



**REPUBLIC OF NAMIBIA**



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

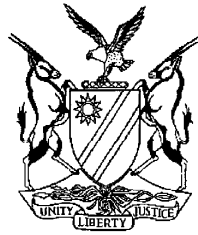
# **MUNICIPALITY OF WINDHOEK**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

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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 2008, 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, February 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERA**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEAR  
ENDING 30 JUNE 2008**

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**1. INTRODUCTION**

The accounts of the Municipality of Windhoek for the year ended 30 June 2008 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 November 2010 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**

***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 misstatement, 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 and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 OBSERVATIONS AND COMMENTS**

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

The bad debt decreased to N\$ 31 949 176. The auditors have however estimated that the provision on total debtors should be N\$ 189 734 195. Therefore provision for bad debtors is understated by N\$ 157 785 019.

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

Subsidy claims receivable from the Government of the Republic of Namibia amounted to N\$ 53 731 594 at 30 June 2008 (2007: 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\$ 53 731 594 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 remained at 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\$ 42 342 909. The leave pay provision is therefore understated by N\$ 12 342 909.

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

The provision for bonus leave in the financial statements amounts to N\$ 6 995 005. The total bonus leave outstanding at year-end should only be N\$ 11 748 705. The bonus leave provision is therefore understated by N\$ 4 753 700.

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

Loans repayable to the Government of Namibia were in arrears to the amount of N\$ 51 819 636 (2007: N\$ 49 071 829). Council should re-negotiate this situation with the Ministry of Regional and Local Government and Housing. (Refer to paragraph 24.2) In addition loan repayments to the DBSA, EIB, NIB and KFW were also in arrears by N\$ 276 242 689 (2007: N\$ 217 339 487).

#### 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. (paragraph 19)
- Motor vehicle schedule. (paragraph 29)

#### 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/(deficit) 01/07/2007</b>				(47 581 200)
<b>General services</b>				
Non-profitable	232 391 202	391 022 253	(158 631 051)	
Self-supporting	150 170 289	149 736 589	433 700	
<b>Trading accounts</b>				
Electricity	493 119 831	396 162 864	96 956 967	
Water	237 806 642	241 686 273	(3 879 631)	
<b>Deficit for the year</b>	1 113 487 964	1 178 607 979	(65 120 015)	(65 120 015)
				(112 701 215)
<b>Adjustments:</b>				
<b>Transfer from/to</b>				
Funds	-	6 253 936		
Provisions	-	-		
Other	18 120 776	(5 134 061)		
	18 120 776	1 119 875		19 240 651
Accumulated deficit 30/06/2008				<b>(93 460 564)</b>

The City of Windhoek recorded a loss of N\$ 65 120 015 for the year, compared to a loss of N\$ 75 051 107 during the previous year. The current year's loss can mainly be attributed to an increase in the loss recorded at the City Police Department, which increased from N\$ 95 386 060 in 2007 to N\$ 108 639 855 during 2008. The Transport Department recorded a loss of N\$ 71 295 700 and the Economic and Community Development a loss of N\$ 64 088 237. As a result of the above, the City of Windhoek reflected a net deficit of N\$ 93 460 564 compared to a deficit of N\$ 47 581 200 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\$ 25 804 023 on 30 June 2008 (2007: N\$ 102 128 346 unfavourable). Outstanding cheques amounted to N\$ 31 665 574 (2007: N\$ 81 755 490) and outstanding deposits to N\$ 2 857 703 (2007: N\$ 6 190 835). The favourable balance per bank statement amounted to N\$ 2 718 528 (2007: N\$ 26 060 199 unfavourable).

## 8. INVESTMENTS AND INTEREST EARNED

Investments held at year-end were allocated as follows:

Institution	2008		2007	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Arterial Fund	-	262 182	-	197 614
Capital Development Fund	42 576 304	1 959 551	22 784 136	4 994 409
Betterment Contribution Fund	26 105 686	911 011	10 592 532	304 998
Endowment Fund	17 590 529	1 287 670	14 972 023	922 451
Betterment Fund	39 756 454	4 260 245	49 534 826	5 113 729
Housing Fund	-	105 810	1 230 282	963 716
Capital	25 986 897	-	13 021 340	-
Unappropriated surplus	-	1 470 465	7 124 534	976 920
	<b>152 015 870</b>	<b>10 256 934</b>	<b>119 259 673</b>	<b>13 473 837</b>

Interest rates varied between 9% (2007: 7,35%) and 12,25% (2007: 9,45%). Interest earned on investments is allocated to different funds, reserves and surpluses on a percentage based on the opening balance.

