



**REPUBLIC OF NAMIBIA**



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

# **MUNICIPALITY OF WINDHOEK**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

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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 Windhoek for the financial year ended 30 June 2007, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, August 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEAR  
ENDING 30 JUNE 2007**

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**1. INTRODUCTION**

The accounts of the Municipality of Windhoek for the year ended 30 June 2007 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 submission of this report has been considerably delayed due to the inability of Council to submit financial statements timeously. The statements were only signed during January 2008 and submitted to the Office of the Auditor-General at a later stage.

The firm Grand Namibia 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 Namibian Dollar.

**2. FINANCIAL STATEMENTS**

The Municipality's financial statements were not submitted to the Office of the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992, which stipulated amongst other that such financial statements should be submitted within three months after the end of the financial year. (See paragraph 1.) 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: Income statement
- Annexure C: Cash flow statement
- Annexure D: Notes to balance sheet and income statement
- Annexure E: Detailed income statement

**3. SCOPE OF THE AUDIT**

The Accounting Officer of the Municipality is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. 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 audit as carried out by the said firm, included:

- (a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Municipality in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- The financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respect, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

#### **4. AUDIT OBSERVATIONS AND COMMENTS**

##### **4.1 Provision for doubtful debts**

The bad debt increased to N\$ 37 284 961. The auditors have however estimated that the provision on total debtors should be N\$ 236 389 609. Therefore debtors provision is already understated by N\$ 199 104 648.

##### **4.2 Subsidy claims**

Subsidy claims receivable from the Government of the Republic of Namibia amounted to N\$ 49 211 094 at 30 June 2007 (2006: N\$ 49 211 094).

No payments were received subsequent to year-end and the amount has remained unrecoverable for a considerable time. It could not be reliably determined, whether the Local Authority will receive the balance of N\$ 49 211 094 in future. (Refer to paragraph 22.1)

##### **4.3 Provision for normal staff leave**

In terms of a Council resolution, the provision for staff leave has been increased to N\$ 30 000 000. During the 2002 financial year, the policy for calculating staff leave was changed, and is since then calculated on total employment costs (previously on gross salary, excluding allowances).

The provision for normal staff leave in the financial statements amounts to N\$ 30 000 000. The normal staff leave provision should be N\$ 59 093 876. The leave pay provision is therefore understated by N\$ 29 093 876.

##### **4.4 Provision for bonus leave**

The provision for bonus leave in the financial statements amounts to N\$ 6 244 240. The total bonus leave outstanding at year-end is calculated as N\$ 4 613 254. The bonus leave provision is therefore overstated by N\$ 1 630 986.

##### **4.5 Loan repayments in arrear**

Loans repayable to the Government of Namibia were in arrears to the amount of N\$ 49 071 829 (2006: N\$ 45 752 772). Council should re-negotiate this situation with the Ministry of Regional and Local Government, Housing and Rural Development. (Refer to paragraph 24.2) In addition loan repayments to the DBSA, EIB, NIB and KFW were also in arrears by N\$ 217 339 487 (2006: N\$ 168 249 345).

#### 4.6 Incomplete information

Auditor-General circular D3/92 requests information in a specified format to be submitted by the local authorities. The following information was not submitted in the requested format and could not be confirmed by the auditors due to a lack of the relevant auxiliary records:

- Visits to foreign countries.
- Motor vehicle schedule.
- Erven sold

#### 5. ACKNOWLEDGEMENT

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

#### 6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/(Deficit)	Balance
	N\$	N\$	N\$	N\$
<b>Accumulated surplus 01/07/2006</b>				13 732 303
<b>General services</b>				
Non-profitable	213 103 442	384 696 131	(171 592 689)	
Self-supporting	135 306 083	131 732 918	3 573 165	
<b>Trading accounts</b>				
Electricity	444 358 624	348 985 216	95 373 408	
Water	217 490 806	219 895 797	(2 404 991)	
	1 010 258 955	1 085 310 062	(75 051 107)	
<b>Surplus for the year</b>				(75 051 107)
<b>Adjustments: Transfer from/to</b>				
Funds	-	(7 109 215)		
Provisions	-	13 865 462		
Other	-	6 981 357		
	-	13 737 604		13 737 604
<b>Accumulated deficit 30/06/2007</b>				<b>(47 581 200)</b>

The City of Windhoek recorded a loss of N\$ 75 051 107 for the year, compared to a loss of N\$ 35 380 167 during the previous year. The increase in the loss can mainly be attributed to an increase in the loss recorded at the City Police Department, which increased from N\$ 65 356 370 in 2006 to N\$ 95 386 060 during 2007. The Transport Department recorded an increase in losses of N\$ 13 479 773. As a result of the above, the City of Windhoek reflected a net deficit of N\$ 47 581 200 compared to an accumulated surplus of N\$ 13 732 303 during the previous year.

Council will have to address the above situation as soon as possible as continued losses could seriously impact on cash flows.

#### 7. CURRENT BANK ACCOUNT

The current bank account is monitored on a daily basis together with the investment portfolio to ensure that maximum benefit is derived from the funds available. A favourable interest rate has been negotiated on the current account. The reconciled unfavourable cash-book balance amounted to N\$ 102 128 346 on 30 June 2007 (2006: N\$ 37 540 322 unfavourable). Outstanding cheques amounted to N\$ 81 755 490 (2006: N\$ 51 892 762) and outstanding deposits to N\$ 6 190 835 (2006: N\$ 1 812 703). The unfavourable balance per bank statement amounted to N\$ 26 060 199 (2006: N\$ 12 829 099 favourable).

