as at 30 June 2016, and their financial performance and cash flows for the year then ended.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, March 2017

2. FINANCIAL RESULTS

The results of the operations and transactions on the Revenue Account for the year are as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus/(deficit) 01/07/2015				20 060 985
General services				
Non-profitable	21 999 344	43 032 518	(21 033 174)	
Self-supporting	21 592 968	11 645 440	9 947 528	
Trading accounts				
Electricity	6 883 375	489 991	6 393 384	
Water	28 751 227	16 218 724	12 532 503	
Surplus for the year	79 226 914	71 386 674	7 840 241	7 840 241
Accumulated Surplus				27 901 226
Adjustments and utilisations (see note 12 Annexure D)				(15 092 343)
Total Accumulated surplus 30/06/2016				12 808 883

3. CURRENT BANK ACCOUNT

	2016	2015
	N\$	N\$
Cash / Overdraft balance as 30 June	673 044	1 520 314
Less: Outstanding cheques	(9 701 380)	(7 222 939)
Add: Unexplained difference	-	239
Add: Outstanding deposits	24 349	11 569
Bank balance	(9 003 987)	(5 690 817)

The amount of outstanding cheques emphasises the negative cash flow position of the Municipality.

8. INVESTMENTS

The investments as at 30 June were as follows:

	2016		2015	
	Investment	Revenue	Investment	Revenue
	N\$	N\$	N\$	N\$
Commercial Banks	8 531 551	332 787	9 715 938	1 068 949
Shares in CENORED	56 058 969		56 058 969	
Totals	64 590 520	332 787	65 774 907	1 068 949

Investments held at year-end were allocated as follows:

Funds	2016	2015
	N\$	N\$
Revenue account	56 058	56 058 969
Build Together Fund	5 839 600	5 371 249
Dantago Hoadia	332 193	300 697
Khaibasen Group	197 713	162 925
Khomas Group	257 754	225 230
Natural Disaster Fund	400 000	350 000
Omwene Tukwafa Group	294 282	261 887
Peace Maker	303 191	266 382
Peace Group	265 097	239 029
Fixed Property Fund	6 390	2 024 446
Self-Study Scheme	220 120	125 966
Twatameka Two Savings	415 211	388 127
	64 590 520	65 774 907

Interest earned on investments is allocated to different funds, reserves and surpluses on a percentage based on the opening balance.

5. FUNDS AND ACCOUNTS

The position of the funds and accounts at year end is shown in note 8 in annexure D.

6. TRADE ACCOUNTS

6.1 Operating results

The results for the financial year under review and the previous year were as follows:

	Water	
	2016	2015
	N\$	N\$
Sales	28 751 228	20 873 442
Cost of bulk purchases	13 049 317	12 808 261
Gross profit	15 701 911	8 065 181
Net (expenditure)	(3 169 408)	(2 507 972)
NET SURPLUS	12 532 503	5 557 209
Gross surplus percentage on sales	54.6%	38.6%
Net profit % on sales	43.6%	26.6%

6.2 WATER DISTRIBUTION RESULTS IN CUBIC METERS:

	Water	
	2016	2015
	Units	Units
Units pumped	2 348 295	1 786 920
Units Sold	1 828 827	1 755 366
Loss	(519 468)	(31 554)
Net loss % on sales	(28.4%)	(2%)

6.3 ELECTRICITY

	ELECTRICITY	
	2016	2015
	Kw	kw
Receipts from Cenored	6 883 375	6 018 483
Expenses	(489 992)	(466 549)
Net Surplus	6 393 383	5 551 933

7. SELF-SUPPORTING EXTERNAL SERVICES

Results on self-supporting services for the year were as follows:

	Income	Expenses	Surplus	Surplus
	2016	2016	2016	2015
Sewerage	10 544 751	4 430 883	6 113 868	5 645 787
Cleansing	11 048 217	7 214 557	3 833 660	4 211 866
	21 592 968	11 645 440	9 947 528	9 857 653

8. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless or unauthorised expenditure came to light during the audit.

9. SUSPENSE ACCOUNT

There were no suspense accounts for the year.

10. IRREGULARITIES AND LOSSES

There were no irregularities and losses by persons employed by the Municipality or by persons outside the Municipality.

