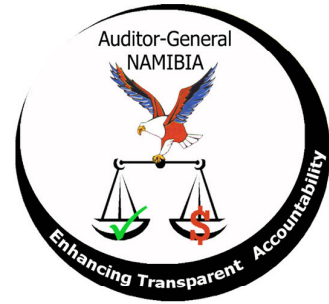




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

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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 Gobabis for the financial year ended 30 June 2010, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, January 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

1. INTRODUCTION

The accounts of the Municipality of Gobabis for the year ended 30 June 2010 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

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

Figures in the report are rounded off to the nearest Namibian Dollar.

2. FINANCIAL STATEMENTS

The Municipality's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87 (1) of the Local Authorities Act, 1992. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at 30 June 2010, Annexure A, is a true reflection of the original.

The financial statements also include:

- Annexure B: Abridged income statement
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Municipality is responsible for the preparation and fair presentation of the 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 complies with ethical requirements and plans and performs 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

4. AUDIT OBSERVATION AND COMMENTS

4.1 Payroll related expenses

Due to a lack of supporting documentation the auditors could not verify the leave provision of N\$ 1 066 634.

There is a difference of N\$ 922 269.95 between the salary register and general ledger.

4.2 Inventory control

The auditors noted that only fuel stocks from the Municipality are carried as inventory in its accounting records while other inventory items such as electrical, water and vehicle spare parts are expensed to the revenue fund.

The Municipality, bearing in mind the nature of items kept at the stores, exposes itself to the risk of financial loss through stock theft and misappropriation of funds.

4.3 Value Added Tax

The auditors' reconciliation on VAT returns against the ledger amounts reflected a material difference of N\$ 1 650 858.

As reported in prior years, the Municipality is experiencing a recoverability problem on VAT refunds due and is reflecting a receivable amount of N\$ 3 176 745 in the financial statements. Contrary to this, reports from the Inland Revenue reflected a collective debt payable of an amount of N\$ 2 200 000.

The Council should ensure that the debt payable is corrected in its financial statements as to portray the true financial position of the Council.

4.4 Consumer deposits

Consumer deposits of N\$ 770 356 (2009: N\$ 800 694) were recorded in the annual financial statements. The auditors were unable to satisfy themselves to the adequacy of consumer deposits as the recorded amounts only represents a coverage of approximately 4% of consumer debt outstanding for the year under review.

4.5 Fixed asset register

The auditors were unable to obtain the updated fixed assets register for the year under review and as such prevented the auditors from performing physical verification as well as depreciation recalculations on individual items.

4.6 Going concern

Although the accumulated deficit decreased to an amount of N\$ 7 782 264 (2009: N\$ 14 944 618) the Council's attention is drawn to the fact that the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going concern is dependent, amongst others, on the ability of the Council to recover outstanding debts.

4.7 Provision for doubtful debts

Provision made by the Municipality for bad and doubtful debts as per the financial statements were N\$ 9 375 747. The auditors review and considering the poor debt collection on consumer accounts indicate an under-provision of N\$ 9 754 958. It is acknowledge that a significant portion of debt has been handed over to lawyers for collection but to date, no fruitful recoveries have been made. It is recommended that the Municipality should take steps by getting judgments against the listed debtors.

The Municipality should review its provision for bad and doubtful debts at year-end and ensure that it's adequate.

4.8 Investments

Supporting documents for investments were incomplete. Council could not provide supporting documents for investments amounting to N\$ 1 385 411.

4.9 Receivables

Included in receivables are amounts totalling N\$ 11 365 825 which could not be explained by the Council. No supporting documents were available for these amounts.

4.10 Payables and suspense accounts

No supporting documentation was available to verify payables of N\$ 3 506 845 or suspense accounts of N\$ 5 129 948. Council could not even explain some of the suspense accounts.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit 01/07/2009				(14 944 618)
General accounts				
- Non-profitable	16 705 784	24 106 654	(7 400 870)	
- Self-supporting	6 027 315	5 206 880	820 435	
Trade accounts				
- Water	8 298 418	7 911 227	387 191	
- Electricity	29 206 739	16 405 627	12 801 112	
Surplus for the year	60 238 256	53 630 388	6 607 868	6 607 868
Adjustments and utilizations (See not 14 of Annexure D)				(8 336 750)
Accumulated deficit 30/06/2010				*554 486
				(7 782 264)

* This figure does not agree with the appropriation account as submitted by the Council. Council could not provide reasons for the difference.