## 8. INVESTMENTS AND INTEREST EARNED

Investments held at year-end were allocated as follows:

Institution	2007		2006	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Arterial Fund	-	197 614	-	137 571
Capital Development Fund	22 784 136	4 994 409	18 202 232	3 609 091
Betterment Contribution Fund	10 592 532	304 998	4 287 279	221 402
Endowment Fund	14 972 023	922 451	12 966 646	512 710
Betterment Fund	49 534 826	5 113 729	71 882 286	3 311 787
Housing Fund	1 230 282	963 716	8 614 726	670 895
Capital	13 021 340	-	13 021 341	-
Unappropriated surplus	7 124 534	976 920	1 871 567	1 519 925
	<b>119 259 673</b>	<b>13 473 837</b>	<b>130 846 077</b>	<b>9 983 381</b>

Interest rates varied between 7,35% (2006: 7,35%) and 9,45% (2006: 8,4%). Interest earned on investments is allocated to different funds, reserves and surpluses on a percentage based on the opening balance.

The auditors also noted that interest that are capitalised are not always recorded in the Municipal records. The cumulative effect of interest not raised amounted to N\$ 351 452 at the year end. It is important that the accounting division reconcile investments on a monthly basis to the general ledger account.

## 9. FUNDS, RESERVES AND PROVISIONS

The Council had the following funds, reserves and provisions at year-end:

### 9.1 Capital Accumulated Funds

	Notes	2007	2006
		N\$	N\$
Betterment Fund	(i)	266 457 745	285 833 450
Betterment Contribution Fund	(ii)	21 048 493	15 046 751
Endowment Fund	(i)	15 780 459	13 815 901
Parking Provision Fund	(iii)	(10 179 334)	(7 317 827)
Housing Fund	(iv)	52 306 492	34 609 341
Sport Club Fund		13 123	13 843
Capital Development Fund	(v)	554 974 115	524 567 080
Arterial Fund	(vii)	3 048 447	2 777 812
		<b>903 449 540</b>	<b>869 346 351</b>

A temporary advance amounting to N\$ 3 048 447 (2006: N\$ 47 462 792) was made to Revenue to finance operating activities.

#### Note:

- (i) These funds are still utilised as originally provided for in Section 80 (4) of the Act.
- (ii) Utilisation and replenishment of the Betterment Contribution Fund is determined in Section 42 of the Town Planning Ordinance, No. 18 of 1954.

- (iii) The Parking Facilities Fund is subject to the stipulations in Section 106 of the Road Traffic Ordinance, 1967.
- (iv) The Housing Fund may only be used in terms of Section 58 of the Local Authorities Act, Act 23 of 1992.
- (v) The Capital Development Fund is a non-statutory Fund, created 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 City Council. The Fund is fully allocated.
- (vi) As from 01 July 1992, all staff housing loans are financed by building societies and no longer by Council's Housing Fund.
- (vii) The Arterial Fund is a non-statutory fund, created to fund expenditure for the development and construction of arterial roads.

## 9.2 General Accumulated Funds

	Notes	2007	2006
		N\$	N\$
Unappropriated surplus	(i)	(47 581 200)	13 732 302
Stores working capital	(ii)	6 549 695	6 549 695
Tariff stabilisation:	(iii)		
• Administration		13 812 596	1 544 198
• Distribution		(9 853 281)	
• Sanitation		14 894 512	7 918 195
• Sewerage services		7 534 834	3 423 127
• Stores levy		(2 884 662)	(1 303 823)
• Water services		(3 354 186)	
		<b>(20 881 692)</b>	<b>31 863 694</b>

### Note:

- (i) Detailed financial results are stated in paragraph 6.
- (ii) Stabilisation Fund to replace stock in Municipal stores.
- (iii) With the exception of electricity sales, all other services are rendered at cost or below cost. All surpluses and deficits of the sewerage and sanitation services are transferred to the Tariff Stabilisation Funds. The surplus of the Stores Levy Stabilisation Fund was transferred to administration and the sanitation tariff stabilisation surplus was transferred to the unappropriated surplus.

Due to the water crises, the Tariff Stabilisation Fund balance for water is limited to a maximum of 10% of the total income on the water account as from the 1995/1996 financial year onwards. Any further surpluses on the water account must be transferred to the Capital Development Fund in order to finance water-related capital projects.

### 9.3 Reserves

	Notes	2007	2006
		N\$	N\$
Insurance claims	(i)	5 548 279	5 716 277
Replacement of assets	(ii)	39 366 249	35 941 587
Maintenance:	(iii)		
• Tarred roads		17 697 873	15 066 677
• Municipal office block		28 208 520	23 234 997
• Rehabilitation landfill site		2 541 497	1 183 036
		<b>93 362 418</b>	<b>81 142 574</b>

N\$ 55 184 824 (2006: N\$ 47 396 795) or 59% of the above-mentioned amount is not backed by cash and has been utilised to finance operating costs.

Note:

(i) The Municipality is self-insured, except for claims exceeding the following amounts as well as public liability, which are externally insured:

- Motor fleet – N\$ 600 000

(ii) Provision is made towards the replacement of all movable assets with a cost of N\$ 2 000 to N\$ 15 000. Movable assets with a value in excess of N\$ 15 000 are in some instances financed by way of hire purchase or lease agreements.

(iii) Maintenance:

(a) Tarred roads

The maintenance provision for tarred roads is revised annually when the budget is prepared, based on the estimates of the City Engineer's department.