11. CAPITAL PROJECTS

11.1 Capital expenditure for the year was as follows:

Nature of project	Revenue account	Loans	Total expenditure 2016	Total expenditure 2015
	N\$	N\$	N\$	N\$
Cemetery and parks	-	-	-	453 927
Civic buildings	-	-	-	103 696
Council's general expenses	-	-	-	173 078
Cleansing	1 739	2 124 739	2 126 478	2 441 117
Fire brigade	4 816 480	-	4 816 480	-
Human Resources	2 896	-	2 896	96 925
Mayor's office	-	-	-	-
Sewerage	-	451 900	451 900	5 032 769
Streets	56 468	668 411	724 879	-
Stores	-	-	-	1 253
Town Clerk's department	8 870	-	8 870	13 937
Town Engineer's department	-	-	-	-
Town Treasurer's department	71 465	-	71 465	244 726
Helvi Mpingana Kondombolo	39 487	-	39 487	-
Water supply	-	-	-	229 267
Water distribution	-	-	-	83 250
	4 997 405	3 245 050	8 242 455	8 873 945

12. BURSARIES

No bursaries were granted during the year.

13. CONTRIBUTIONS/GRANTS

Contributions and grants amounting to N\$ 1 065 216 by the Municipality was duly approved by the Minister in accordance with the Council resolution.

14. CLAIMS AGAINST THE MUNICIPALITY

Claims against the Municipality amounted to N\$ 46 362 and were settled in the same financial year.

15. CLAIMS BY THE MUNICIPALITY

Claims by the Municipality amounted to N\$ 267 000 and were settled in the same financial year.

16. VISITS TO FOREIGN COUNTRIES

There was one visit to China (3 delegates), one visit to Sweden (7 delegates) and one visit to Norway (2 delegates). These visits were approved by the Minister in accordance with the Council resolutions.

17. GIFTS/DONATIONS TO THE LOCAL AUTHORITY

The Local Authority received no gifts or donations.

18. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

No property was transferred to/from others during the year under review.

19. DEBTORS AND CREDITORS

19.1 Debtors on 30 June comprise the following:

	2016	2015
	N\$	N\$
Services accounts	114 903 587	95 159 922
VAT provision	1 521 118	1 754 008
Sundries	385 022	393 064
Less: Provision for doubtful debts	(43 221 686)	(27 546 785)
Less: Customer deposits	(1 502 935)	(1 402 232)
TOTAL	72 085 106	68 357 977

19.2 Creditors on 30 June comprise the following:

	2016	2015
	N\$	N\$
Accruals	418 460	374 277
Provisions	10 264 882	7 040 653
Arrears for loan interest and redemptions	23 971 622	22 325 074
Unutilised funds for specific purposes	16 205 175	21 146 479
	50 860 139	52 288 715

20. ASSESSMENT RATES

Net proceeds from assessment rates were N\$ 9 832 477 (2015: N\$ 9 134 629). The tariffs for private and business property were N\$ 0.236 (2015: N\$ 0.236) per dollar per year for site valuations plus N\$ 0.008 (2015: N\$ 0.006) per dollar per year for the valuation of improvements.

21. LOANS

21.1 External loan:

External loan balances were N\$ 15 963 041 (2015: N\$ 15 282 784). The balances correspond with the outstanding balances as per actuarial tables and the general ledger. Redemption payments are up to date as stated in paragraph 19.2.

21.2 Internal loans

Internal loan balances of N\$ 8 361 885 (2015: N\$ 7 033 305) are eliminated in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

21.3 Due to the Municipality

Balances due to the Municipality by home owners amounted to N\$ 2 436 482 (2015: N\$ 2 751 383).

22. SALE OF ERVEN

No erven sales were noted for the period.

23. PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were transferred for the period.

24. TARIFF ADJUSTMENTS

New tariffs were implemented timeously and correctly.

25. APPROVALS

25.1 Excess on approved budget

Over-expenditure on the approved budget was approved at Municipality meetings as and when necessary.

26. STOCK AND EQUIPMENT

26.1 Motor vehicles

	LDV's, Combi's Sedan and 4x4 Vehicles	Heavy Vehicles
On hand 01/07/2015	33	31
Acquisitions during the year	-	3
Less: Withdrawals	-	(2)
	33	32

For all Municipality vehicles, log books are kept and maintained on a regular basis so as to determine kilometres travelled and fuel consumption that would ensure effective and accurate record keeping and a coordinated vehicle usage thereof.