## 9. FUNDS, RESERVES AND PROVISIONS

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

### 9.1 Capital Accumulated Funds

	Note	2008	2007
	N\$	N\$	N\$
Betterment Fund	(i)	398 238 803	266 457 745
Betterment Contribution Fund	(ii)	36 158 879	21 048 493
Endowment Fund	(i)	18 355 085	15 780 459
Parking Provision Fund	(iii)	(11 293 117)	(10 179 334)
Housing Fund	(iv)	41 197 249	52 306 492
Sport Club Fund		12 459	13 123
Capital Development Fund	(v)	598 083 526	554 974 115
Arterial Fund	(vii)	3 310 629	3 048 447
		<b>1 084 063 513</b>	<b>903 449 540</b>

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

	<b>Note</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Unappropriated (deficit)	(i)	(93 460 564)	(47 581 200)
Stores working capital	(ii)	-	6 549 695
Tariff stabilisation:	(iii)		
• Administration		3 116 703	13 812 596
• Distribution		(21 656 634)	(9 853 281)
• Sanitation		14 894 513	14 894 512
• Sewerage services		7 534 834	7 534 834
• Stores levy		(2 295 062)	(2 884 662)
• Water services		(4 277 177)	(3 354 186)
		<b>(96 143 387)</b>	<b>(20 881 692)</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

	<b>Note</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Insurance claims	(i)	6 640 342	5 548 279
Replacement of assets	(ii)	44 654 897	39 366 249
Maintenance:	(iii)		
• Tarred roads		4 791 287	17 697 873
• Municipal office block		31 595 606	28 208 520
• Water and waste research		508 864	-
• Rehabilitation landfill site		2 855 938	2 541 497
		<b>91 046 934</b>	<b>93 362 418</b>

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.

(c) Water and Waste Research

An annual contribution is made towards this Fund.

### 9.4 Provisions

	<b>Note</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Bursaries		3 667 267	3 251 554
Bonus leave	(i)	6 995 005	6 244 240
Normal leave	(ii)	30 000 000	30 000 000
Informal settlement	(iii)	5 938 459	4 264 647
		<b>46 600 731</b>	<b>43 760 441</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 amounted to N\$ 11 748 705. The provision is therefore understated by N\$ 4 753 700.

(ii) The normal leave provision is a provision for annual leave accrued. The total potential liability at year-end is N\$ 42 342 909. The provision is therefore understated by N\$ 12 342 909.



(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\$ 1 673 812 (2007: N\$ 11 003 955) 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	
	2008	2007	2008	2007
	N\$	N\$	N\$	N\$
Sales	493 119 831	434 245 913	237 806 642	217 490 806
Cost of bulk purchases	304 930 628	261 947 708	133 613 889	113 803 006
Gross profit/(loss)	188 189 203	172 298 205	104 192 753	103 687 800
Net income/(expenditure)	(91 232 236)	(76 924 797)	(108 072 384)	(106 092 791)
<b>NET SURPLUS/(DEFICIT)</b>	<b>96 956 967</b>	<b>95 373 408</b>	<b>(3 879 631)</b>	<b>(2 404 991)</b>
Gross profit/(loss) on cost of bulk purchases	61,71%	65,77%	77,98%	91,11%
Net profit/(loss) % on cost of bulk purchases	31,79%	36,41%	(2,90)%	(2,11)%

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

### 10.2 Distribution losses were as follows:

	2008	2007
Electricity supply	10,26%	6,95%
Water supply	13,90%	15,94%

## 11. SELF-SUPPORTING EXTERNAL SERVICES

Surpluses/(deficits) on self-supporting services for the year were as follows:

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Sanitation	4 129 509	5 769 174
Sewerage	(3 691 618)	(622 198)
Stores	(4 191)	(1 573 811)
	<b>433 700</b>	<b>3 573 165</b>
As a percentage of the total expenditure per item, the results were as follows:		
Sanitation	4,96%	7,5%
Sewerage	(6,59)%	(1,40)%
Stores	(0,04)%	(15,7)%

