



REPUBLIC OF NAMIBIA



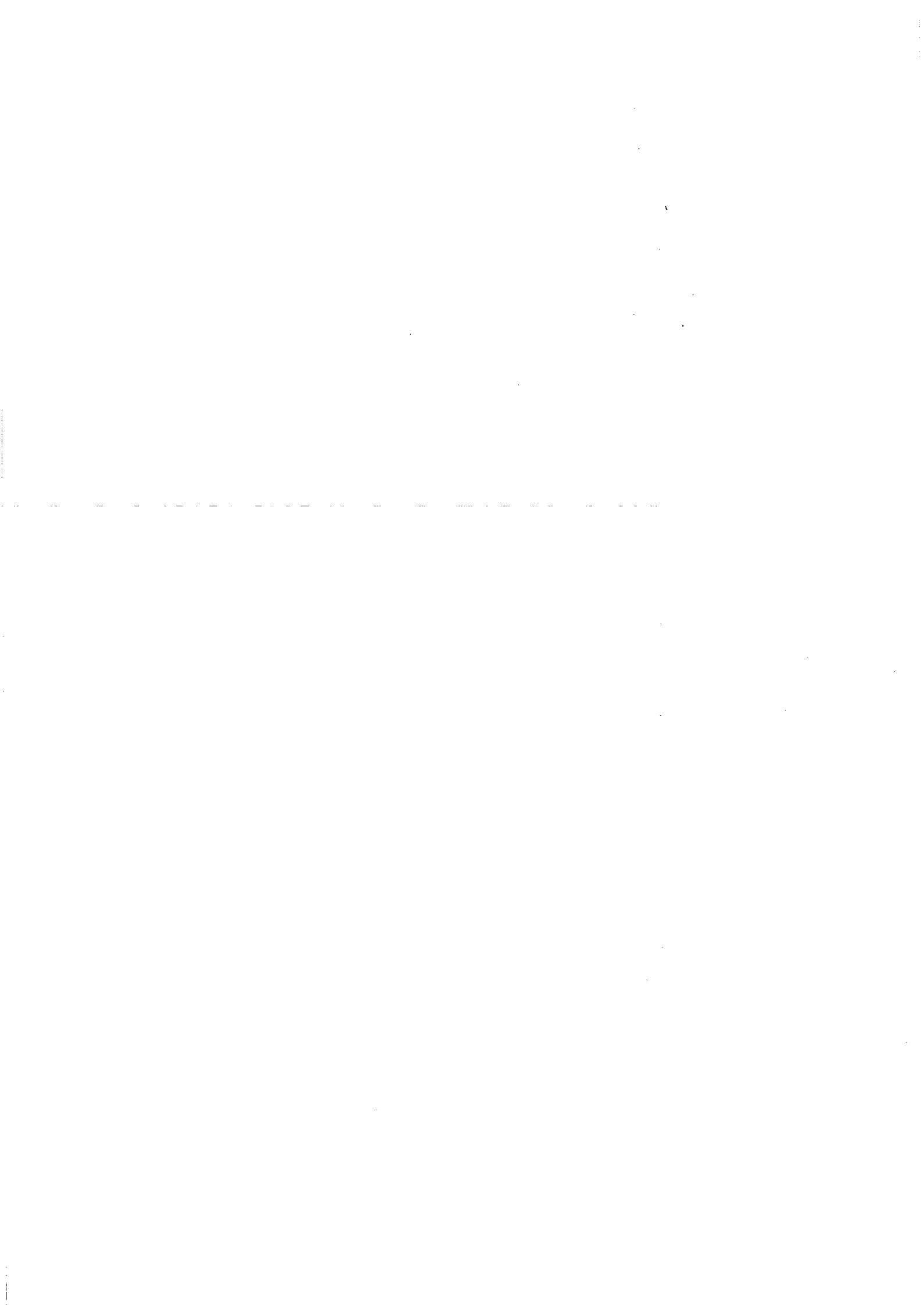
REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF ONGWEDIVA

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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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 Town Council of Ongwediva for the financial year ended 30 June 2020, 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.

A handwritten signature in black ink, appearing to read "Junias Etuna Kandjeke".