26.2. Inventory

Stock comprising of stationary and consumables amounted to N\$ 453 451 (2015: N\$ 489 917). Stock taking was conducted and physical stock on hand was balanced on the records at the end of the financial year under review.

27. SPECIAL INVESTIGATIONS

There were no special investigations conducted during the year.

28. FORMAL AND INFORMAL QUERIES

28.1 Formal queries are embodied in this report.

**MUNICIPALITY OF TSUMEB
BALANCE SHEET AT 30 JUNE**

	Note	2016 N\$	2015 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	69 427 092	56 434 693
Investments	3	64 590 520	65 774 907
Loans receivable	4	2 436 483	2 751 383
		136 454 095	124 960 983
Current assets			
Inventory	5	453 541	489 917
Debtors and other receivables	6	72 085 107	68 357 977
		72 538 648	68 847 893
Total assets		208 992 743	193 808 876
FUNDS AND LIABILITIES			
Funds and reserves			
Capital outlay	7	47 273 467	34 329 003
Funds and accounts	8	85 892 110	87 619 790
		133 165 577	121 948 793
Non-current liabilities			
Long-term loans	9	15 963 041	15 282 784
		15 963 041	15 282 784
Current liabilities			
Creditors and other payables	10	50 860 138	50 886 482
Bank overdraft	11	9 003 987	5 690 817
		59 864 125	56 577 299
Total funds and liabilities		208 992 743	193 808 876

MUNICIPALITY OF TSUMEB
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	2016	2015
	N\$	NS
INCOME	79 226 914	65 997 657
EXPENDITURE	(71 386 673)	(66 120 124)
NET OPERATING SURPLUS/(DEFICIT)	7 840 241	(122 467)
Appropriation Account	(15 092 343)	(2 458 334)
Net deficit for the year	(7 252 886)	(2 580 802)
Accumulated Surplus/(deficit) at the beginning of year	20 060 985	(1 740 183)
Accumulated surplus/(deficit) at the end of the year	12 808 883	(20 060 985)

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

	2016	2015
	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES	7 499 686	6 589 770
Cash receipts from customers	79 226 914	65 997 657
Cash payments	(90 196 897)	(76 345 100)
Increase/(Decrease) in Fund Accounts	5 525 205	10 619 892
Increase in capital outlay	12 944 464	6 317 321
CASH FLOW FROM INVESTING ACTIVITIES	(11 493 111)	(8 927 234)
Net capital expenditure	(12 992 399)	(16 247 966)
Net (decrease)/increase in loans receivable	314 901	303 377
Net (increase)/decrease in investments	1 184 387	7 017 355
CASH FLOW FROM FINANCING ACTIVITIES	680 257	6 200 049
(Decrease) increase in long term liabilities	680 257	6 200 049
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(3 313 168)	3 862 585
CASH AND CASH EQUIVALENTS – AT THE BEGINNING OF THE YEAR	(9 553 402)	(9 553 402)
CASH AND CASH EQUIVALENTS – AT THE END OF THE YEAR	(9 003 987)	(5 690 817)

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING POLICIES**1.1 Basis of presentation**

1.1.1 These financial statements have been prepared to conform to the stipulations of the Local Authorities Act 1992 (Act 23 of 1992) and Standard Municipal Accounting Policy.

1.1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets as more fully detailed in Accounting Policy Note 1.4. The accounting policies are consistent with those applied in the previous year except if otherwise indicated.

1.1.3 The financial statements have been based on a full accrual system of income and expenditure accounting.

1.2 Provisions and reserves

The basis used in determining the more important provisions and reserves is as follows:

1.2.1 Repairs and maintenance

The annual saving or over-expenditure on maintenance for civic buildings is transferred to this reserve.

The annual saving or over-expenditure on road maintenance is transferred to the reserve for road maintenance and is reviewed annually when the estimates for the following financial year are prepared.

1.2.2 Replacement of movable assets

Provision is made towards the replacement of all movable assets with a cost price in excess of N\$ 2 000. These provisions are based on the estimated replacement values which are revised annually.

Movable assets with a value exceeding N\$ 15 000 are financed by way of hire purchases leases or internal loans.

