



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF MARIENTAL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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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 2011, 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, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
THE MUNICIPALITY OF MARIENTAL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

1. INTRODUCTION

The accounts of the Municipality of Mariental for the year ended 30 June 2011 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.

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 OBSERVATIONS AND COMMENTS

4.1 Financial results

The Municipality made a profit of N\$ 226 800 (2010: deficit of N\$ 269 065) during the financial year. The accumulated deficit as at year-end amounted to N\$ 2 219 242 (2010: N\$ 2 895 208).

4.2 Going concern

As noted in paragraph 4.1, the Municipality has an accumulated deficit of N\$ 2 219 242 which is a decrease from prior year with N\$ 675 966. Furthermore temporary advances to revenue from Fund accounts increased to N\$ 5 698 496 (2010: N\$ 5 147 214).

The Council should embark on new income generating projects which control costs to be within the budget.

4.3 Unresolved matters from previous reports

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, 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/>

In the previous report it was reported as follows:

“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.

When finalizing this report the Council indicated that they did not receive any response form the Ministry yet.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Mariental 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 01/07/2010				(2 895 208)
General accounts				
- Non-profitable services	3 790 872	9 457 629	(5 666 757)	
- Self-supporting services	3 125 151	2 881 777	243 374	
Trade accounts				
- Electricity	26 829 283	21 398 194	5 431 089	
- Water	6 648 200	6 429 106	219 094	
deficit for the year	40 393 506	40 166 706	226 800	226 800
Adjustments and utilisations				(2 668 408) 449 166
Accumulated deficit on 30/06/2011				(2 219 242)

7. CURRENT BANK ACCOUNT

	2011	2010
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(482 552)	(3 299 434)
Outstanding cheques	641 526	3 639 935
Outstanding deposits	(57 082)	(279 029)
Unknown deposits	-	192 781
Unknown items	97 669	-
Balance as per bank statement	199 561	254 253

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2011		2010	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Commercial banks	1 755 666	52 453	2 003 212	68 574
Insurance companies	152 181	19 357	132 824	20 041
Interest accrued - Included in other receivables	(773 447)	(4 999)	(706 636)	(28 172)
	1 134 400	66 811	1 429 400	60 443
Distribution				
Capital Development Fund	29 046	14 497	310 434	14 392
Fixed Property Fund	20 430	10 186	218 123	11 697
Renewal Fund	171 118	25 688	550 095	17 753
Betterment Fund	347 400	3 479	73 497	9 880
Staff Housing Fund	35 193	1 570	33 623	1 580
Centenary Fund	125 260	5 353	114 637	5 141
Housing Services Fund	405 953	6 038	128 991	-
	1 134 400	66 811	1 429 400	60 443

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	
	2011	2010	2011	2010
	N\$	N\$	N\$	N\$
Sales	26 771 602	22 103 514	6 647 567	6 292 140
Cost of bulk purchases	(17 265 918)	(14 994 070)	(5 430 513)	(5 018 994)
Gross surplus	9 505 684	7 109 444	1 217 054	1 273 146
Other income/(expenses)	(4 074 595)	(2 633 700)	(997 960)	(853 507)
Net (deficit)/surplus	5 431 089	4 475 744	219 094	419 639
Gross surplus percentages on purchases	55.1%	47.4%	22.4%	25.4%
Net surplus percentage on purchases	31.5%	29.9%	4.0%	8.4%
Gross surplus percentages on sales	35.5%	32.2%	18.3%	20.2%
Net surplus percentage on sales	20.3%	20.2%	3.3%	6.7%

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	
	2011	2010	2011	2010
	Kw/h	Kw/h	m ³	m ³
Sales	22 800 293	24 089 424	699 493	784 282
Purchases	26 353 240	26 623 420	808 575	804 310
Loss	(3 552 947)	(2 533 996)	(109 082)	(20 028)
Percentage loss in units	(13.5%)	(9.5%)	(13.5%)	(2.5%)

11. SELF-SUPPORTING SERVICES

11.1 The result for the year under review is as follows

Service	Income 2011	Expenses 2011	Surplus/ (deficit) 2011	Surplus/ (deficit) 2010
	N\$	N\$	N\$	N\$
Aerodrome	4 552	81 721	(77 169)	(64 588)
Abattoir	181 154	379 984	(198 830)	(184 833)
Housing lease units	177 729	499 724	(321 995)	(245 273)
Sanitation	1 343 157	962 571	380 586	383 163
Sewerage	1 307 936	763 950	543 986	356 801
Town ground and pound	110 623	193 827	(83 204)	(71 407)
	3 125 151	2 881 777	243 374	173 863

The losses on housing lease units and town ground and pound are due to administration costs being more than rental income. The 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 revealed by the audit.