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, September 2021



**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE ONGWEDIVA TOWN COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

1 UNQUALIFIED OPINION

I have audited the financial statements of the Ongwediva Town Council for the financial year ended 30 June 2020, provided by the Accounting Officer as attached in Annexures A to G. These financial statements comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, the Cash Flow Statement, Statement of Comparison of budget and actual amounts, and the Notes to the Financial Statements for the year then ended.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ongwediva Town Council as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2 BASIS FOR UNQUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3 KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

3.1 INVESTMENTS

Council disclosed the following Investments in the Financial Statements:

- | | |
|--|------------------|
| • Local Authority Electricity Company (LAEC) | N\$ 15.00 |
| • Ongwediva Medipark Investments (Pty) Ltd | N\$ 20.00 |
| • Namfair (Pty) Ltd | N\$ 4 665 000.00 |

The Investment in Namfair (Pty) Ltd appears to be an Investment in Associate. IPSAS 36 Investments in Associates and Joint Ventures deals with the Accounting treatment of Associates.

Par. 3 of IPSAS 36 states, "This standard shall be applied by all entities that are investors with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest."

Paragraph.8 of IPSAS 36 further defines an Associate, as "An Associate is an entity over which an investor has significant influence." It further defines significant influence as "the power to participate

the financial and operational policy decisions of another entity but is not control or joint control of those policies.”

Ongwediva Town Council holds 4 665 out of a total of 16 665 shares as per the shares certificate, these makes out 27.99 % of the total shares, which is more than the 20 % required to hold significant influences.

This investment should have been disclosed as an Investment in Associate with the application of the Equity method, in terms of par 22 of IPSAS 36, which states that “an entity with joint control of, or significant influence over, an investee shall account for an investment in associate or a joint venture using the equity method except when that investment qualifies for exemption in accordance with paragraphs 23 – 25.”

Auditors analysed the financial statements, with regard to the disclosure of Investments in the Statement of Financial Position and Notes (Note 8) to the Financial Statements. Auditors had a discussion with Management for clarity on these investments. Articles of Association and share certificates for each investment was requested from Management, in order to determine the interest of Ongwediva Town Council on these investments. All share certificates were provided for and reviewed; however, Auditors could only obtain the articles of Association of the Namfair (Pty) Ltd and not from either Local Authority Electricity Company (LAEC) or Ongwediva Medipark Investments (Pty) Ltd.

Based on IPSAS 36, par 3 – 8, we have determined that the investment in Namfair (Pty) Ltd should have been disclosed as an Associate instead, as it meets the requirements of the standard.

A formal management letter was issued after the audit fieldwork. However, articles of associated for investments in Local Authority Electricity Company (LAEC) and Ongwediva Medipark Investments (Pty) Ltd was still not provided and management did not respond on the issue regarding the Investment in associates.

The Investment balance in the statement of financial position is considered significant; the balance is further disclosed under note 8 in the Notes to the Financial Statements as provided for by the client.

3.2 MAINTENANCE OF FIXED ASSET REGISTER

The audit found that the Fixed Asset Register does not indicate the date of acquisition, unique identification number of all individual and location of the assets, however it only shows the asset number generated by the system and it appears that all assets of the same nature have the same system number. These are contrary to section 27 of Councils’ Approved Financial Management Policy. This mostly resulted in auditors being unable to properly physical inspect the assets. The Fixed Asset Register balance mostly determines the Property, Plant and Equipment balance in the financial statements, and if not properly maintained may result in material misstatement of the financial statements.

Auditors obtained and reviewed the Fixed Asset Register and Councils’ approved Financial Management Policy. Auditors also traced and tried to physically inspect the fixed assets from the register to those on the ground and from the ground to the register; this process seemed to be somewhat cumbersome. Auditors further discussed with management regarding the maintenance of Councils’ Fixed Asset Register.

Auditors determined the significance of the Property, Plant and Equipment balance in the Statement of Financial Position being N\$ 179 146 633, and its disclosure in note 6, in the Notes to the Financial Statement.

A formal Management Letter was issued to management and management responded to the management letter. The response however highlighted to Councils' challenge with the financial system (FINSTEL) with regard to provision of acquisition dates, and that the challenge will be experienced until such time the system is upgraded.

3.3 RE-ASSESSMENT OF ASSETS USEFUL LIFE

The Council disclosed in the financial statements that the residual value, depreciation method and useful life of each assets are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate. However, no evidence provided which indicates that the Council review/reassess the useful life of assets at each financial year-end and there are assets with zero useful life but still in use.

Auditors obtained and reviewed Councils' Financial Management Policy and IPSAS 17 – Property, Plant and Equipment, of which both describes that the residual values and useful life shall be reviewed at least at each financial year-end.

Auditors reviewed the Financial Statements and determined that this process has not taken place.

