



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

1. INTRODUCTION

The accounts of the Municipality of Mariental 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 Namibia Dollar. Deficits are indicated in brackets.

2. FINANCIAL STATEMENTS

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

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Municipality is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 OBSERVATION AND COMMENTS

4.1 Financial results

The Municipality made a deficit of N\$ 269 065 (2009: N\$ 480 256) during the financial year. The accumulated deficit as at year-end amounted to N\$ 2 895 208 (2009: N\$ 2 801 591).

4.2 Going concern

As noted in paragraph 4.1, the Municipality has an accumulated deficit of N\$ 2 895 208 which is an increase from prior year with N\$ 93 617. Furthermore temporary advances to revenue from Fund accounts amounts to N\$ 5 147 214.

As also recommended in the previous report, Council should embark on new income generating projects which control costs to be within the budget.

4.4 Unresolved matters from previous report

The following issue which was raised in the report on the financial year ended 30 June 2005 remained unresolved:

Funds

Audit Concern

An amount of N\$ 2 089 849 included a pension amount of N\$ 211 801, which was paid out of the following Funds for settlement of a claim lodged against the Municipality by the previous Town Clerk for unfair dismissal:

	N\$
Fixed Property Fund	631 502
Betterment Fund	427 206
Housing Service Fund	1 031 141
	<hr/>
	2 089 849
	<hr/> <hr/>

Subsequent to the previous report, Council approved the amount paid. The Council also approached the Minister for “*ex post facto*” approval. At the time of the audit, they were still awaiting an answer.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the 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 on 01/07/2009				(2 801 591)
General accounts				
- Non-profitable services	3 229 582	8 567 893	(5 338 311)	
- Self-supporting services	2 735 408	2 561 545	173 863	
Trade accounts				
- Electricity	22 375 874	17 900 130	4 475 744	
- Water	6 297 514	5 877 875	419 639	
(Deficit) for the year	34 638 378	34 907 443	(269 065)	(269 065)
				(3 070 656)
Adjustments and utilizations (See note 11, annexure D)				175 448
Accumulated deficit on 30/06/2010				(2 895 208)

7. CURRENT BANK ACCOUNT

	2010	2009
	N\$	N\$
Cash-book balance at 30 June	(3 299 434)	(3 228 832)
Outstanding cheques	3 639 935	4 051 341
Outstanding deposits	(279 029)	(168 426)
Unknown deposits	192 781	-
Balance as per bank statement	254 253	654 083

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2010		2009	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Commercial banks	2 003 212	68 574	1 459 400	157 658
Insurance companies	132 824	20 041	65 000	3 031
Interest accrued - Included in other receivables	(706 636)	(28 172)	-	-
	1 429 400	60 443	1 524 400	160 689
Distribution				
Capital Development Fund	310 434	14 392	291 927	19 321
Fixed Property Fund	218 123	11 697	237 273	35 862
Renewal Fund	550 095	17 753	360 094	33 687
Betterment Fund	73 497	9 880	200 417	7 444
Staff Housing Fund	33 623	1 580	32 043	2 151
Centenary Fund	114 637	5 141	104 293	6 645
Housing Services Fund	128 991	-	298 353	55 579
	1 429 400	60 443	1 524 400	160 689

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 8 in Annexure D.

10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	N\$	N\$	N\$	N\$
Sales	22 103 514	18 830 867	6 292 140	5 690 539
Cost of bulk purchases	(14 994 070)	(12 807 809)	(5 018 994)	(4 537 232)
Gross surplus	7 109 444	6 023 058	1 273 146	1 153 307
Other income/(expenses)	(2 633 700)	(2 849 485)	(853 507)	(781 896)
Net surplus	4 475 744	3 173 573	419 639	371 411
Gross surplus percentages on purchases	47.4%	47.0%	25.4%	25.4%
Net surplus percentage on purchases	29.9%	24.8%	8.4%	8.2%
Gross surplus percentages on sales	32.2%	32.0%	20.2%	20.3%
Net surplus percentage on sales	20.2%	16.9%	6.7%	6.5%