## 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>2008</b>	<b>2007</b>
	N\$	N\$
Rates and general services	91 072 570	137 963 582
Electricity	35 920 742	26 742 163
Water	31 385 563	39 231 914
	<b>158 378 875</b>	<b>203 937 659</b>

## 15.2 Financing of capital expenditure

	2008	2007
	N\$	N\$
Loans		
- Investment banks and Government	-	533 220
- Hire-purchases	8 585 965	13 674 581
Total external loans	8 585 965	14 207 801
Internal loans	80 697 706	141 653 817
Total loans	89 283 671	155 861 618
Provision for maintenance – Civic Buildings	698 765	-
Government	20 000 000	-
Betterment Fund	18 299 187	36 507 376
Replacement Fund	42 448	16 109
Housing Fund	-	2 617 754
Revenue	502 101	432 041
Public	1 630 111	2 312 740
	130 456 283	197 747 638
Add: Unspent monies brought forward	13 021 341	13 021 341
	143 477 624	210 768 979
Less: Temporary advance brought forward	(140 192 621)	(134 002 600)
	3 285 003	76 766 379
Less: Unspent monies carried forward	(25 986 896)	(13 021 341)
	(22 701 893)	63 745 038
Add: Temporary advance carried forward	181 080 768	140 192 621
	<b>158 378 875</b>	<b>203 937 659</b>

## 16. BURSARIES

The movements during the year were as follows:

	2008	2007
	N\$	N\$
Balance at 01 July 2007	3 251 554	2 761 214
Bursary payments made	663 928	710 908
Liabilities repaid	(239 060)	(220 568)
Balance at 30 June 2008	<b>3 676 422</b>	<b>3 251 554</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**

Nature of gift/donation	Value	Beneficiary
	N\$	
Souvenirs – Mayor	22 900	Officials/visitors visiting the mayor
Donation – Mayor	29 314	Various
	<b>52 214</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\$ 2 764 047 (2007: N\$ 1 611 041) was paid out in respect of these loans.

**17.3 Contributions/grants**

	2008	2007
	N\$	N\$
Annual Arts and Cultural Festival	509 070	-
National Days Celebrations	102 268	140 879
Katutura Old Age Home	-	22 158
Welfare (SPCA)	100 000	80 000
Sports, Arts and Culture	52 215	152 551
Educational (Bursaries)	663 928	710 908
GRN Railway Project	-	35 741
	<b>1 427 481</b>	<b>1 142 237</b>

See paragraph 4.6

**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**

Name of claimant	Expenditure expected	Particulars/Outcome
	N\$	
Oshatotwa 2000/ Grave digging	9 719.45	Sisa Namandje. Settled - 2010
DB Thermal	290 529.80	Lorentz Angula Inc and Adv. D Smuts. Appeals on interim claim to Supreme Court.
Standard Bank	235 489.85	Lorentz Angula Inc. Matter is handled together with DB Thermal and OGSI. Cases not yet finalized. Still 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
	2008	2007
	N\$	N\$
Office of the CEO	53 431	31 090
Office of the Mayor	199 946	285 316
Fire and Emergency	-	12 980
Planning, urbanisation and environment	8 964	13 433
Infrastructure: Water	38 686	10 105
Human resources	224	10 364
Community service	21 025	-
Electricity: Administration	7 744	-
Infrastructure: Electricity	-	29 657
Transportation	448	40 713
Community services	-	12 289
Cash management and statements	33 975	12 257
City Police	26 416	24 473
Costing and budgeting	-	840
Health	-	27 749
Information technology	33 524	72 133
	<b>424 383</b>	<b>583 399</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 transferred no 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 other during the year under review.

## 22. MISCELLANEOUS DEBTORS/CREDITORS

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

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Services accounts	255 157 643	260 157 327
Subsidy claims	53 731 594	49 211 094
Accrued interest on investments	4 701 921	3 351 320
Bursaries	3 676 422	3 251 554
Sundry debtors	73 488 093	50 574 999
	<b>390 755 673</b>	<b>366 546 294</b>
Less: Provision for doubtful debts	(31 949 176)	(37 284 961)
	<b>358 806 497</b>	<b>329 261 333</b>
The average collection period for services debtors	3,92 months	3,97 months

Services debtors decreased by 1,9% (2007: 9,07%), whilst related income increased by 10,45% (2007: 10,6%) during the year under review.