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	Financed by	Total expenditure 2011	Total expenditure 2010
	Internal loans		
	N\$	N\$	N\$
Abattoir	-	-	32 882
Cemetery	43 591	43 591	146 394
Council's general expenses	28 697	28 697	-
Electricity supply	798 363	798 363	1 277 344
Finance	6 200	6 200	11 112
Fire Brigade	-	-	78 000
Municipal buildings	216 720	216 720	-
Sanitation	172 964	172 964	247 356
Sportsgrounds	-	-	12 952
Streets	47 155	47 155	-
Water supply	26 418	26 418	211 878
	1 340 108	1 340 108	2 017 918

16. STUDY LOANS/BURSARIES

At 30 June 2011, outstanding study loans amounted to N\$ 193 182 (2010: N\$ 219 698). The loans bear interest at 6% per annum and are repayable after studies have been completed.

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

One official of the Municipality undertook an official visit to China which was sponsored by the Ministry of Regional and Local Government, Housing and Rural Development. Furthermore three Council members and one official visited Sweden which cost the Municipality N\$ 41 214.

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
		N\$
Donation	Swakopmund Fundraising Dinner	5 000
Donation	Mariental Triathlon	5 000
	Hardap Independence	3 000
	Cancer Association	1 000
	Hospice	5 000
	Crayfish Feast Luderitz	5 000
		24 000

22. TRANSFER OF PROPERTY

Erf 351 was sold for N\$ 525 000 during the 2008/2009 year to the Ministry of Youth. However, the Ministry have to date not made any payment of the purchase price of the erf.

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June were:

	2011	2010
	N\$	N\$
Services rendered and assessment rates	*6 195 223	5 046 115
Interest accrued on investments	773 447	706 636
Subsidies receivable	382 501	128 602
Study loans	193 182	219 698
VAT receivable	1 795 289	1 492 932
Sundries	20 062	12 053
	9 359 704	7 606 036
Provision for bad debts	(310 574)	(286 250)
Consumer deposits	(748 351)	(675 341)
Total	8 300 779	6 644 445
Analysis of services and general debtors:		
Average monthly levy	2 879 187	2 438 624
Debtors	6 195 223	5 046 115
Average credit terms in days	65	63
Consumer deposits	748 351	675 341
Percentage of deposits in relation to debtors	12.1%	13.4%

This amount includes debtors that were handed over to debt collectors to the amount of N\$ 819 952 (2010: N 944 772).

23.2 Trade and other payables at 30 June were:

	2011	2010
	N\$	N\$
Commitments by purchase and other obligations	3 067 397	19 473
Special program - Allocated funds	817 314	797 369
Leave provision	816 566	698 053
Sundries	111 263	21 221
Totals	4 812 540	1 536 116

24. ASSESSMENT RATES

	2011	2010
	N\$	N\$
Net proceeds from assessment rates	1 529 283	1 365 380
Paid to the Regional Council	76 464	68 269
Tariffs per N\$1 valuation per month		
- Land	0.040313	0.036648
- Admin: Land	0.032250	0.029319
- Outside town: Land	0.106541	0.096855
- Undeveloped: West of railway	0.749049	0.749049
- Undeveloped: East of railway	0.922827	0.838934
- Aimab: Land	1.118774	1.017067
- Improvements	0.006189	0.005626
- Admin: Improvements	0.004951	0.004581
- Outside town: Improvements	0.010652	0.009684

25. LOANS

25.1 External loans

	2011	2010
	N\$	N\$
Capital outlay	4 675 237	4 784 355
Housing Funds	378 307	378 276
	5 053 544	5 162 631

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

	2011	2010
	N\$	N\$
Total	5 601 260	5 414 513

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

No money was due to the Municipality by house owners at year-end. (2009: N\$ 2 873).