10.2 Distribution results were as follows:

Electricity and water distribution losses, in kilo watt hour (Kwh) and cubic metres (m³), were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	Kw/h	Kw/h	m3	m3
Sales	24 089 424	21 407 089	784 282	665 193
Purchases	26 623 420	26 808 960	804 310	774 843
Loss	(2 533 996)	(5 401 871)	(20 028)	(109 650)
Percentage loss in units purchased	(9.5%)	(20.1%)	(2.5%)	(14.2%)

11. SELF SUPPORTING SERVICES

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

Service	Income 2010	Expenses 2010	Surplus/ (deficit) 2010	Surplus/ (deficit) 2009
	N\$	N\$	N\$	N\$
Aerodrome	3 120	67 708	(64 588)	(73 335)
Abattoir	130 819	315 652	(184 833)	(149 241)
Housing lease units	145 891	391 164	(245 273)	(268 974)
Motor vehicle licensing department	-	-	-	31 012
Sanitation	1 246 061	862 898	383 163	190 979
Sewerage	1 096 326	739 525	356 801	172 274
Town ground and pound	113 191	184 598	(71 407)	(107 245)
	2 735 408	2 561 545	173 863	(204 530)

The losses on housing lease units and town ground and pound are due to administration costs being more than rental income. Council should come up with a rent structure which ensures that all costs are recovered.

The losses on aerodrome and abattoir are in line with expectations as the council had budgeted for the losses on these votes.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

13. SUSPENSE ACCOUNTS

The suspense accounts contain no long outstanding transactions. These accounts are properly maintained, controlled and reconciled on a regular basis.

14. IRREGULARITIES AND LOSSES

14.1 No irregularities by employees were reported.

14.2 No losses were reported.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financial by	Total expenditure 2010	Total expenditure 2009
	Internal loans		
	N\$	N\$	N\$
Water Supply	211 878	211 878	87 088
Electricity Supply	1 277 344	1 277 344	630 224
Finance	11 112	11 112	-
Fire Brigade	78 000	78 000	16 955
Sanitation	247 356	247 356	-
Cemetery	146 394	146 394	-
Municipal Buildings	-	-	33 715
Town ground and pound	-	-	190 869
Council's general expenses	-	-	44 844
Sportsgrounds	12 952	12 952	-
Abattoir	32 882	32 882	-
	2 017 918	2 017 918	1 003 695

16. STUDY LOANS/BURSARIES

At 30 June 2010, outstanding study loans amounted to N\$ 219 698 (2009: N\$ 224 038). The loans bear interest at 6% per annum and are repayable after studies have been completed.

It was noted that an amount of N\$ 203 741 is outstanding for more than 120 days. It also appears that no repayments are made on these study loans. Council should ensure that the contract obligations are adhered to.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

No contributions, grants and financial aid were made during the year.

18. COMPENSATION PAYMENTS

There were no such expenses.

19. VISITS TO FOREIGN COUNTRIES

No visits were made to foreign countries.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

The Municipality made the following gifts/donations:

Nature of gift/donation	Beneficiary	Value
Donation	Mariental Chamber of Commerce	N\$ 2 000
Donation	Study	31 409
		33 409

22. TRANSFER OF PROPERTY

Erf 351 was sold for N\$ 525 000 during the 2008/2009 year to the Ministry of Youth, National Service, Sport and Culture. However, the Ministry has to date not made any payment of the purchase price of the erf. It is recommended that this issue be taken up with the relevant Ministry and that both parties come up with a solution for this outstanding matter.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2010	2009
	N\$	N\$
Services rendered and assessment rates	*5 046 115	4 516 305
Interest accrued on investments	706 636	631 482
Subsidies receivable	128 602	704 796
Study loans	219 698	224 038
Electricity loans	-	765
VAT receivable	1 492 932	1 835 550
Sundries	12 053	13 580
	7 606 036	7 926 516
Provision for bad debts	(286 250)	(161 729)
Consumer deposits	(675 341)	(619 531)
Total	6 644 445	7 145 256
Analysis of services and general debtors:		
Average monthly levy	2 438 624	2 131 689
Debtors	5 046 115	4 516 305
Average credit terms in days	63	64
Consumer deposits	675 341	619 531
Percentage of deposits in relation to debtors	13.4%	13.7%

* This amount includes debtors that were hand over to debt collectors to the amount of N\$ 944 772.