(b) Municipal office block

An annual contribution made towards this Fund is revised annually when the budget is prepared.

### 9.4 Provisions

	Notes	2007	2006
		N\$	N\$
Bursaries		3 251 554	2 761 214
Bonus leave	(i)	6 244 240	5 382 182
Normal leave	(ii)	30 000 000	30 000 000
Informal settlement	(iii)	4 264 647	5 098 876
		<b>43 760 441</b>	<b>43 242 272</b>

Note:

(i) The bonus leave provision is a provision for bonuses payable to employees on completion of a five-year employment cycle. The total potential liability at year-end could not be verified.

(ii) The normal leave provision is a provision for annual leave accrued. The total potential liability at year-end could not be verified as the Municipality could not provide the auditors with a list of employees with outstanding leave days.



(iii) The purpose of the informal settlement is to create a Revolving Fund, which is utilised for all facets of informal settlements as well as for the payment of people involved in the process. Funding is obtained through the following sources:

- The Local Authority – 1% of the annual operation income
- The Regional Council
- The Government
- The communities
- Financial institutions and donor agencies

A contribution of N\$ 11 003 955 (2006: N\$ 10 134 221) was made to the Informal settlement account during the year under review.

## 10. TRADE ACCOUNTS

### 10.1 Operating results

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

	Electricity		Water	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
Sales	434 245 913	260 504 928	217 490 806	153 295 868
Cost of bulk purchases	261 947 708	224 031 650	113 803 006	96 193 580
Gross profit/(loss)	172 298 205	36 473 278	103 687 800	57 102 288
Net income/(expenditure)	(76 924 797)	50 027 184	(106 092 791)	(64 975 574)
<b>NET SURPLUS/(DEFICIT)</b>	<b>95 373 408</b>	<b>86 500 462</b>	<b>(2 404 991)</b>	<b>(7 873 286)</b>
Gross profit/(loss) on bulk purchases	65,78%	16,3%	91,11%	(59,4)%
Net profit/(loss) % on bulk purchases	36,41%	38,6%	(2,11)%	(8,2)%

The loss in water resulted mainly due to the increase of bulk water purchases from Namwater.

### 10.2 Distribution losses were as follows:

	2007	2006
	%	%
Electricity supply	6,95	6,3
Water supply	15,94	15,94

## 11. SELF-SUPPORTING EXTERNAL SERVICES

All self-supporting services were run on a profitable basis. Surpluses on self-supporting services for the year were as follows:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Sanitation	5 769 174	9 773 248
Sewerage	(622 198)	(1 904 766)
Stores	(1 573 811)	(2 283 679)
	<b>3 573 165</b>	<b>5 584 803</b>
As a percentage of the total expenditure per item, the results were as follows:		
	%	%
Sanitation	7,5	14,9
Sewerage	(1,4)	(4,62)
Stores	(15,7)	(25,18)

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

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

## 13. SUSPENSE ACCOUNT

All suspense accounts were reconciled and there were no materially long outstanding items on these accounts.

## 14. IRREGULARITIES AND LOSSES

Irregularities and losses by persons employed by the Municipality or by persons outside the Municipality are reported under paragraph 30.

## 15. CAPITAL PROJECTS

### 15.1 Capital expenditure for the year was as follows:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Rates and general services	137 963 582	134 169 588
Electricity	26 742 163	30 906 897
Water	39 231 914	21 686 538
	<b>203 937 659</b>	<b>186 763 023</b>

## 15.2 Financing of capital expenditure

	2007	2006
	N\$	N\$
Loans		
- Government (Ramatex)	-	13 000 000
- Investment banks and Government	533 220	989 159
- Hire-purchases	13 674 581	23 634 499
Total external loans	14 207 801	37 623 658
Internal loans	141 653 817	93 616 698
Total loans	155 861 618	131 240 356
Betterment Fund	36 507 376	37 148 327
Replacement Fund	16 109	192 827
Housing Fund	2 617 754	4 117 850
Revenue	432 041	1 015 450
Public	2 312 740	2 634 632
	197 747 638	176 349 442
Add: Unspent monies brought forward	13 021 341	21 341
	210 768 979	176 370 783
Less: Temporary advance brought forward	(134 002 600)	(110 589 019)
	76 766 379	65 781 764
Less: Unspent monies carried forward	(13 021 341)	(13 021 341)
	63 745 038	52 760 423
Add: Temporary advance carried forward	140 192 621	134 002 600
	<b>203 937 659</b>	<b>186 763 023</b>

## 16. BURSARIES

The movements during the year were as follows:

	2007	2006
	N\$	N\$
Balance at 01 July 2006	2 761 214	2 261 816
Bursary payments made	710 908	681 455
Liabilities repaid	(220 568)	(182 057)
Balance at 30 June 2007	<b>3 251 554</b>	<b>2 761 214</b>

Summarised conditions of agreement(s):

- (i) Bursaries are granted for specific municipal-related courses only.
- (ii) Bursary holders have to work back one year for each year the bursary was granted.
- (iii) Bursary holders have to perform compulsory student work during long vacations.

**17. GIFTS, DONATIONS, GRANTS, CONTRIBUTIONS AND FINANCIAL AID RENDERED BY THE LOCAL AUTHORITY**

**17.1 Gifts/donations**

<b>Nature of gift/donation</b>	<b>Value</b>	<b>Beneficiary</b>
	N\$	
Souvenirs – Mayor	19 108	Officials/visitors visiting the mayor
Donation – Mayor	26 239	Various
	<b>45 347</b>	

**17.2 Free services**

The Council gives interest-free study loans to employees that study for an approved qualification in their own time. During the year an amount of N\$ 1 611 041 (2006: N\$ 786 765) was paid out in respect of these loans.