26. SALE OF ERVEN

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

	2011		2010	
	Number	Amount	Number	Amount
		N\$		N\$
Mariental	14	221 516	9	109 737
Empelheim	-	-	1	2 296
Aimablaagte	4	15 084	3	4 364
	18	236 600	13	116 397

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No erven were 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 - 01/07/2010	1	186 272	5	109 400	11	534 532
Additions	-	-	-	-	-	-
Sub-total	1	186 272	5	109 400	11	534 532
Adjustment	-	-	-	81 877	-	(11 091)
Depreciation	-	(18 627)	-	(3 796)	-	(14 544)
Balance - 30/06/2011	1	167 645	5	187 481	11	508 897
Kilometres travelled	24 175		50 867		58 447	*
Fuel consumption	2 005		9 023		20 597	*
Fuel consumption per km	12.1		5.6	**	2.8	*

* 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

Informal queries raised with the Municipality by way of a management letter were the following:

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

34. AUDIT OPINION

The accounts of the Municipality of Mariental for the financial year ended 30 June 2011, 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 certify that, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2011 and the results of its operations and cash flow for the year then ended.

WINDHOEK, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL**

MUNICIPALITY OF MARIENTAL

BALANCE SHEET AT 30 JUNE

	Notes	2011 N\$	2010 N\$
ASSETS			
Non-current assets		21 384 309	20 720 190
Property, plant and equipment	2	20 249 909	19 287 917
Investments	3	1 134 400	1 429 400
Loans receivable		-	2 873
Current assets		8 774 347	7 087 556
Trade and other receivables	4	8 300 779	6 644 445
Inventories	5	473 008	442 551
Bank and cash	6	560	560
TOTAL ASSETS		30 158 656	27 807 746
FUNDS AND LIABILITIES			
Funds and reserves		19 810 019	17 809 565
Capital outlay	7	9 973 412	9 089 049
Funds and accounts	8	9 836 607	8 720 516
Non-current liabilities			
Long-term loans	9	5 053 544	5 162 631
Current liabilities		5 295 093	4 835 550
Trade and other payables	10	4 812 540	1 536 116
Bank overdraft	6	482 553	3 299 434
TOTAL FUNDS AND LIABILITIES		30 158 656	27 807 746

MUNICIPALITY OF MARIENTAL

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$
INCOME		40 359 974	34 610 206
EXPENDITURE		<u>(40 166 706)</u>	<u>(34 907 443)</u>
NET OPERATING SURPLUS/(DEFICIT)		193 268	(297 237)
INTEREST ON INVESTMENTS		<u>33 532</u>	<u>28 172</u>
NET SURPLUS/(DEFICIT) AFTER INTEREST		226 800	(269 065)
APPROPRIATION ACCOUNT	11	<u>449 166</u>	<u>175 448</u>
NET SURPLUS/(DEFICIT) AFTER APPROPRIATIONS		675 966	(93 617)
REVENUE ACCOUNT - Beginning of year		<u>(2 895 208)</u>	<u>(2 801 591)</u>
REVENUE ACCOUNT - End of year		<u>(2 219 242)</u>	<u>(2 895 208)</u>

THE MUNICIPALITY OF MARIENTAL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		40 359 974	34 610 206
Cash paid to suppliers		(38 127 907)	(34 403 970)
Cash generated by operations	12	2 232 067	206 236
Interest received		33 532	28 172
Increase in Fund accounts		440 125	585 519
Increase in Capital outlay		884 363	770 809
Net cash flow from operating activities		3 590 087	1 590 736
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(961 992)	(1 657 816)
Decrease in investments		295 000	95 000
Decrease in loans receivable		2 873	204
		(664 119)	(1 562 612)
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term liabilities		(109 087)	(98 726)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		2 816 881	(70 602)
CASH AND CASH EQUIVALENTS			
- BEGINNING OF THE YEAR		(3 298 874)	(3 228 272)
CASH AND CASH EQUIVALENTS			
- END OF THE YEAR		(481 993)	(3 298 874)

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, and except 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.