23.2 Trade and other payables at 30 June were:

	2010	2009
	N\$	N\$
Commitments by purchase and other obligations	19 473	73 001
Special program - Allocated funds	797 369	797 369
Leave provision	698 053	822 480
Sundries	21 221	15 820
Totals	1 536 116	1 708 670

24. ASSESSMENT RATES

	2010	2009
	N\$	N\$
The net proceeds from assessment rates were	1 365 380	1 213 874
Paid to the Regional Council	68 269	60 694
Tariffs per N\$1 valuation per month		
- Land	0.036648	0.032722
- Admin: Land	0.029319	0.025710
- Outside town: Land	0.096855	0.086478
- Undeveloped: West of railway	0.749049	0.749049
- Undeveloped: East of railway	0.838934	0.749049
- Aimab: Land	1.017067	0.908096
- Improvements	0.005626	0.005113
- Admin: Improvements	0.004581	0.004006
- Outside town: Improvements	0.009684	0.008647

25. LOANS

25.1 External loans

	2010	2009
	N\$	N\$
Capital outlay	4 784 355	4 883 081
Housing Fund	378 276	378 276
	5 162 631	5 261 357

The balances agree with actuarial tables. Loan assets have been capitalised and no loan assets were disposed of before the loan was redeemed. Loan monies were used for the purpose they were obtained for.

25.2 Internal loans

	2010	2009
	N\$	N\$
Total	5 414 513	4 428 779

Internal loans are not disclosed in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised. The balances agree with actuarial tables. No loan assets were disposed of before the loan was redeemed. Loan monies were used for the purpose they were obtained for.

25.3 Due to the Municipality

House owners owing the Municipality an amount of N\$ 2 873 (2009: N\$ 3 077).

26. SALE OF ERVEN

The following erven were sold during the year. The proceeds were allocated to the Fixed Property Fund.

	2010		2009	
	Number	Amount	Number	Amount
		N\$		N\$
Mariental	9	109 737	6	100 109
Empelheim	1	2 296	1	5 664
Aimablaagte	3	4 364	15	33 194
	13	116 397	22	138 967

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

Three erven was sold on an instalment basis.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

All overspending were approved by the Council.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance - 01/07/2009	1	186 272	5	117 495	11	532 398
Additions	-	-	1	78 000	-	11 091
Sub-total	1	186 272	6	195 495	11	543 489
Write off	-	-	(1)	(75 322)	-	-
Depreciation	-	-	-	(10 773)	-	(8 957)
Balance - 30/06/2010	1	186 272	5	109 400	11	534 532
Kilometres travelled	24 506		73 238		*	
Fuel consumption	1 758		12 164		*	
Fuel consumption per km	13.9		6.0	**	*	

* These vehicles use hour meters thus consumption per litre could not be accurately calculated.

** Included in these figures is the fire brigade with high idle time.

30.2 Inventory

Adequate systems of control over and recording of inventory were maintained. Inventory counts are performed twice per annum. Slow moving inventory was identified and adequate provision has been made for obsolete items. Housekeeping is up to standard.

31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

32. GENERAL

The accounting and internal controls applied by the Council are satisfactory.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 The following matters were brought to the attention of the Chief Executive Officer by way of a report to management:

- Financial results
- Bad and doubtful debts
- Going concern
- Inventories
- Deposits on services
- Unresolved matters from previous report

34. AUDIT OPINION

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

I certify that, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2010 and the results of its operations and cash flow for the year then ended.

WINDHOEK, January 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

THE MUNICIPALITY OF MARIENTAL

BALANCE SHEET AT 30 JUNE

	Notes	2010 N\$	2009 N\$
ASSETS			
Non-current assets		20 720 190	19 157 578
Property, plant and equipment	2	19 287 917	17 630 101
Investments	3	1 429 400	1 524 400
Loans receivable		2 873	3 077
Current assets		7 087 556	7 588 135
Trade and other receivables	4	6 644 445	7 145 256
Inventories	5	442 551	442 319
Bank and cash	6	560	560
TOTAL ASSETS		27 807 746	26 745 713
FUNDS AND LIABILITIES			
Funds and reserves		17 809 565	16 546 854
Capital outlay	7	9 089 049	8 318 240
Funds and accounts	8	8 720 516	8 228 614
Non-current liabilities			
Long-term loans	9	5 162 631	5 261 357
Current liabilities		4 835 550	4 937 502
Trade and other payables	10	1 536 116	1 708 670
Bank overdraft	6	3 299 434	3 228 832
TOTAL FUNDS AND LIABILITIES		27 807 746	26 745 713