**17.3 Contributions/grants**

	<b>2007</b>	<b>2006</b>
	N\$	N\$
National Days Celebrations	140 879	–
Katutura Old Age Home	22 158	–
Welfare (SPCA)	80 000	75 000
Sports, Arts and Culture	152 551	173 092
Educational	710 908	902 438
GRN Railway Project	35 741	–
	<b>1 142 237</b>	<b>1 150 530</b>

**18. COMPENSATION PAYMENTS**

**18.1 Claims finalised against the Municipality**

None were reported during the year under review.

**18.2 Claims outstanding by the Municipality**

<b>Name of claimant</b>	<b>Expenditure expected</b>	<b>Particulars/Outcome</b>
	N\$	
Oshatotwa 2000/ Grave digging	9 719.45	Sisa Namandje. Case not finalized.
DB Thermal	290 529.80	LorentzAngula Inc and Adv. D Smuts. Case not yet finalized.
Standard Bank	235 489.85	LorentzAngula Inc. Matter is handled together with DB Thermal and OGSI. Cases not yet finalized. Await judgement by Supreme Court as Standard Bank appealed.

## 19. VISITS TO FOREIGN COUNTRIES

Staff of the following departments of the Municipality visited foreign countries for conferences, conventions, courses, seminars, workshops and research purposes:

Department	Expenditure	Expenditure
	2007	2006
	N\$	N\$
Office of the CEO	31 090	26 161
Office of the Mayor	285 316	445 468
Fire and Emergency	12 980	6 456
Planning, Urbanisation and Environment	13 433	22 529
Infrastructure: Water	10 105	14 734
Human Resources	10 364	5 500
Infrastructure: Electricity	29 657	10 005
Transportation	40 713	2 220
Community Services	12 289	25 389
Cash Management and Statements	12 257	23 283
City Police	24 473	33 958
Costing and Budgeting	840	-
Health	27 749	-
Information Technology	72 133	2 258
	<b>583 399</b>	<b>617 961</b>

## 20. GIFTS/DONATIONS TO THE LOCAL AUTHORITY

The Local Authority received no gifts or donations.

## 21. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

### 21.1 Transfer of property to the Government

No property was transferred to the Government during the year under review.

### 21.2 Transfer of property by the Government to the Municipality

The Government did not transfer property to the Municipality during the year under review.

### 21.3 Transfer of property to/from other than the Government

No property was transferred to/from any other insititutions during the year under review.

## 22. MISCELLANEOUS DEBTORS/CREDITORS

### 22.1 Debtors on 30 June comprise the following:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Services accounts	260 157 327	238 524 680
Subsidy claims	49 211 094	49 211 094
Accrued interest on investments	3 351 320	1 701 163
Bursaries	3 251 554	2 761 214
Sundry debtors	50 574 999	67 333 019
	366 546 294	359 531 170
Less: Provision for doubtful debts	(37 284 961)	(35 000 000)
	<b>329 261 333</b>	<b>324 531 170</b>
The average collection period for services debtors	3,97 months	4,18 months

Services debtors increased by 9,07% (2006: 7,93%), whilst related income only increased by 10,6% (2006: 9,2%) during the year under review. Although the Council's debt collection policy has had the desired effect of decreasing service debtors, non-collection of subsidies and an increase in sundry debtors resulted in an overall increase in the collection period.

The Municipality made a provision of N\$ 37 284 961 (2006: N\$ 35 000 000) for doubtful debtors. The estimated total provision for doubtful debts, amounts to N\$ 236 389 609 (2006: N\$ 231 122 376). The debtors provision is therefore understated by at least N\$ 199 104 648.

At 30 June 2007 the Government of Namibia was indebted by N\$ 62 829 896 (2006: N\$ 61 547 354) to the Municipality, which represents 19% (2006: 19%) of total debtors outstanding.

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Service accounts	13 618 802	12 336 260
Subsidy claims	49 211 094	49 211 094
	<b>62 829 896</b>	<b>61 547 354</b>

No subsidy payments were received subsequent to year-end (2006: N\$ Nil). The recoverability of the remaining subsidy claims, amounting to N\$ 49 211 094 (2006: N\$ 49 211 094), remains doubtful. No provision has been raised against this amount.

### 22.2 Creditors on 30 June comprise the following:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Trade creditors	305 847 229	245 838 955
Contract money (retentions)	11 599 855	12 787 355
	<b>317 447 084</b>	<b>258 626 310</b>

## 23. ASSESSMENT RATES

At year-end the valuations were as follows:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Site values	4 850 470 217	4 850 470 217
Improvements and penalty values	11 118 427 879	11 118 427 879
	<b>15 968 898 096</b>	<b>15 968 898 096</b>
Assessment rates levied	<b>105 971 205</b>	<b>104 068 423</b>
[Excluding interest received on unappropriated surplus to an amount of N\$ 2 127 758 (2006: N\$ 1 519 925)]		
Percentage increase/(decrease) on rates levied	1,82%	2,47%
Site values	2,6148	2,4204
Improvement values	0,594	0,5496

## 24. LOANS

### 24.1 Loans payable at year-end were as follows:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
External loans	379 633 240	400 676 121
Hire-purchases	54 006 902	53 241 967
Leases	425 947	1 088 151
	434 066 089	455 006 239
Internal loans	763 703 408	648 010 604
	<b>1 197 769 497</b>	<b>1 103 016 843</b>