The Municipality made a provision of N\$ 31 949 176 (2007: N\$ 37 284 961) for doubtful debtors. The estimated total provision for doubtful debts, amounts to N\$ 189 734 195 (2007: N\$ 236 389 609). The debtors provision is therefore understated by at least N\$ 157 785 019.

At 30 June 2008 the Government of Namibia was indebted by N\$ 74 730 903 (2007: N\$ 62 829 896) to the Municipality, which represents 18,99% (2007: 19%) of total debtors outstanding.

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Service accounts	20 999 309	13 618 802
Subsidy claims	53 731 594	49 211 094
	<b>74 730 903</b>	<b>62 829 896</b>

No subsidy payments were received subsequent to year-end (2007: N\$ Nil). The recoverability of the remaining subsidy claims, amounting to N\$ 53 731 594 (2007: N\$ 49 211 094), remains doubtful. No provision has been raised against this amount.

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

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Trade creditors	410 330 321	305 847 229
Contract money (retentions)	14 751 528	11 599 855
	<b>425 081 849</b>	<b>317 447 084</b>

## 23. ASSESSMENT RATES

At year-end the valuations were as follows:

	2008	2007
	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>125 673 018</b>	<b>105 971 205</b>
[Excluding interest received on unappropriated surplus to an amount of N\$ Nil (2007: N\$ 2 127 758)]		
Percentage increase/(decrease)	18,59%	1,82%
Site values	2,9436	2,6148
Improvement values	0,5988	0,594

## 24. LOANS

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

	2008	2007
	N\$	N\$
External loans	358 465 878	379 633 240
Hire-purchases	52 024 960	54 006 902
Leases	266 929	425 947
	410 757 767	434 066 089
Internal loans	803 469 018	763 703 408
	<b>1 214 226 785</b>	<b>1 197 769 497</b>

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

	2008	2007
	N\$	N\$
Kreditanstalt für Wiederaufbau (KfW)	-	533 220
Hire-purchase agreements	8 585 965	13 674 581
	8 585 965	14 207 801
Internal loans	80 697 759	141 653 817
	<b>89 283 724</b>	<b>155 861 618</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 arrears by N\$ 51 819 636 (2007: N\$ 49 071 829). Other loans directed through Government, e.g. DBSA, EIB and KfW were in arrears by N\$ 276 242 689 (2007: N\$ 217 339 481). 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>2008</b>	<b>2007</b>
	N\$	N\$
Loans granted against first mortgage bonds over fixed property	50 025 314	54 340 869
Erven loans	49 858 292	39 408 728
	99 883 606	93 749 597
Staff vehicle loans	8 926 490	8 153 686
	<b>108 810 096</b>	<b>101 903 283</b>

The following loan repayments were in arrear at 30 June 2008:

	<b>% in arrear</b>	<b>Repayment in arrear</b>	<b>Repayment in arrear</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>
		N\$	N\$
Loans granted against first mortgage bonds over	18,3%	9 176 206	7 407 599
Erven loans	13,6%	6 773 555	5 675 854
	<b>16%</b>	<b>15 949 761</b>	<b>13 083 453</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 2007	8 153 686
Advances for the year	5 205 548
Payments for the year	(4 432 744)
Balance at 30 June 2008	<b>8 926 490</b>



## 25. SALE OF ERVEN

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Windhoek	104 822 835	25 354 895
Khomasdal	625 130	1 179 091
Katutura	17 074 835	7 198 878
	<b>122 522 800</b>	<b>33 732 864</b>
Allocated to Betterment Fund	<b>122 522 800</b>	<b>33 732 864</b>
Number of erven sold	*	*

The allocation to the Fund was done in accordance with standing regulations.

\* It is with concern noted that the City of Windhoek could not supply the auditors with the number of erven sold.

## 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 2007	34 405 579	52 882 434	6 461 583	93 749 596
Advances	35 504 117	10 203 359	763 312	46 470 788
Receipts (instalment)	(41 538 826)	(24 496 286)	(4 787 761)	(70 822 873)
Other transactions (interest penalty, insurance)	19 645 426	8 042 951	2 797 719	30 486 096
Balance 30 June 2008	<b>48 016 296</b>	<b>46 632 458</b>	<b>5 234 853</b>	<b>99 883 607</b>

## 27. TARIFF ADJUSTMENTS

New tariffs were implemented timeously and correctly.