THE MUNICIPALITY OF MARIENTAL

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
INCOME		34 610 206	30 924 852
EXPENDITURE		<u>(34 907 443)</u>	<u>(31 442 136)</u>
NET OPERATING DEFICIT		(297 237)	(517 284)
INTEREST ON INVESTMENTS		<u>28 172</u>	<u>37 028</u>
NET DEFICIT AFTER INTEREST		(269 065)	(480 256)
APPROPRIATION ACCOUNT	11	<u>175 448</u>	<u>(472 012)</u>
NET DEFICIT AFTER APPROPRIATIONS		(93 617)	(952 268)
REVENUE ACCOUNT - Beginning of the year		<u>(2 801 591)</u>	<u>(1 849 323)</u>
REVENUE ACCOUNT - End of the year		<u>(2 895 208)</u>	<u>(2 801 591)</u>

THE MUNICIPALITY OF MARIENTAL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2010 N\$	2009 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		34 610 206	30 924 852
Cash paid to suppliers		(34 403 970)	(32 893 463)
Cash generated/(utilised) by operations	12	206 236	(1 968 611)
Interest received		28 172	37 028
Increase in Fund accounts		585 519	533 949
Increase in Capital outlay		770 809	523 511
Net cash flow from operating activities		1 590 736	(874 123)
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(1 657 816)	(607 257)
Decrease in investments		95 000	711 100
Decrease/(increase) in loans receivable		204	(73)
		(1 562 612)	103 770
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease) in long-term liabilities		(98 726)	(89 342)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(70 602)	(859 695)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		(3 228 272)	(2 368 577)
CASH AND CASH EQUIVALENTS - END OF THE YEAR		(3 298 874)	(3 228 272)

THE MUNICIPALITY OF MARIENTAL

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

1. ACCOUNTING POLICIES**1.1 Introduction**

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

1.2 Property, plant and equipment

Property, plant and equipment acquired with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation except for fixed property, the cost or valuation of these items of property, plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

1.3 Fund accounts

The following Funds were maintained:

1.3.1 Fixed Property Fund

Proceeds from the sale of land developed by the Municipality as well as interest earned on internal loans and investments accumulate in this Fund. Costs incurred on the development of land are charged to this account.

1.3.2 Betterment Fund

The purpose of this Fund is to provide for future 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.

1.3.3 Renewal Fund

The purpose of this Fund is to provide for future replacement of assets and for additional depreciation on assets, which have permanently declined in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

1.3.4 Capital Development Fund

The purpose of this Fund is to build up a general capital reserve to ensure a stable financial position. Income for the Fund is derived from interest earned on investments, interest on internal loans as well as from general revenue contributions.

1.3.5 Staff Housing Fund

The purpose of this Fund is to provide for staff housing loans. Income for this Fund is derived from interest earned on secured staff housing loans and investments.

1.3.6 Housing Fund

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

THE MUNICIPALITY OF MARIENTAL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**1. ACCOUNTING POLICIES (continued)****1.3.7 Social Housing Service Fund**

The purpose of this Fund is to construct houses for disabled, destitute and pensioners. Income for this Fund is derived from interest earned on secured housing loans and investments.

1.3.8 Centenary Fund

The purpose of this fund is to provide for adequate funds to cover expenditures for the centenary celebrations. Income is derived from interest earned on investments.

1.4 Capital redemption on loans

Capital redemption on external and internal loans is charged against income. A similar amount is credited to the Loan Redemption account for the duration of the loans. As and when the loan is fully redeemed, the loan amount is to be transferred to the Revenue Contribution Capital Account.

1.5 Inventory

Fuel inventory is valued at cost on the first-in first-out basis. Consumables are valued at the average landed costs.