### 24.2 Loans received during the year to fund capital expenditure:

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Government (Ramatex)	-	13 000 000
Kreditanstalt für Wiederaufbau (KfW)	533 220	989 159
Hire-purchase agreements	13 674 581	23 634 499
	14 207 801	37 623 658
Internal loans	141 653 817	93 616 697
	<b>155 861 618</b>	<b>131 240 355</b>

All loans are in agreement with the actuarial tables and all instalments were paid up, except for loans repayable to the Government of Namibia, which were in arrear by N\$ 49 071 829 (2006: N\$ 45 752 772). Other loans directed through Government, e.g. DBSA, EIB and KfW were in arrears by N\$ 217 339 481 (2006: N\$ 168 249 345). All capital assets financed were capitalised, and no assets have been disposed of

before the loans were paid up. All loan moneys were used for the purposes for which the loans were obtained. The necessary authorisation for all internal loans was obtained.

**24.3 Loans receivable at year-end were as follows:**

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Loans granted against first mortgage bonds over fixed property	54 340 869	29 836 894
Erven loans	39 408 728	70 288 619
	93 749 597	100 125 513
Staff vehicle loans	8 153 686	7 374 116
	<b>101 903 283</b>	<b>107 499 629</b>

The following loan repayments were in arrear at 30 June 2007:

	<b>Repayment in arrear</b>	<b>Percentage in arrear</b>
	N\$	%
Loans granted against first mortgage bonds over fixed property	7 407 599	13,6%
Erven loans	5 675 854	14,4%
	<b>13 083 453</b>	<b>13,9%</b>

Although housing loans are secured by a first mortgage bond and erven remain in the Municipality's name until the loans are repaid in full, a significant portion of the outstanding repayments will not be recovered, unless houses are repossessed.

It was also noted, that for housing loans in arrear, the bond amount does not cover the loan outstanding as a result of an accumulation of interest.

No provision for possible doubtful debts has been made. Council should consider a provision for future losses.

The movements of staff loans included in paragraph 24.3 were as follows:

	<b>Motor vehicle financing loans</b>
	N\$
Balance at 01 July 2006	7 374 116
Advances for the year	5 291 026
Payments for the year	(4 511 456)
Balance at 30 June 2007	<b>8 153 686</b>



## 25. SALE OF ERVEN

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Windhoek	25 354 895	59 472 691
Khomasdal	1 179 091	5 241 373
Katutura	7 198 878	2 467 039
	<b>33 732 864</b>	<b>67 181 103</b>
Allocated to Betterment Fund	<b>33 732 864</b>	<b>67 181 103</b>
Number of erven sold	*	425

The allocation to the Fund was done in accordance with standing regulations. The management could not provide the auditors with a proper list of erven sold that agrees to the proceeds allocated to the Betterment Fund.

\* Not supplied by the City of Windhoek.

## 26. PROPERTY SOLD ON AN INSTALMENT BASIS

	<b>Windhoek</b>	<b>Katutura</b>	<b>Khomasdal</b>	<b>TOTAL</b>
	N\$	N\$	N\$	N\$
Balance 01 July 2006	59 923 409	33 095 304	7 106 800	100 125 513
Advances	4 723 067	19 893 271	1 076 095	25 692 433
Receipts (instalment)				
Other transactions (interest penalty, insurance)	(30 240 897)	(106 141)	(1 721 312)	(32 068 350)
Balance 30 June 2007	<b>34 405 579</b>	<b>52 882 434</b>	<b>6 461 583</b>	<b>93 749 596</b>

## 27. TARIFF ADJUSTMENTS

New tariffs were implemented timeously and correctly.

## 28. APPROVALS

### 28.1 Provision for bad debts

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Balance at 01 July 2006	35 000 000	35 000 000
Additional provision	2 284 961	-
Balance at 30 June 2007	<b>37 284 961</b>	<b>35 000 000</b>

The auditors are of the opinion that the bad debt provision is understated by at least N\$ 199 104 648.

## 28.2 Excess on approved budget

Over-expenditure on the approved budget was approved at City Council meetings when necessary.

## 28.3 Direct application of own funds

The direct application of own funds was approved in the 2006/2007 budget and applied accordingly.

## 29. STOCK AND EQUIPMENT

### 29.1 Motor vehicles

Type of vehicle	Units	Value
		N\$
LDV	394	27 391 561
Sedan	292	23 323 486
Plant, Construction and Sundry Vehicles	206	16 546 292
Trucks and Fire Trucks	140	19 602 441
Minibuses and Ambulances	36	55 110 053
Busses	59	2 797 869
Motorbikes	21	586 544
<b>TOTAL VALUE</b>	<b>1 148</b>	<b>145 358 246</b>

### Fuel Consumption (total litres)

Petrol	915 035
Diesel	1 087 395

The auditors could not verify the above figures.

### 29.2 Motor vehicle accidents

The Municipality could not provide the auditors with accident statistics.

### 29.3 Claims arising from accidents

No claims arose from accidents against the Municipality. Motor vehicle accident claims are covered by the Municipality's third party insurance.