The matter has been discussed with management, and included in the Management Letter. Management's response to the matter was that the exercise requires substantial resources for external and professional assistance, and that it will drain Councils' limited resources.

Auditors however consider management's response to be reasonable and took note of the challenges.

4. OTHER INFORMATION

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, I conclude that there is a material misstatement of this other information; we are required to report that fact. I have nothing to report in this regard.

SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION

5.1 AUDIT OF KEY PERFORMANCE INFORMATION

I conducted an audit on the performance information of the Ongwediva Town Council for the Strategic period 2018 to 2023, consecutively with the audit of financial statements for the year ended 30 June 2020.

5.1.1 Description of the Subject Matter Information and scope

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable Council to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed by looking at the high-level statements, which are indicated in the mandate of the Council as provided for in the Local Authorities Act, Act No. 23 of 1992 and its Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

5.1.2 Audit Objective

The objective of the Key Performance Indicator (KPI) audit is to provide assurance whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the Council to inform the Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

All key performance indicators were selected from the Strategic Plan. The following are the selected Strategic Objectives Council are reporting on using key performance indicators:

Strategic objective
<i>Theme: Sustainable Financial Resources</i>
Expand Sustainable Revenue & Financial Stability
Improve Revenue Collection
Effective Budget Management
Secure Funding for Infrastructure
<i>Theme: Sustainable Human Settlement Development</i>
Secure Funding for Infrastructure Development, Land Delivery and other Strategic Projects
Increase Land Delivery: Ensure sufficient Township Establishment
Increase Land Delivery: % of allocated Land transferred
Increase Land Delivery: % of serviced erven delivered to applicants
Sufficient council facilities & equipment

<i>Theme: Sustainable Environmental, Social and Local Economic Development</i>
Enhance Public Safety and Security of residents
Establish an inviting environment for tourism
Improve National and International Stakeholder Cooperation
<i>Theme: Good Governance & Operational Excellence</i>
Build Institutional Capacity
Establish High Customer Service culture
Mitigate Organisational risks

5.1.3 Audit Criteria

The audit was mainly concentrated on three (3) criteria, namely:

- Compliance to Laws, Regulations and relevant policies and guidelines pertaining to the reporting of performance information;
- Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and
- Reliability of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

5.1.4 Summary of Methods applied

I reviewed the Strategic Plan, Annual Plans, Annual Performance Reports and other relevant documentation for the Strategic period 2018 to 2023 to confirm whether the Strategic Plan objectives, targets and KPIs have been correctly cascaded to the Annual Plan and are reported in the Annual Performance Report.

Furthermore, I conducted interviews and revised documents to obtain information that pertains to the performance information.

5.1.5 Key Audit Findings

The following documents were not submitted for audit purposes and could not be verified to be in compliance with the relevant laws, regulations and guidelines:

- Annual Plans;
- Departmental/Divisional Plans;
- Performance Agreements;
- Annual Performance Reports;
- Divisional Performance Reports; and
- Annual Performance Reviews.

In terms of execution of the Strategic Plan, it was noted with concern that the Plan has not been cascaded to Annual Plans, Departmental/Divisional Plans and Performance Agreements due to the non-functionality of a Performance Management System by Council. Furthermore, reporting of strategic plan through annual reports, divisional reports and performance reviews on individual basis has not been done so far.

The above posed a significant limitation on the auditors to ascertain whether reported performance information is useful (i.e. measurable and relevant) and reliable in terms of whether the actual reported performance did occur.

In order to determine whether there has been activity with regard to strategic initiatives, I sampled 49 out of 78 strategic initiatives (i.e. sixty-three percent (63%)) and requested for documentary proof of actions taken. The results were that of the sampled items, 39 strategic initiatives were acted on as per documentary proof provided.

5.1.6 Conclusion on the subject matter

Because of the significance of the key audit findings section of my report, I have not been able to obtain sufficient appropriate evidence to form a conclusion on the Key Performance Information of the Council. Accordingly, I do not express a conclusion.

5.1.7 Reply from the audited entity

It goes without saying that Council has recorded 80% rate of implementation of the sampled strategic objectives despite the non-cascading of the Plan into Annual Plans, Departmental/Divisional Plans and Performance Agreements due to the non-functionality of a Performance Management System. This, by and large, is a remarkable achievement in this regard considering the availability of resources at Council's disposal.