	2010	2009
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Income assets	3 030 319	2 733 933
Loan assets	15 507 045	14 062 219
Funds and Grants	750 553	833 949
	19 287 917	17 630 101
3. INVESTMENTS		
INVESTMENTS		
Commercial banks	2 003 212	1 459 400
Insurance companies	132 824	65 000
Interest accrued on investments - Included in other receivables	(706 636)	-
	1 429 400	1 524 400

THE MUNICIPALITY OF MARIENTAL

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

	2010	2009
	N\$	N\$
3. INVESTMENTS (continued)		
ALLOCATED AS FOLLOWS		
Capital Development Fund	310 434	291 927
Fixed Property Fund	218 123	237 273
Renewal Fund	550 095	360 094
Betterment Fund	73 497	200 417
Staff Housing Fund	33 623	32 043
Centenary Fund	114 637	104 293
Housing Services Fund	128 991	298 353
	1 429 400	1 524 400
4. TRADE AND OTHER RECEIVABLES		
Services rendered and assessment rates	5 046 115	4 516 305
Interest accrued on investments	706 636	631 482
Subsidies receivable	128 602	704 796
Study loans	219 698	224 038
Electricity loans	-	765
VAT receivable	1 492 932	1 835 550
Sundries	12 053	13 580
	7 606 036	7 926 516
Provision for bad debts	(286 250)	(161 729)
Consumer deposits	(675 341)	(619 531)
	6 644 445	7 145 256
5. INVENTORIES		
Stores	289 138	290 468
Fuel and oil	153 413	151 851
	442 551	442 319
6. BANK AND CASH		
Current account - Municipality operating account	(3 299 434)	(3 228 832)
Petty cash	560	560
	(3 298 874)	(3 228 272)

THE MUNICIPALITY OF MARIENTAL

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

	2010	2009
	N\$	N\$
7. CAPITAL OUTLAY		
Loans redeemed	5 308 177	4 750 358
Revenue contributions	3 030 319	2 733 933
General capital contributions	750 553	833 949
	9 089 049	8 318 240
8. FUNDS, ACCOUNTS AND RESERVES		
Fixed Property Fund	3 864 644	3 709 542
Betterment Fund	943 015	861 860
Renewal Fund	1 716 560	1 570 680
Capital Development Fund	4 475 771	4 299 102
Housing Services Fund	485 248	470 459
Staff Housing Fund	15 849	14 269
Centenary Fund	114 637	104 293
Revenue account kept in compliance with Section 86(1) of the Local Authority Act, 1992.	(2 895 208)	(2 801 591)
	8 720 516	8 228 614
9. LONG-TERM LIABILITIES		
Loans from the Government:		
Capital outlay	4 784 355	4 883 081
Housing Fund	378 276	378 276
	5 162 631	5 261 357
10. TRADE AND OTHER PAYABLES		
Commitments by purchase and other obligations	19 473	73 001
Special program - Allocated funds	797 369	797 369
Leave provision	698 053	822 480
Sundries	21 221	15 820
	1 536 116	1 708 670

THE MUNICIPALITY OF MARIENTAL

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

	2010	2009
	N\$	N\$
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustments- Expenditure relating to prior year	(14 635)	(90 371)
Adjustments- Bank	1 304	-
Dividends received	11 595	-
Income Build Together programme	2 400	-
Interest adjustment – Student loans	5 218	3 232
Natis under provision	6 331	-
Road Fund overprovision	-	(51 876)
Study loan	-	(35 219)
Stock adjustment	-	1 229
Surplus cash	5 953	1 908
Surplus on accounts	1 553	-
Over-provision for audit fees	-	35 000
Over/(under) provision for leave pay	124 427	(354 368)
Unknown deposits	31 302	18 453
	175 448	(472 012)
12. CASH (GENERATED)/UTILISED BY OPERATIONS		
Net operating (deficit) before interest and transfers	(297 237)	(517 284)
Adjustments for:		
Adjustments to appropriation account	175 448	(472 012)
Operating (deficit) before changes in working capital	(121 789)	(989 296)
Changes in working capital		
(Increase)/decrease in trade and other receivables	500 811	(1 214 615)
(Increase)/decrease in inventories	(232)	(1 007)
Increase/(decrease) in trade and other payables	(172 554)	236 307
	328 025	(979 315)
Cash generated/(utilized) by operations	206 236	(1 968 611)