1.2.3 Insurance claims

Self-insurance has been limited to minor risks whereas major risks such as public liability comprehensive vehicle and house insurance fire etc. are insured externally by the Municipality's insurance brokers on an open tender basis.

1.3 Tariff policy**1.4**

With the exception of electricity sales all other services are rendered at cost or below cost. With reference to sewerage and sanitation services the policy of no-loss/no-profit is applicable. Surpluses or deficits on these services are transferred to Tariff Stabilisation Funds.

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
(continued)**1. ACCOUNTING POLICIES (continued)**

Surpluses on the electricity account are utilised to subsidise the deficit on the Rate and General Account.

The Tariff Stabilisation Fund balance for water is limited to a maximum of 10% of the total income on the water account for that specific financial year. Any further surpluses on the water account must be transferred to the Capital Development Fund in order to finance **water-related** capital projects.

1.5 Property plant and equipment

(i) Property plant and equipment is stated

- at historical cost; or
- at valuation (based on the market price at the date of transfer) where assets have been acquired by grant or donations.

(ii) Depreciation

The loans redeemed are considered tantamount to a provision for depreciation.

Apart from advances from various internal funds and external loans assets may also be acquired through:

- Appropriations from revenue in which case the total cost of the asset is a direct and immediate charge against revenue and no further provision for depreciation is required.

1.5 Inventory

The value of commodities is reflected at cost plus freight charges. A financing charge on the average stock value less average working capital held during the financial year is annually charged to the stores account based on the average rate of interest earned by the Municipality on its investments during that financial year. Stores levies of 17.4% for stock items 1.5% for motor vehicles and computer ware purchases and 7.7% for all other direct purchases have been charged to cover overheads.

1.6 Funds**1.6.1 Stores working capital**

Appropriations are made on an annual basis from the operating account to the working capital account. The working capital account should over time be equal to the Municipality's investment in inventory.

1.6.2 Betterment Fund

The purpose of this Fund is to provide for future improvements of municipal assets. Part of the proceeds from the sale of land as well as interest earned on internal loans and investments accumulate in this Fund.

MUNICIPALITY OF TSUMEB
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
(continued)

1. ACCOUNTING POLICIES (continued)

1.6.3 Betterment Contribution Fund

The purpose of this Fund is to provide for the future rezoning of erven. Income is derived from interest earned on investments and internal loans.

1.6.4 Endowment Fund

The purpose of this Fund is to provide for the future sub-division of erven. Income is derived from the proceeds of sub-division of erven as well as interest earned on investments and internal loans.

1.6.5 Housing Fund

The purpose of this Fund is to provide for housing loans. Income is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external loans is charged to this Fund.

1.6.6 Capital Development Fund

The purpose of this Fund is to fund expenditure in general mostly by way of internal loans at favourable terms. It is funded from savings on budgeted over actual capital expenditure thus income interest earned on moneys invested and internal loans given as well as any contributions as may be decided upon by the Municipality.

1.8 Interest on investments

Interest earned on investments is allocated to the different Funds and surpluses on a percentage earned based on the opening balances.

MUNICIPALITY OF TSUMEB

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

	2016	2015
	N\$	N\$
2. PROPERTY PLANT AND EQUIPMENT	69 427 092	56 434 693
Income assets	8 610 058	4 345 134
Loan assets	32 851 567	30 264 561
General capital assets	27 965 467	21 824 997
3. INVESTMENTS	64 590 520	65 774 907
Cash investments allocated to:		
-Commercial Banks	8 531 551	9 715 938
-Central-North Electricity Distribution Company	56 058 969	56 058 969

The investment in Central North Electricity Distribution Company (Pty) Ltd comprises a 12.6% (2015: 12.6%) holding in the share capital of Central North Electricity Distribution Company (Pty) Ltd at equity value.