7. CURRENT BANK ACCOUNT

7.1 Operational account

	2010	2009
	N\$	N\$
Favourable cashbook balance on 30 June	811 770	1 598 488
Outstanding deposits	(92 826)	(140 216)
Outstanding cheques	50 693	54 453
Unknown deposits	-	65 805
Bank balance at 30 June	769 636	1 578 530

7.2 Smallerland bank account

	2010	2009
	N\$	N\$
Favourable cashbook balance on 30 June	183 154	150 566
Bank balance at 30 June	183 154	150 566

7.3 Build Together bank account

	2010	2009
	N\$	N\$
Favourable cashbook balance on 30 June	542 629	1 118 300
Outstanding cheques	4 952	-
Bank balance at 30 June	547 581	1 118 300

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June the investments were as follows:

	2010	2009
	N\$	N\$
Insurance companies	-	169 371
Commercial banks	3 006 720	4 033 709
	3 006 720	4 203 080

The investments were allocated as follows between the Funds:

	2010	2009
	Investment	Investment
	N\$	N\$
Capital Development Fund	-	203 805
Tariff Stabilization Fund	-	204 863
Renewal Fund	-	253 875
Fixed Property Fund	-	307 847
Smallerland Fund	1 503 360	1 503 360
Revenue Section – Accrued interest	-	148 318
Build Together Fund	1 503 360	1 503 360
	3 006 720	4 125 428

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 10 in Annexure D.

10. TRADE ACCOUNTS

10.1 The results of operations were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	N\$	N\$	N\$	N\$
Sales	26 377 078	18 291 058	7 558 100	7 202 782
Cost of sales	(12 084 524)	(10 175 412)	(5 528 767)	(4 937 094)
Gross profit	14 292 554	8 115 646	2 029 333	2 265 688
Net expenditure	(1 491 442)	(1 416 849)	(1 642 142)	(1 528 751)
Net surplus/(deficit)	12 801 112	6 698 797	387 191	736 937
Gross profit percentages on cost of sales	118.3%	79.8%	36.7%	45.9%
Net profit/(loss) percentage on cost of sales	105.9%	65.8%	7.0%	14.9%

10.2 Distribution results were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	Kw	Kw	Cubic meter	Cubic meter
Sales	17 749 249	17 776 459	570 636	602 223
Purchases	21 586 270	20 602 500	765 175	716 702
Loss	(3 837 021)	(2 826 041)	(194 539)	(114 479)
Percentage loss in units purchased	(17.8%)	(13.7%)	(25.4%)	(16.0%)

Distribution losses on is a matter of concern and once again it is strongly recommended that the Council should conduct an investigation into this matter to determine the main reasons pertaining thereto. This indicates that these services are not operated on a sound financial basis.

11. SELF SUPPORTING SERVICES

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

	2010	2009
	N\$	N\$
Sewerage	387 007	128 217
Sanitation	450 411	31 077
Ongulumbashe quarters	(16 983)	(18 988)
Surplus for the year	820 435	140 306

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

13. SUSPENSE ACCOUNTS

Control accounts were cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

Distribution losses are of a great concern. (See paragraph 10.2.)

15. CAPITAL PROJECTS

The following expenditure was incurred during the year for capital projects or acquisitions:

Nature of projects/ acquisitions	Financed by	Total expenditure 2010	Total expenditure 2009
	Revenue account		
	N\$	N\$	N\$
Sports and recreation	-	-	93 146
Public building	-	-	149 827
Sewerage	11 510	11 510	136 050
Town treasurer	-	-	102 122
Town grounds	-	-	20 541
Streets	6 022	6 022	-
Workshop	3 456	3 456	44 975
Town engineer	-	-	16 656
Electricity	4 297	4 297	1 785 834
Cemetery	-	-	128 884
Sanitation	-	-	485 753
Water	595	595	121 274
Local economic development	-	-	11 118
Human resource	-	-	2 833
Parks and gardens	282	282	-
	26 162	26 162	3 099 013

It was also noted that the income and expenditure of vote 12 – Town Treasurer is disclosing a capital expenditure to the value of N\$ 2 042. This expenditure is not disclose in the Capital statement – Contribution from income. Council should rectify this during the next financial year.

16. BURSARIES

There were no bursaries granted for the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID RECEIVED FROM GOVERNMENT

No contributions, grants or financial aid was received.

18. COMPENSATION PAYMENTS

There were no compensation payments.