## 28. APPROVALS

### 28.1 Provision for bad debts

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Balance at 01 July 2007	37 284 961	35 000 000
Additional provision	(5 335 785)	2 284 961
Balance at 30 June 2008	<b>31 949 176</b>	<b>37 284 961</b>

The auditors are of the opinion, the bad debt provision is understated by at least N\$ 157 785 019.

### 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 2005/2006 budget and applied accordingly.

## **29. STOCK AND EQUIPMENT**

### **29.1 Motor vehicles**

The Municipality could not supply the auditors with a breakdown of a list of vehicles, its values and fuel consumption.

### **29.2 Motor vehicle accidents**

The Municipality could not provide the auditors with the needed statistics.

### **29.3 Claims arising from accidents**

The audit did not reveal any accident claims against the Municipality. Motor vehicle accident claims are covered by the Municipality's third party insurance.

### **29.4 Inventory**

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Stores	19 958 942	20 935 172
Water supply	118 843	108 176
Gravel & Crushed stone	411 345	377 228
Electricity supply	484 903	484 903
Fuel and oil	1 469 724	478 928
Sundry stock	509 613	747 587
	<b>22 953 370</b>	<b>23 131 994</b>

## **30. SPECIAL INVESTIGATIONS**

### **30.1 Employee at Scientific Services with own company**

A former employee of City of Windhoek working in the Scientific Services Division of the Department of Infrastructure, Water and Waste Management formed a company to provide services to his division. The employee resigned but his company was awarded a tender to provide chemicals and other products to the City. The Chief Scientist approached the LTB, who blacklisted the company.

### **30.2 Theft of water meters by store man**

A senior store man at the Bulk Water Store in the Procurement Division was caught red handed trying to sell water meters to a supplier as control was lacking at the store on requisitions, marking of items and stock counts.

The senior store man resigned from Council's service and control measures improved at the Bulk Water store.

### **30.3 Excessive Fuel Consumption of vehicles from the Parks and Gardens department**

The fuel consumption of a municipal vehicle at Parks and Gardens was investigated and abnormal usage was found. However, as considerable time had lapsed from the last abnormal usage and no supervisory control was exercised all relevant policies were provided to the Department in order to prevent further misuse.

The Department of EDC has instituted further control measures in that a specific person has been identified in each division to monitor the use of municipal vehicles and ensure log books are filled in correctly and policies are adhered to.

### **30.4 Misuse of PC's**

All personnel using CAD and GIS software computers were accessed to determine if private building plans were stored on the hard drive of the computers. Twelve staff members were found with private building plans out of the 54 computers accessed, which indicates the extent of private work in the City.

All staff members found with building plans on their computers were given a written warning valid for 12 months and the Department of ICT were requested to have all policies governing the use of computers in place as a matter of urgency. The use of storage devices was also prohibited and all USB ports were disabled.

### **30.5 Cheque Fraud at Creditors Payment**

Two blank cheques were stolen from the Creditors Payment Section of the Procurement Division, where one cheque of N\$ 97 745.43 was deposited in a bank account and the money later withdrawn. Two suspects were identified and the City Police have determined the identity and whereabouts of both suspects of which one suspect is in jail in Oshakati on a similar case of cheque fraud, who knows the identity of the employee in the City.

The City Police are working through NAMPOL to interrogate the suspect and will inform the internal auditors of any new developments. With the introduction of the e-Venus system all cheques are printed at one point and the control measures have been increased to ensure that this type of incident does not occur again.

### **30.6 Misuse of municipal vehicle**

A meter reader was seen with a passenger during lunch hour in a municipal vehicle. The case was reported to the SE: Finance and disciplinary measures were instituted. However, the witness did not come forward to testify and the staff member received a verbal warning.

The misuse of municipal vehicles is an organisational issue, which will be addressed when the Traffic Management Advisor is appointed.