### 29.4 Inventory

	2007	2006
	N\$	N\$
Stores	20 935 172	12 559 001
Water supply	108 176	168 782
Gravel & Crushed stone	377 228	393 830
Electricity supply	484 903	175 753
Fuel and oil	478 928	527 574
Sundry stock	747 587	342 600
	<b>23 131 994</b>	<b>14 167 540</b>

## **30. SPECIAL INVESTIGATIONS**

### **30.1 Social Security Commission – Verification of Sick Leave Claims**

The Social Security Commission (SSC) approached the Internal Audit Division to verify sick leave claims of 18 alleged staff members of the City of Windhoek. Sixteen of the employees were found to be on the payroll, working at the Solid Waste Management Division. The audit revealed that all these employees had sick leave credit and received full salary for the periods claimed at the SSC. The Internal Audit Division arranged that officials from the SSC could interrogate these employees and SSC confirmed that they would lay criminal charges against all these employees. This case has gone to court and it was reported on in the newspapers.

### **30.2 Fraudulent Repairs to Buses**

The Internal Audit Division was asked to investigate complaints made by concerned Bus Service employees against the Manager: Public Transport. During the investigation internal audit learnt that Price Waterhouse Coopers were tasked by the CEO to conduct a forensic investigation on the outsourcing of repairs to municipal buses, especially upholstery and re-flooring. The complaints against the Manager: Public Transport was more of a personal nature and had nothing to do with the repairs to buses.

It was found that one of the foreman at the municipal fleet had formed his own company and allocated work to this company in a fraudulent manner. The employee was dismissed, but has been given an opportunity to appeal to Council before any money can be recovered from this employee. Recommendations were made to increase control measures at the Municipal Fleet in order to regulate work of this nature. A fraud committee is in the process of being established in order to prevent occurrences of this nature where outside companies are approached without the knowledge of the Internal Audit Division.

### **30.3 Unauthorised Cancellations by Cashier**

A cashier at the Town House made two unauthorised cancellations of client payments and pocketed the difference in the amount given and the amount processed on the PK system. The difference was recovered from this person who resigned before a disciplinary hearing was held. It was emphasized to the SE: Finance that the relevant controls should be strictly adhered to and the computer error was addressed to the Department of Information and Communication Technology.

## **31. REVENUE WRITTEN OFF**

No revenue was written off during the year under review.

## **32. FORMAL AND INFORMAL QUERIES**

**32.1** Formal queries are embodied in this report.

**32.2** Informal queries were addressed to the Strategic Executive Finance and include the following:

- Adjusted and unadjusted errors
- Unrecorded investments and interest on investments
- Debtor service accounts not in balance
- Bad debt provision inadequate
- Recoverable work account
- Provision for leave and bonus pay inadequate
- Suspense accounts not reconciled
- Accounts payable not reconciled and accruals not raised
- Land sales and housing debtors filing

- Informal settlement provision
- Unsupported hire purchase and lease agreements
- Electricity tariffs not in agreement with ECB tariffs
- Credit note policy

### **33. QUALIFIED AUDIT OPINION**

The accounts of the Municipality of Windhoek for the financial year ended 30 June 2007, summarised in Annexures A to E, were audited in terms of the provisions of Section 85 of the Local Authorities 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:

- The provision for bad debts is understated by N\$ 199 104 648.
- The provision for staff leave is understated by N\$ 29 093 876.
- The provision for bonus leave is overstated by N\$ 1 630 986.

Except for the above-mentioned remark, I certify that, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2009 and the results of its operations and cash flow for the year then ended.

**WINDHOEK, August 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## BALANCE SHEET AT 30 JUNE

	Notes	2007 N\$	2006 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
		2 512 526 702	2 374 963 712
Property, plant and equipment	2	2 291 363 746	2 136 618 006
Investments	3	119 259 673	130 846 077
Long-term debtors	4	101 903 283	107 499 629
<b>Current assets</b>			
		352 437 402	340 538 582
Inventory	5	23 131 994	14 167 540
Debtors and other receivables	6	329 261 333	324 531 170
Cash resources		44 075	1 839 872
<b>Total assets</b>		<b>2 864 964 104</b>	<b>2 715 502 294</b>
<b>FUNDS AND LIABILITIES</b>			
		1 950 162 017	1 903 432 472
<b>Funds and reserves</b>			
Funds and reserves		1 971 043 709	1 871 568 778
Funds	7	1 877 681 291	1 790 426 204
Reserves	8	93 362 418	81 142 574
Accumulated surplus/(deficit)	9	(20 881 692)	31 863 694
<b>Non-current liabilities</b>			
		451 466 216	472 660 918
Long-term loans	10	434 066 089	455 006 239
Consumer deposits	11	17 400 127	17 654 679
<b>Current liabilities</b>			
		463 335 871	339 408 904
Creditors and other payables	12	317 447 084	258 626 310
Provisions	13	43 760 441	43 242 272
Bank overdraft	14	102 128 346	37 540 322
<b>Total funds and liabilities</b>		<b>2 864 964 104</b>	<b>2 715 502 294</b>