19. VISITS TO FOREIGN COUNTRIES

There were no visits to foreign countries.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

21.1 GIFTS BY THE LOCAL AUTHORITY

There were no such expenses.

21.2 DONATIONS BY THE LOCAL AUTHORITY

An amount of N\$ 10 900 (2009: N\$ 3 125) was paid as donations for the year under review.

22. TRANSFER OF PROPERTY

22.1 There were no transfers of property to the Local Authority.

22.2 There were no transfers of property by the Local Authority to others.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2010	2009
	N\$	N\$
Services	11 559 837	9 939 797
Services - Handed over for collection	7 251 505	7 438 412
Consumer debtors	5 600 063	-
Debtors control	3 013 253	-
Accrued interest	148 319	-
Subsidies	2 394 899	2 958 809
Prepaid debtors	-	334 139
Value added tax	3 176 745	2 428 016
Sundry debtors	209 291	99 164
Consumer deposits	(770 356)	(800 694)
Provision for doubtful debts	(9 375 747)	(9 375 192)
Total	23 207 809	13 022 451

23.2 Trade and other payables at 30 June were:

	2010	2009
	N\$	N\$
Trade creditors	3 506 845	4 947 650
Provisions	1 231 634	1 126 225
Suspense accounts		
Grant - Social housing - Ongulumbashe	2 969 664	4 956 960
Government loans - Nossobville	14 835	12 362
Mortgage insurance	32 834	33 275
Mini sub	208 696	208 696
Grant - Social housing	83 006	79 232
Deposits	122 049	-
Investment	1 529 611	-
Sundry	169 254	240 121
Totals	9 868 428	11 604 521

24. ASSESSMENT RATES

Net proceeds from assessment rates, amounted to N\$ 5 551 917 (2009: N\$ 3 269 739). The tariffs for private and business properties of N\$ 0.053262 per dollar per year on site valuations plus N\$ 0.009200 per dollar per year on the valuation of improvements is in line with gazetted rates.

25. LOANS

25.1 External loans

The balances due to the Government of Namibia were as follows:

	2010	2009
	N\$	N\$
External loans	5 083 548	5 221 921

25.2 Internal loan balances

Internal loans balances are N\$ 14 536 608 (2009: N\$ 14 789 027).

25.3 Loans written off

No loans were written off during the year.

25.4 Housing loans

On 30 June, the amounts outstanding in respect of loans made from the following Funds were as follows:

	2010	2009
	N\$	N\$
Due to the Municipality of Gobabis	50 808	45 410

The balances due to the Municipality were up to date, interest was correctly calculated and the securities held were in order. Administration and control measures were effectively applied.

26. SALE OF ERVEN

During the current financial year N\$ 175 448 were received, in cash, for erven sold and was allocated to the Fixed Property Fund.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No property was sold on an installment basis during the year.

28. TARIFF ADJUSTMENTS

All tariff adjustments were in accordance with the relevant Official Government notice.

29. APPROVALS

All necessary approvals were obtained.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicle and values thereof:

The Municipality was unable to provide the auditors with the updated fixed assets register for the year under review. The Council is urged to keep proper records of all assets and provide accurate information to

the Office of the Auditor-General. It is also noted that fuel consumption is not calculated. This may create an opportunity for the misuse of Council's assets.

30.2 Inventory

According to the Municipality, the value of stock on hand at year-end was N\$ 412 127 (2009: N\$ 297 920).

31. SPECIAL INVESTIGATIONS

There were no special investigations carried out during the year.

32. GENERAL

There is a sufficient system of internal control at the Municipality. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

The following matter was brought to the attention of the Chief Executive Officer by way of a report to management:

- Trade and other receivables
- Consumer deposits
- Distribution results of water and electricity
- Income
- Inventories
- Trade and other payables
- Asset register
- Payroll
- Filing

34. DISCLAIMED AUDIT OPINION

The accounts of the Municipality of Gobabis for the financial year end 30 June 2010, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

I am unable to express an opinion on the financial statements, results of operations and the cash flow of the Municipality for the year ended 30 June 2010 due to the following reasons:

- The overall control and quality of accounting records for the year under review were not up to standard.
- Reconciliations were not done or up to date.
- Various accounting reports were requested by the auditors but could not be presented.
- The financial statements have been prepared on the basis of accounting practices applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Accordingly, these financial statements do not include any adjustments relating to the valuation of assets and the classification of liabilities that might be necessary if the Local Authority is unable to continue as a going concern.
- No asset register could be provided for audit purposes.
- Due to a lack of supporting documentation the auditors could not verify the leave provision of N\$ 1 066 634.
- A difference of N\$ 922 269 occurred between the salary register and general ledger.
- The auditors' reconciliation on VAT returns against the ledger amounts reflected a material difference of N\$ 1 650 858.
- The Municipality have a recoverability problem on VAT refunds due and reflected at a receivable amount of N\$ 3 176 745 in the financial statements. Contrary to this, reports from the Inland Revenue

reflected a collective debt payable of an amount of N\$ 2 200 000.