Council shall strive to develop, approve and implement a performance management system to ensure the attainment and adequate documentation of strategic objectives. Considering the remaining six months that include the festive season, Council may only be able to realize this target during the 2020/2021 or thereafter.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and for such internal controls as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

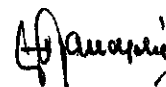
As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Ongwediva Town Council during the audit is appreciated.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, September 2021

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
KEY COUNCIL INFORMATION AND MANAGEMENT**

Promulgation of Council

Ongwediva was promulgated as a town in 1992 as per Local Authorities Act 23, 1992 (Act 23 of 1992), as amended.

Nature of business and principal activities

Ongwediva Town Council is a local authority whose nature of business and principal activities is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act no 23 of 1992), as amended.

Councillors

Name	Office	Nationality
Hon. Angelina Angula	Mayor	Namibian
Hon. Jason Asino	Deputy Mayor	Namibian
Hon. Naemi Amuthenu	Chairperson of Management Committee	Namibian
Hon. Ulalia Nghilongwa	Member of Management Committee	Namibian
Hon. Malakia Petrus	Member of Management Committee	Namibian
Hon. Johannes Shitundeni	Additional Member of Management Committee	Namibian
Hon. Malakia Petrus	Member of Council	Namibian

There have been no changes in office bearers during the year under review.

Changes in office bearers during the year under review were as follows:

Name	Old Office	New Office
Hon. Maria Mutaleni Kavalela	Member of Council	Member of Management
Hon. Malakia Petrus	Member of Management Committee	Member of Council

The election of office bearers took place on 17 December 2019.

Executive and senior management cadres

Name	Office	Nationality
Mr. Damian E. Egumbo	Chief Executive officer	Namibian
Mrs. Rebekka N. Amadhila	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resource Administration	Namibian

The CEO was re-appointed for a five year term effective from 1 April 2020 to 31 March 2025. There have been no other changes in the management cadres during the year under review.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
KEY COUNCIL INFORMATION AND MANAGEMENT**

Registered office

Erf 4386
Corner of Dr Libertine Amathila Street and Mandume Ndemufayo Road
Ongwediva
Namibia

Postal Address

Private Bag 5549
Ongwediva
Namibia

Contact details

Telephone: + 264 65 233 700
Fax: +264 65 230 521
Website: [www. Ongwediva.com](http://www.Ongwediva.com)

Bankers

Nedbank Namibia Limited
Standard Bank Namibia Limited
Bank Windhoek Namibia Limited
First National Bank Namibia Limited

Auditors

Auditor-General of Namibia

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
MAYOR'S REPORT**

1. Introduction

In its World Economic Outlook Update, date 24 June 2020: A Crisis Like No Other, An Uncertain Recovery, IMF reported that the “global growth is projected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021, global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½-percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s”.

Specifically, being already in recession, the outbreak of coronavirus pandemic further extended the pain for Namibia’s economy and, as a result, it has experienced its worst economic downturn since independence in 1990 whereby its GDP is expected to contract by 6.7%. Council has, therefore, adopted and implemented strategic structural and fiscal adjustments as means to mitigate the impact of the economic down turn and thus stays afloat in the meantime.

The allocation of government subsidies as per Medium Term Expenditure Framework for Ongwediva Town Council amounted to N\$ 10,000,000.00. Although the allocated amount remained unchanged during the Government’s mid-term budget review for 2019/2020, the actual transfer only amounted to N\$6,946,277 due to the mismatch in the government financial year and that of local authorities coupled with the bureaucratic public procurement process.

2. Achievements

Council had some major highlights for the year under review:

Notwithstanding of the economic downturn, the year under review had its notable share of successes of which some of the major highlights were:

- Completion of the project of sewer reticulation provision at the Reception Area;
- Completion of the project of upgrading Ehenge Street to a bitumen standard;
- Continued maintenance of infrastructure;
- Compensation of crop field owners;
- Keeping payments up to date for all Council’s major service providers;
- The introduction and implementation of the twelve month Interest Waiving Incentive Scheme;
- The three month allowance of the interest payment period;
- Upholding Corporate Governance Principles;
- Provision of effective and efficient municipal services;
- Promotion of social and equitable economic development;;
- Assurance of municipal sustainability and financial viability
- Creation of a safe and healthy environment;
- Land delivery – allocation of land for residential and business development.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
MAYOR'S REPORT (Continued)**

3. Challenges

Undoubtedly, successes could not be achieved without going through some pertinent challenges. Some of the major challenges faced Council during the year under review were:

- The declaration of the Corona Virus Disease (COVID-19) State of Emergency;
- Accumulation of and sharp rise in accounts receivable due to socio-economic ills including but not limited to the outbreak of Severe Acute Respiratory Syndrome Corona Virus (SARS-CoV-2);
- The throttling threat of looming economic crises due to the outbreak of SARS-CoV-2;
- The self-created perception of “free” water consumption in the mind of some residents or clients;
- Lack of resources to implement all planned capital projects and operational activities;
- Non-implementation of projects and operational activities due to non-compliance to procurement requirements by bidders in terms of the Public Procurement Act no 15 of 2015;
- Effective administration of the public Procurement Management Unit (PMU);
- Low rate of private investment in infrastructure development projects.