## **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:**

- Annual financial statements
  - Accounting policies and international financial reporting standards (IFRS)
  - Adjusted and unadjusted errors
- Trade and other receivables
- Provisions
- Accounts payable

## **33. QUALIFIED AUDIT OPINION**

The accounts of the Municipality of Windhoek for the financial year ended 30 June 2008, 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 has been qualified due to the following reasons:

- The provision for bad debts is understated by N\$ 157 785 019.
- The provision for normal staff leave is understated by N\$ 12 342 909.
- The provision for bonus leave is understated by N\$ 4 753 700.
- Information needed for audit purposes could not be provided.

Except for the above, in my opinion the financial statements fairly represent the financial position of the Municipality for the year ended 30 June 2008 and the results of its operations and cash flow for the year then ended.

**WINDHOEK, February 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## BALANCE SHEET AT 30 JUNE

	Notes	<b>2008</b>	<b>2007</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		2 656 687 161	2 512 526 702
Property, plant and equipment	2	2 395 861 195	2 291 363 746
Investments	3	152 015 870	119 259 673
Long-term debtors	4	108 810 096	101 903 283
<b>Current assets</b>		381 813 942	352 437 402
Inventory	5	22 953 370	23 131 994
Debtors and other receivables	6	358 806 497	329 261 333
Cash resources		54 075	44 075
<b>Total assets</b>		<b>3 038 501 103</b>	<b>2 864 964 104</b>
<b>FUNDS AND LIABILITIES</b>			
		2 112 789 501	1 950 162 017
<b>Funds and reserves</b>		2 208 932 888	1 971 043 709
Funds	7	2 117 885 954	1 877 681 291
Reserves	8	91 046 934	93 362 418
Accumulated surplus/(deficit)	9	(96 143 387)	(20 881 692)
<b>Non-current liabilities</b>		428 224 999	451 466 216
Long-term loans	10	410 757 767	434 066 089
Consumer deposits	11	17 467 232	17 400 127
<b>Current liabilities</b>		497 486 603	463 335 871
Creditors and other payables	12	425 081 849	317 447 084
Provisions	13	46 600 731	43 760 441
Bank overdraft	14	25 804 023	102 128 346
<b>Total funds and liabilities</b>		<b>3 038 501 103</b>	<b>2 864 964 104</b>

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	<u>2008</u>	<u>2007</u>
		N\$	N\$
INCOME		1 113 487 964	1 008 131 197
EXPENDITURE		<u>(1 178 607 979)</u>	<u>(1 085 310 062)</u>
NET OPERATING PROFIT/(LOSS)		(65 120 015)	(77 178 865)
Interest earned		<u>-</u>	<u>2 127 758</u>
PROFIT/(LOSS) for the year		(65 120 015)	(75 051 107)
Add: Transfer from/(to) Funds	15	<u>(10 141 680)</u>	<u>22 305 721</u>
NET SURPLUS/(DEFICIT) for the year		(75 261 695)	(52 745 386)
ACCUMULATED FUNDS at the beginning of the year		<u>(20 881 692)</u>	<u>31 863 694</u>
ACCUMULATED FUNDS at the end of the year		<u><b>(96 143 387)</b></u>	<u><b>(20 881 692)</b></u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	Notes	<b>2008</b>	<b>2007</b>
		N\$	N\$
<b>CASH GENERATED BY OPERATIONS</b>			
Cash generated from operations	A	(11 397 608)	(33 386 067)
Cash generated by increase in working capital	B	78 335 330	44 871 606
<b>CASH GENERATED BY OPERATIONS</b>		<b>66 937 722</b>	<b>11 485 539</b>
<b>OTHER CASH FLOWS</b>			
Interest received		–	2 127 758
Net increase in Funds		230 062 984	109 560 807
Net (decrease)/increase in reserves		(2 315 484)	12 219 844
Net (increase)/decrease in long-term debtors		(6 906 813)	5 596 346
Net (decrease) in provisions		2 840 290	518 169
		<b>223 680 977</b>	<b>130 022 924</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>290 618 699</b>	<b>141 508 463</b>
Add: Long-term loans received/repaid		(23 308 322)	(20 940 148)
Less: Net capital expenditure		(158 219 857)	(198 538 540)
<b>NET MOVEMENT IN CASH FUNDS</b>		<b>109 090 520</b>	<b>(77 970 225)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>17 175 402</b>	<b>95 145 627</b>
<b>Cash and cash equivalents at the end of the year</b>	C	<b>126 265 922</b>	<b>17 175 402</b>