MUNICIPALITY OF MARIENTAL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**1. ACCOUNTING POLICIES (continued)****1.3.6 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.

1.3.7 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.

	2011	2010
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Income assets	3 525 123	3 030 319
Loan assets	16 049 289	15 507 045
Funds and Grants	675 497	750 553
Total	20 249 909	19 287 917

3. INVESTMENTS

INVESTMENTS

Commercial banks	1 755 666	2 003 212
Insurance companies	152 181	132 824
Interest accrued on investments - Included in other receivables	(773 447)	(706 636)
	1 134 400	1 429 400

MUNICIPALITY OF MARIENTAL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**3. INVESTMENTS (continued)**

	2011	2010
	N\$	N\$
ALLOCATED AS FOLLOWS		
Capital Development Fund	29 046	310 434
Fixed Property Fund	20 430	218 123
Renewal Fund	171 118	550 095
Betterment Fund	347 400	73 497
Staff Housing Fund	35 193	33 623
Centenary Fund	125 260	114 637
Housing Services Fund	405 953	128 991
	1 134 400	1 429 400

4. TRADE AND OTHER RECEIVABLES

Services rendered and assessment rates	6 195 223	5 046 115
Interest accrued on investments	773 447	706 636
Subsidies receivable	382 501	128 602
Study loans	193 182	219 698
VAT receivable	1 795 289	1 492 932
Sundries	20 062	12 053
	9 359 704	7 606 036
Provision for bad debts	(310 574)	(286 250)
Consumer deposits	(748 351)	(675 341)
	8 300 779	6 644 445

5. INVENTORIES

Stores	264 725	289 138
Fuel and oil	208 283	153 413
	473 008	442 551

6. BANK AND CASH

Current account - Municipality operating account	(482 553)	(3 299 434)
Petty cash	560	560
	(481 993)	(3 298 874)

MUNICIPALITY OF MARIENTAL

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

	2011	2010
	N\$	N\$
7. CAPITAL OUTLAY		
Loans redeemed	5 772 792	5 308 177
Revenue contributions	3 525 123	3 030 319
General capital contributions	675 497	750 553
	9 973 412	9 089 049
8. FUNDS, ACCOUNTS AND RESERVES		
Fixed Property Fund	3 783 377	3 864 644
Betterment Fund	1 039 281	943 015
Renewal Fund	1 863 813	1 716 560
Capital Development Fund	4 735 378	4 475 771
Housing Services Fund	491 322	485 248
Staff Housing Fund	17 418	15 849
Centenary Fund	125 260	114 637
Subtotal	12 055 849	11 615 724
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(2 219 242)	(2 895 208)
	9 836 607	8 720 516
9. LONG-TERM LIABILITIES		
Loans from the Government:		
Capital outlay	4 675 237	4 784 355
Housing Fund	378 307	378 276
	5 053 544	5 162 631
10. TRADE AND OTHER PAYABLES		
Commitments by purchase and other obligations	3 067 397	19 473
Special program - Allocated funds	817 314	797 369
Leave provision	816 566	698 053
Sundries	111 263	21 221
	4 812 540	1 536 116

MUNICIPALITY OF MARIENTAL

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

	2011	2010
	N\$	N\$
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustment - Provision for leave pay	(118 512)	124 427
Adjustments- Bank	-	1 304
Adjustments- Expenditure relating to prior year	-	(14 635)
Cheques cancelled	482 589	-
Dividends received	5 617	11 595
Income Build Together programme	-	2 400
Interest adjustment – Study loans	5 124	5 218
Natis under provision	-	6 331
Surplus cash	2 157	5 953
Surplus on accounts	1 724	1 553
Unknown deposits	70 467	31 302
	449 166	175 448
12. CASH GENERATED BY OPERATIONS		
Net operating profit/(deficit) before interest and transfers	193 268	(297 237)
Adjustments for:		
- Adjustments to appropriation account	449 166	175 448
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	642 434	(121 789)
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in trade and other receivables	(1 656 334)	500 811
(Increase) in inventories	(30 457)	(232)
Increase/(decrease) in trade and other payables	3 276 424	(172 554)
	1 589 633	328 025
CASH GENERATED BY OPERATIONS	2 232 067	206 236