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<b>Notes</b>	<b>2007</b> N\$	<b>2006</b> N\$
INCOME		1 008 131 197	911 624 527
EXPENDITURE		(1 085 310 062)	(948 524 619)
NET OPERATING PROFIT/(LOSS)		(77 178 865)	(36 900 092)
Interest earned		2 127 758	1 519 925
PROFIT/(LOSS) for the year		(75 051 107)	(35 380 167)
Add: Transfer from/(to) Funds	15	22 305 721	25 513 569
NET SURPLUS/(DEFICIT) for the year		(52 745 386)	(9 866 598)
ACCUMULATED FUNDS			
- at the beginning of the year		31 863 694	41 730 292
- at year-end		<b>(20 881 692)</b>	<b>31 863 694</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2007 N\$	2006 N\$
<b>CASH GENERATED BY OPERATIONS</b>			
Cash generated from operations	A	(33 386 067)	(3 304 453)
Cash generated by increase in working capital	B	44 871 608	60 244 512
<b>CASH GENERATED BY OPERATIONS</b>		<b>11 485 541</b>	<b>56 940 059</b>
<b>OTHER CASH FLOWS</b>			
Interest received		2 127 758	1 519 925
Net increase in funds		109 560 807	163 190 819
Net (decrease)/increase in reserves		12 219 844	22 858 472
Net (increase)/decrease in long-term debtors		5 596 346	(6 076 803)
Net increase) in provisions		518 169	2 080 958
		<b>130 022 924</b>	<b>183 573 371</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>141 508 465</b>	<b>240 513 430</b>
Add: Long-term loans received/repaid		(20 940 150)	(400 713)
Less: Net capital expenditure		(198 538 540)	(183 185 944)
<b>NET MOVEMENT IN CASH FUNDS</b>		<b>(77 970 225)</b>	<b>56 926 773</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>95 145 627</b>	<b>38 218 854</b>
<b>Cash and cash equivalents at the end of the year</b>	C	<b>17 175 402</b>	<b>95 145 627</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE (continued)

NOTES TO THE CASH FLOW STATEMENT	2007 N\$	2006 N\$
<b>A. CASH GENERATED BY OPERATIONS</b>		
Net profit/(loss) for the year	(77 178 865)	(36 900 092)
Provision for depreciation	43 792 798	33 595 639
	<b>(33 386 067)</b>	<b>(3 304 453)</b>
<b>B. CASH GENERATED BY INCREASE IN WORKING CAPITAL</b>		
Decrease/(increase) in inventory	(8 964 454)	4 314 097
(Increase) in debtors and other receivables	(4 730 163)	(12 014 896)
(Decrease)/increase in creditors and other payables	58 820 774	62 608 723
Increase/(decrease) in consumer deposits	(254 549)	5 336 588
	<b>44 871 608</b>	<b>60 244 512</b>
<b>C. CASH AND CASH EQUIVALENTS</b>		
Investments	119 259 673	130 846 077
Cash resources	44 075	1 839 872
Bank overdraft	(102 128 346)	(37 540 322)
	<b>17 175 402</b>	<b>95 145 627</b>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

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**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, 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 Council's insurance brokers on an open tender basis.

**1.3 Tariff policy**

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.

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

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

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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.

**1.4 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 Council 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 Council'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.

**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.

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

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**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 Parking Provision Fund**

The purpose of this Fund is to provide for the future maintenance and installation of parking meters as well as the development of parking areas and all related costs. Income is derived from parking meter fees and the rental of parking areas as well as interest earned from investments.

**1.6.6 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.

**1.6.7 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 City Council.

**1.6.8 Arterial Fund**

The purpose of the Fund is to provide funding for the development and construction of arterial roads. Income is derived from the proceeds of the sale of erven and interest earned on investments.

**1.7 Administration charges**

A differential percentage levy approach based on the actual income and expenditure which is periodically revised, has been adopted to spread the overhead charges. Recoverable planning and survey costs are recovered on a time basis. Capital projects are debited with a percentage levy which varies from 1% - 7% of the cost of the project in order to cover the departmental supervision, engineering and the architectural expenses.

Labour costs in respect of distribution accounts are charged with a 10% levy.

**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.

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

	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Rates and general services	1 786 542 006	1 620 273 966
Electricity supply	366 446 800	340 041 104
Water supply	407 884 873	402 020 070
	<b>2 560 873 679</b>	<b>2 362 335 140</b>
Less: Charged against income, loans redeemed	(269 509 933)	(225 717 134)
	<b>2 291 363 746</b>	<b>2 136 618 006</b>
<b>3. INVESTMENTS</b>		
Cash investments allocated to:		
- Revenue	7 124 534	1 871 567
- Funds	99 113 798	115 953 169
- Unspent money on capital expenditure	13 021 341	13 021 341
	<b>119 259 673</b>	<b>130 846 077</b>
<b>4. LONG-TERM DEBTORS</b>		
Loans granted against first mortgage bonds over fixed property	54 340 869	29 836 894
Erven loans	39 408 728	70 288 619
Staff vehicle loans	8 153 686	7 374 116
	<b>101 903 283</b>	<b>107 499 629</b>
<b>5. INVENTORY</b>		
Central stores	20 935 172	12 559 001
Water supply	108 176	168 782
Crushed stone	377 228	393 830
Electricity supply	484 903	175 753
Fuel and oil	478 928	527 574
Sundry maintenance	747 587	342 600
	<b>23 131 994</b>	<b>14 167 540</b>

**MUNICIPALITY OF WINDHOEK**

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

	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>6. DEBTORS AND OTHER RECEIVABLES</b>		
Service accounts	260 157 327	238 524 680
Subsidy claims	49 211 094	49 211 094
Accrued interest	3 351 320	1 701 163
Bursaries	3 251 554	2 761 214
Sundry debtors	50 574 999	67 333 019
	<b>366 546 294</b>	<b>359 531 170</b>
Less: Provision for bad debts	(37 284 961)	(35 000 000)
	<b>329 261 333</b>	<b>324 531 170</b>
<b>7. FUNDS</b>		
Capital Development Fund	554 974 115	524 567 080
Betterment Fund	266 457 745	285 833 450
Betterment Contribution Fund	21 048 493	15 046 751
Endowment Fund	15 780 459	13 815 901
Parking Provision Fund	(10 179 334)	(7 317 827)
Housing Fund	52 306 492	34 609 341
Sport Club Fund	13 123	13 843
Arterial Fund	3 048 447	2 777 812
Other Capital Receipts	974 231 751	921 079 853
	<b>1 877 681 291</b>	<b>1 790 426 204</b>
<b>8. RESERVES</b>		
Maintenance	45 906 393	38 301 674
Replacement of assets	39 366 249	35 941 587
Rehabilitation – financial size	2 541 497	1 183 036
Insurance claims	5 548 279	5 716 277
	<b>93 362 418</b>	<b>81 142 574</b>