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

NOTES TO THE CASH FLOW STATEMENT	<u>2008</u>	<u>2007</u>
	N\$	N\$
<b>A. CASH GENERATED BY OPERATIONS</b>		
Net profit/(loss) for the year	(65 120 015)	(77 178 865)
Provision for depreciation	53 722 407	43 792 798
	<b>(11 397 608)</b>	<b>(33 386 067)</b>
<b>B. CASH GENERATED BY INCREASE IN WORKING CAPITAL</b>		
Decrease/(increase) in inventory	178 624	(8 964 454)
(Increase) in debtors and other receivables	(29 545 164)	(4 730 163)
(Decrease)/increase in creditors and other payables	107 634 765	58 820 774
Increase/(decrease) in consumer deposits	67 105	(254 551)
	<b>78 335 330</b>	<b>44 871 606</b>
<b>C. CASH AND CASH EQUIVALENTS</b>		
Investments	152 015 870	119 259 673
Cash resources	54 075	44 075
Bank overdraft	(25 804 023)	(102 128 346)
	<b>126 265 922</b>	<b>17 175 402</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, 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 Council's insurance brokers on an open tender basis.

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

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**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.

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.

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

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**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.

**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.

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

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.

	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Rates and general services	1 844 401 108	1 786 542 006
Electricity supply	402 367 542	366 446 800
Water supply	472 324 885	407 884 873
	<u>2 719 093 535</u>	<u>2 560 873 679</u>
Less: Charged against income, loans redeemed	(323 232 340)	(269 509 932)
	<u><b>2 395 861 195</b></u>	<u><b>2 291 363 747</b></u>
<b>3. INVESTMENTS</b>		
Cash investments allocated to:		
- Revenue	-	7 124 534
- Funds	126 028 973	99 113 798
- Unspent money on capital expenditure	25 986 897	13 021 341
	<u><b>152 015 870</b></u>	<u><b>119 259 673</b></u>

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

	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>4. LONG-TERM DEBTORS</b>		
Loans granted against first mortgage bonds over fixed	50 025 314	54 340 869
Erven loans	49 858 292	39 408 728
Staff vehicle loans	8 926 490	8 153 686
	<b>108 810 096</b>	<b>101 903 283</b>
<b>5. INVENTORY</b>		
Central stores	19 958 942	20 935 172
Water supply	118 843	108 176
Crushed stone	411 345	377 228
Electricity supply	484 903	484 903
Fuel and oil	1 469 724	478 928
Sundry maintenance	509 613	747 587
	<b>22 953 370</b>	<b>23 131 994</b>
<b>6. DEBTORS AND OTHER RECEIVABLES</b>		
Service accounts	255 157 643	260 157 327
Subsidy claims	53 731 594	49 211 094
Accrued interest	4 701 921	3 351 320
Bursaries	3 676 422	3 251 554
Sundry debtors	73 488 093	50 574 999
	<b>390 755 673</b>	<b>366 546 294</b>
Less: Provision for bad debts	(31 949 176)	(37 284 961)
	<b>358 806 497</b>	<b>329 261 333</b>
<b>7. FUNDS</b>		
Capital Development Fund	598 083 526	554 974 115
Betterment Fund	398 238 803	266 457 745
Betterment Contribution Fund	36 158 879	21 048 493
Endowment Fund	18 355 085	15 780 459
Parking Provision Fund	(11 293 117)	(10 179 334)
Housing Fund	41 197 249	52 306 492
Sport Club Fund	12 459	13 123
Arterial Fund	3 310 629	3 048 447
Other Capital Receipts	1 033 822 441	974 231 751
	<b>2 117 885 954</b>	<b>1 877 681 291</b>