- The provision for doubtful debts is understated by N\$ 9 754 858.
- Council could not provide supporting documents for investments amounting to N\$ 1 385 411.
- Included in receivables are amounts totalling N\$ 11 365 825 which could not be explained by the Council. No supporting documents were available for these amounts.
- No supporting documentation was available to verify payables of N\$ 3 506 845 or suspense accounts of N\$ 5 129 948.

WINDHOEK, January 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MUNICIPALITY OF GOBABIS

BALANCE SHEET AT 30 JUNE

	Note	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
		43 128 967	44 154 959
Property, plant and equipment	2	32 837 425	33 540 867
Investments	3	3 006 720	4 125 428
Secured loans	4	7 284 822	6 488 664
Current assets			
		25 789 323	16 753 586
Trade and other receivables	5	23 207 809	13 022 451
Inventories	6	412 127	297 920
Loans receivable	7	631 274	565 299
Cash and bank balances	8	1 538 113	2 867 916
TOTAL ASSETS		68 918 290	60 908 545
FUNDS AND LIABILITIES			
Funds and reserves			
		53 966 314	44 082 103
Capital outlay	9	16 064 300	15 733 723
Funds and accounts	10	37 902 014	28 348 380
Long-term liabilities			
	11	5 083 548	5 221 921
Current liabilities			
		9 868 428	11 604 521
Trade and other payables	12	4 738 479	6 073 875
Suspense accounts	13	5 129 949	5 530 646
TOTAL FUNDS AND LIABILITIES		68 918 290	60 908 545

MUNICIPALITY OF GOBABIS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
INCOME		60 089 320	50 753 364
EXPENDITURE		<u>(53 630 388)</u>	<u>(50 007 865)</u>
NET OPERATING (DEFICIT)/SURPLUS		6 458 932	745 499
INVESTMENT INCOME EARNED FOR REVENUE ACCOUNTS		<u>148 936</u>	<u>20 213</u>
NET (DEFICIT)/SURPLUS FOR THE YEAR		6 607 868	765 712
APPROPRIATION ACCOUNT	14	<u>554 486</u>	<u>(80 162)</u>
		7 162 354	685 550
ACCUMULATED FUNDS - Beginning of year		<u>(14 944 618)</u>	<u>(15 630 168)</u>
ACCUMULATED FUNDS - End of year		<u>(7 782 264)</u>	<u>(14 944 618)</u>

MUNICIPALITY OF GOBABIS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2010 N\$	2009 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		60 089 320	50 753 364
Cash paid to suppliers		(65 177 535)	(51 722 363)
Cash utilised by operations	15	(5 088 215)	(968 999)
Investment income		148 936	20 213
Movement in Fund accounts			
- Increase in Fund accounts		2 391 280	1 708 725
- Increase in capital outlay		330 577	207 979
Net cash flow from operating activities		(2 217 422)	967 918
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital income/(expenditure)		703 442	(2 050 656)
Decrease in investments		1 118 708	259 338
Increase in loans receivable		(796 158)	(557 509)
		1 025 992	(2 348 827)
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease)/increase in long-term liabilities		(138 373)	438 330
		(138 373)	438 330
DECREASE IN CASH AND CASH EQUIVALENTS			
		(1 329 803)	(942 579)
- BEGINNING OF THE YEAR		2 867 916	3 810 495
- END OF THE YEAR		1 538 113	2 867 916