**MUNICIPALITY OF WINDHOEK**

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

	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>9. ACCUMULATED SURPLUS</b>		
Unappropriated surplus	(47 581 200)	13 732 302
Stores working capital	6 549 695	6 549 695
Tariff stabilisation		
- Administration	13 812 596	1 544 198
- Distribution	(9 853 281)	-
- Sanitation services	14 894 512	7 918 195
- Sewerage services	7 534 834	3 423 127
- Stores levy	(2 884 662)	(1 303 823)
- Water services	(3 354 186)	-
	<b>(20 881 692)</b>	<b>31 863 694</b>
<b>10. LONG-TERM LIABILITIES</b>		
Government and commercial banks	379 633 240	400 676 121
Hire-purchase agreements	54 006 902	53 241 967
Capitalised finance leases	425 947	1 088 151
	<b>434 066 089</b>	<b>455 006 239</b>
<b>11. CONSUMER DEPOSITS</b>		
Water and electricity	17 393 239	17 649 174
Miscellaneous deposits	6 888	5 504
	<b>17 400 127</b>	<b>17 654 678</b>
<b>12. CREDITORS AND OTHER PAYABLES</b>		
Trade creditors	305 847 229	245 838 955
Retention money	11 599 855	12 787 355
	<b>317 447 084</b>	<b>258 626 310</b>

**MUNICIPALITY OF WINDHOEK**

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

<b>13. PROVISIONS</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$
Normal leave	30 000 000	30 000 000
Bonus leave	6 244 240	5 382 182
Informal settlement	4 264 647	5 098 876
Bursaries	3 251 554	2 761 214
	<b>43 760 441</b>	<b>43 242 272</b>

The total potential liability for normal leave and bonus leave is N\$ 59 093 876 and N\$ 4 613 254 respectively. The bonus leave provision is therefore overstated by N\$ 1 630 986, whilst the normal leave provision is understated by N\$ 29 093 876.

**14. BANK OVERDRAFT**

Current account	<b>102 128 346</b>	<b>37 540 322</b>
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**15. TRANSFER FROM/(TO) FUNDS**

Net transfer from/(to) internal Funds:

Appropriation statement	20 846 820	30 123 963
- Prior year adjustment to revenue	-	(2 845 025)
- Transfer to informal settlement	11 003 955	6 287 333
- Stock adjustment	(13 145 818)	5 438 157
- Endowment Fund transfer	-	(1 996 799)
- Parking Provisions Fund transfer	2 861 507	2 229 458
- Round off figure	9	13
- Transfer to Revolving Fund	(9 127 590)	(10 134 221)
- Transfer to/(from) Betterment Fund	-	180 875
- Bad debt provision	-	(3 122 298)
- Prior year adjustment	(745 243)	1 871 568
- VAT adjustment	-	2 214 902
- Transfer from Betterment Fund	30 000 000	30 000 000
Tariff stabilisation	1 458 901	(4 610 394)
- Administration	12 268 398	5 252 032
- Water services	(949 188)	(840 623)
- Stores levy	(7 028)	(119 468)
- Distribution	(9 853 281)	(8 902 335)
	<b>22 305 721</b>	<b>25 513 569</b>

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE (excluding interest)

	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>Income</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>	<b>Surplus/ (Deficit)</b>
	N\$	N\$	N\$	N\$
<b>Non-profitable services</b>	213 103 442	384 696 131	(171 592 689)	(121 112 071)
Office of the Chief Executive Officer	1 621 258	5 686 744	(4 065 486)	(4 545 995)
City Police	49 442 135	144 828 195	(95 386 060)	(65 356 370)
Infrastructure, Water & Technical Services	1 817 753	4 820 251	(3 002 498)	(9 394 013)
Planning, Urbanization and Environment	13 013 775	28 044 777	(15 031 002)	(12 033 940)
Finance (excluding interest)	120 791 438	31 891 237	88 900 201	94 839 504
Human Resources	31 033	909 093	(878 060)	(2 709 608)
Electricity Street Lighting	-	-	-	(935 407)
Community Services	4 660 163	60 451 631	(55 791 468)	(48 117 639)
Transport	21 725 887	108 064 203	(86 338 316)	(72 858 543)
Economic Development, Tourism & Safety	-	-	-	(60)
<b>Self-supporting services</b>	135 306 083	131 732 918	3 573 165	5 584 803
Sanitation	82 897 596	77 128 422	5 769 174	9 773 248
Sewerage	43 936 157	44 558 355	(622 198)	(1 904 766)
Stores	8 472 330	10 046 141	(1 573 811)	(2 283 679)
<b>Electricity</b>	444 358 624	348 985 216	95 373 408	86 500 462
<b>Water</b>	217 490 806	219 895 797	(2 404 991)	(7 873 286)
<b>Profit/(loss) for the year</b>	<b>1 010 258 955</b>	<b>1 085 310 062</b>	<b>(75 051 107)</b>	<b>(36 900 092)</b>