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

	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>8. RESERVES</b>		
Maintenance	36 386 893	45 906 393
Replacement of assets	44 654 897	39 366 249
Water and waste water research	508 864	-
Rehabilitation – financial size	2 855 938	2 541 497
Insurance claims	6 640 342	5 548 279
	<b>91 046 934</b>	<b>93 362 418</b>
<b>9. ACCUMULATED SURPLUS</b>		
Unappropriated deficit	(93 460 564)	(47 581 200)
Stores working capital	-	6 549 695
Tariff stabilisation		
- Administration	3 116 703	13 812 596
- Distribution	(21 656 634)	(9 853 281)
- Sanitation services	14 894 513	14 894 512
- Sewerage services	7 534 834	7 534 834
- Stores levy	(2 295 062)	(2 884 662)
- Water services	(4 277 177)	(3 354 186)
	<b>(96 143 387)</b>	<b>(20 881 692)</b>
<b>10. LONG-TERM LIABILITIES</b>		
Government and commercial banks	358 465 878	379 633 240
Hire-purchase agreements	52 024 960	54 006 902
Capitalised finance leases	266 929	425 947
	<b>410 757 767</b>	<b>434 066 089</b>
<b>11. CONSUMER DEPOSITS</b>		
Water and electricity	17 421 588	17 393 239
Miscellaneous deposits	45 644	6 888
	<b>17 467 232</b>	<b>17 400 127</b>
<b>12. CREDITORS AND OTHER PAYABLES</b>		
Trade creditors	410 330 321	305 847 229
Retention money	14 751 528	11 599 855
	<b>425 081 849</b>	<b>317 447 084</b>

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

	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>13. PROVISIONS</b>		
Normal leave	30 000 000	30 000 000
Bonus leave	6 995 005	6 244 240
Informal settlement	5 938 459	4 264 647
Bursaries	3 667 267	3 251 554
	<b>46 600 731</b>	<b>43 760 441</b>
<p>The bonus leave provided and the annual leave provision was under-provided for by N\$ 4 753 700 and N\$ 12 342 909 respectively.</p>		
<b>14. BANK OVERDRAFT</b>		
Current account	<b>25 804 023</b>	<b>102 128 346</b>
<b>15. TRANSFER FROM/(TO) FUNDS</b>		
Net transfer from/(to) internal Funds:		
Appropriation statement	12 690 958	20 846 820
- Prior year adjustment to revenue	18 120 776	-
- Transfer to informal settlement	-	11 003 955
- Stock adjustment	-	(13 145 818)
- Transfer to water and water waste research	(295 759)	-
- Parking Provisions Fund transfer	-	2 861 507
- Round off figure	2	9
- Transfer to Revolving Fund	-	(9 127 590)
- Prior year adjustment – Expenses	(5 134 061)	(745 243)
- Transfer from Betterment Fund	-	30 000 000
Tariff stabilisation	(22 832 638)	1 458 901
- Administration	(10 695 894)	12 268 398
- Water services	(922 991)	(949 188)
- Stores levy	589 600	(7 028)
- Distribution	(11 803 353)	(9 853 281)
	<b>(10 141 680)</b>	<b>22 305 721</b>

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

	<b>Income</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>	<b>Surplus/ (Deficit)</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$	N\$
<b>Non-profitable services</b>	232 391 202	391 022 253	(158 631 051)	(171 529 689)
Office of the Chief Executive Officer	183 658	4 646 122	(4 462 464)	(4 065 486)
City Police	45 105 506	153 745 361	(108 639 855)	(95 386 060)
Infrastructure, water & technical services	634 089	10 691 858	(10 057 769)	(3 002 498)
Planning, urbanization and environment	14 986 794	33 165 036	(18 178 242)	(15 031 002)
Finance (excluding interest)	145 085 029	19 304 995	125 780 034	88 900 201
Human resources	–	7 883	(7 883)	(878 060)
Electricity street lighting	–	7 465 925	(7 465 925)	–
Economic and community development	4 915 949	69 004 186	(64 088 237)	(55 791 468)
Transport	21 014 097	92 309 797	(71 295 700)	(86 338 316)
Information and Communication				
Technology	465 920	485 520	(19 600)	–
Radio network	160	160	–	–
Distribution costs centers	–	195 410	(195 410)	–
<b>Self-supporting services</b>	150 170 289	149 736 589	433 700	3 573 165
Sanitation	87 423 055	83 293 546	4 129 509	5 769 174
Sewerage	52 292 966	55 984 584	(3 691 618)	(622 198)
Stores	10 454 268	10 458 459	(4 191)	(1 573 811)
<b>Electricity</b>	493 119 831	396 162 864	96 956 967	95 373 408
<b>Water</b>	237 806 642	241 686 273	(3 879 631)	(2 404 991)
<b>Profit/(loss) for the year</b>	<b>1 113 487 964</b>	<b>1 178 607 979</b>	<b>(65 120 015)</b>	<b>(75 051 107)</b>