ALLOCATED AS FOLLOWS:

	64 590 520	65 774 907
Build Together Fund	5 839 600	5 371 249
Fixed Property Fund	6 390	2 024 446
Dantago Hoda	332 193	300 697
Khaibasen Group	197 713	162 925
Khomas Group	257 754	225 230
Natural Disaster Fund	400 000	350 000
Omwene Tukwafa Group	294 282	261 887
Peace Group	265 097	239 029
Peace maker	303 191	266 382
Renewal Fund	-	-
Revenue Account	56 058 969	56 058 969
Self-study scheme	220 120	125 966
Twatameka Two Savings	415 211	388 127

MUNICIPALITY OF TSUMEB

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

	2016	2015
	N\$	N\$
4. LOANS RECEIVABLE	2 436 483	2 751 383
Build Together Fund	529	529
Dantago Hoadia	166 763	189 243
Fixed Property Fund	534 323	608 005
Housing Fund 1	(392 816)	(316 976)
Housing Fund 2	805 779	805 779
Housing Fund 2 – temporary advances	466 984	466 984
Khaibasen Group	107 462	136 044
Khomas Group	199 068	221 027
Omwene Tukwafa Group	213 405	234 494
Peace Group	133 709	152 579
Peace Maker	143 276	172 104
Twatameka Two Savings	58 001	81 571
5. INVENTORY	453 541	489 917
Central stores	453 541	489 917
6. TRADE AND OTHER RECEIVABLES	72 085 107	68 357 977
Services accounts	114 903 587	95 159 922
VAT provision	1 521 118	1 754 008
Sundries	385 023	393 064
Less: Customer deposits	(1 502 935)	(1 402 232)
Less: Provision for bad debts	(43 221 686)	(27 546 785)
7. CAPITAL OUTLAY	47 273 467	34 329 003
Loans redeemed	10 697 941	8 158 872
Revenue Contributions	8 610 058	4 345 134
General Capital Contributions	27 965 468	21 824 997

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

(continued)

	2016	2015
	N\$	N\$
8. FUNDS ACCOUNTS AND RESERVES	85 892 110	87 619 790
Accumulated surplus	12 808 884	20 061 769
Betterment Fund	1 955 186	1 955 185
Capital Development Fund	4 584 619	4 153 041
Fixed Property Fund	30 548 526	27 312 832
Housing Fund	9 392 765	8 964 810
Renewal Fund	22 873 660	21 643 621
Funds for expenditure to be incurred:		
Dantaga Hoada	498 956	489 940
Khaibasen Group	305 176	298 967
Khomas Group	456 823	446 257
Natural Disaster Fund	400 000	350 000
Omwene Tukwafa Group	507 686	496 381
Peace Group	398 806	391 608
Peace Maker	446 465	438 486
Self-study scheme	220 120	125 966
Twatameka Two Savings	473 212	469 698
Internal loans difference	21 226	21 229
9. LONG TERM LOANS	15 963 041	15 282 784
The Government of Namibia	7 601 156	8 249 479
Commercial Banks	8 361 885	7 033 305
10. TRADE AND OTHER PAYABLES	50 860 139	50 886 482
Accruals	418 460	374 277
Provisions	10 264 882	7 040 653
Arrears on loan interest and redemption	23 971 622	22 325 074
Unutilised funds for specific purpose	16 205 175	21 146 478
11. BANK ACCOUNTS	9 003 987	5 690 817
Current overdraft	9 003 987	5 690 817

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

	2016 N\$	2015 N\$
12. ADJUSTMENTS AND UTILISATION		
Provision for bad debts	(15 092 343)	2 458 333
Cash surplus	15 000 000	-
Money not reflecting in account	(793)	-
Correction – expenditure		500
Bank reconciliation correction	1 067 867	1 100 405
Stale cheques	197 337	(1 500)
Auctioned sales	(727 260)	(1 206 588)
Environ fill	(508 165)	
Movement on TVC stock	-	(2 082 620)
Unclaimed deposits	387	11 132
Salary vote	1 000	-
Revenue adjustments	2 444 062	(6 840)
Censored dividends	(1 170 516)	(26 603)
Street subsidy	(1 210 792)	124 847
Correction of Accumulated surplus	-	(371 066)
	(784)	-
	(10 969 983)	(10 347 443)
13. CASH UTILISED BY OPERATIONS		
Net (deficit) for the year	7 840 241	(122 467)
Adjustment: Appropriation Account	(15 093 127)	-
(Increase)/Decrease in inventory	36 376	(62 158)
Increase in debtors	(3 727 129)	(12 227)
Increase/(Decrease) in creditors and other payables	(26 343)	2 064 946
CASH UTILISED BY OPERATIONS		