MUNICIPALITY OF GOBABIS

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

1. ACCOUNTING POLICIES**1.1 Introduction**

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

1.2 Property, plant and equipment

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

	2010	2009
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Loan assets	23 566 308	23 401 843
Income assets	3 370 864	3 501 230
General capital assets	5 900 253	6 637 794
	32 837 425	33 540 867
3. INVESTMENTS		
INVESTMENTS		
Fixed deposits and insurance companies	3 006 720	4 125 428
ALLOCATED TO FUNDS		
Capital Development Fund	-	203 805
Tariff Stabilization Fund	-	204 863
Renewal Fund	-	253 875
Fixed Property Fund	-	307 847
Smallerland Fund	1 503 360	1 503 360
Revenue Section – Accrued interest	-	148 318
Build Together Fund	1 503 360	1 503 360
	3 006 720	4 125 428

MUNICIPALITY OF GOBABIS

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

	2010	2009
	N\$	N\$
4. SECURED LOANS		
Smallingerland Fund	4 372 921	3 797 195
Build Together Fund	2 861 093	2 646 059
Housing Fund	50 808	45 410
	7 284 822	6 488 664
5. TRADE AND OTHER RECEIVABLES		
Services	11 559 837	9 939 797
Services - Handed over for collection	7 251 505	7 438 412
Consumer debtors	5 600 063	-
Debtors control	3 013 253	-
Accrued interest	148 319	-
Subsidies	2 394 899	2 958 809
Prepaid debtors	-	334 139
Value added tax	3 176 745	2 428 016
Sundry debtors	209 291	99 164
Consumer deposits	(770 356)	(800 694)
Provision for doubtful debts	(9 375 747)	(9 375 192)
	23 207 809	13 022 451
6. INVENTORY		
Comprising of consumable stores	412 127	297 920
7. LOANS RECEIVABLE		
Study loans	457 371	429 466
Erf loans	166 712	111 241
Personnel loans	7 191	24 592
	631 274	565 299
8. CASH AND BANK BALANCES		
Current bank account	1 537 553	2 867 356
Petty cash	560	560
	1 538 113	2 867 916

MUNICIPALITY OF GOBABIS

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

	2010	2009
	N\$	N\$
9. CAPITAL OUTLAY		
Loans redeemed	6 702 986	5 594 699
Revenue contributions	3 461 061	3 501 230
General Capital contributions	5 900 253	6 637 794
	16 064 300	15 733 723
10. FUNDS AND ACCOUNTS		
HIV/AIDS Small Grant Fund	1 405	1 105
Betterment Fund	821 075	767 689
Build Together Fund	4 907 343	5 267 981
Capital Reserve Fund	11 227 286	10 597 356
Fixed Property Fund	17 157 592	15 916 381
Housing Fund	2 862 222	2 769 265
Renewal Fund	1 788 778	1 747 559
Sanitation Revolving Fund	89 750	72 175
Smallerland Fund	6 059 696	5 451 383
Study Loan Fund	534 268	497 241
Tariff Stabilization Fund	234 863	204 863
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(7 782 264)	(14 944 618)
	37 902 014	28 348 380
11. LONG-TERM LIABILITIES		
External loans	5 083 548	5 221 921
12. TRADE AND OTHER PAYABLES		
Trade creditors	3 506 845	4 947 650
Provisions	1 231 634	1 126 225
	4 738 479	6 073 875

MUNICIPALITY OF GOBABIS

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

	2010	2009
	N\$	N\$
13. SUSPENSE ACCOUNTS		
Grant - Social housing - Ongulumbashe	2 969 664	4 956 960
Government loans - Nossobville	14 835	12 362
Mortgage insurance	32 834	33 275
Mini sub	208 696	208 696
Grant - Social housing	83 006	79 232
Deposits	122 049	-
Investment	1 529 611	-
Sundry	169 254	240 121
	5 129 949	5 530 646
14. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Debit corrections	-	(103 173)
Stale cheques reversed	-	23 011
Unknown adjustments	554 486	-
	554 486	(80 162)
15. CASH UTILISED BY OPERATIONS		
NET OPERATING (DEFICIT)/SURPLUS BEFORE TRANSFERS	6 607 868	765 712
ADJUSTMENTS FOR:		
- Adjustments to appropriation account	554 486	(80 162)
- Investment income	(148 936)	(20 213)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	7 013 418	665 337
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(10 185 358)	(4 409 408)
Increase in inventories	(114 207)	(69 775)
(Increase)/decrease in loans receivable	(65 975)	40 507
(Decrease)/increase in trade and other payables	(1 335 396)	181 533
(Decrease)/increase in suspense accounts	(400 697)	2 622 807
	(12 101 633)	(1 634 336)
CASH UTILISED BY OPERATIONS	(5 088 215)	(968 999)