4. Effects of the economy on operations

With Namibia's unemployment figure stands at 34%, customers' ability of settling their municipal bills regularly is heavily affected. Council's operations were not spared such economic wrath. Specifically, Council's debtors' book balance increased from N\$29 million in 2019 to N\$39 million in 2020. Needless to mention, Council had seen payments for municipal accounts from Government institutions, businesses and individuals remarkably slowing down. The spin off effect affected Council's ability to implement all its planned programmes and activities.

5. Acknowledgments and conclusion

In conclusion, allow me to commend on Council's sound spending and expenditure patterns particularly during these difficulty times. Although we wish to see full implementation of the budget, cost savings should be seen in a positive light as a way of staying afloat during these looming economic hardships brought about by the outbreak of COVID-19 pandemic. I believe there is a room for improvement in terms of synchronisation of our programme plans with quarterly targets by using limited resources at our disposal effectively and efficiently.

I would fail in my duties if I do not acknowledge the immense contribution by the management team and the entire employee fraternity of Council. Human capital is one of indispensable assets without which Council would not be able to exist. Machinery and equipment require the human brain to function properly and this human brain is our people, employees. On behalf of Council, let me acknowledge and appreciate contributions made by Council's competent team in rendering services to our people.

I would like to thank our line Ministry under Honourable Minister Erastus Uutoni, Member of Parliament, for his invaluable advice and assistance to Council. As a custodian Minister, Hon.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
MAYOR'S REPORT (Continued)**

Utoni always advises Council to find amicable solutions to pertinent issues facing Council. His open door policy is highly commendable.

To all our stakeholders without whom Council would not be able to fulfil its mandate, I wish to thank them sincerely.

Last but not least, to my fellow Councillors, I wholeheartedly acknowledge the teamwork we had during the year under review as it was the case in the past. May the comradeship spirit continue to guide us all to greater heights in finding solutions to peculiar challenges facing us on rendering services to our people.

In conclusion, as we move forward, let us embrace the spirit of Ubuntu with hope that the destiny of Council lies in our caring hands. Together, we can take this Council to untapped destinations for many generations to come.

I thank you.

**Councillor Angelina Angula
Mayor**

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT**

The Accounting Officer has pleasure to submit his report on the financial statements of Ongwediva Town Council for the year ended 30 June 2020.

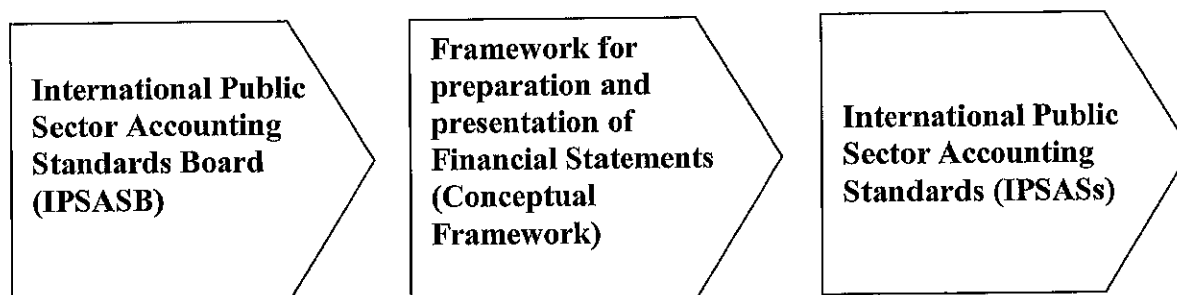
1. Main business

Ongwediva Town Council's mandate is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act no. 23 of 1992), as amended.

2. Financial Reporting framework

The annual financial statements have been prepared in accordance with the Accrual Basis of Accounting based on International Public Sector Accounting Standards (IPSASs) which were adopted and implemented for the first time (IPSAS 33) on 1 July 2019. Stated differently, Council is in the second year of implementing transitional IPSAS financial statements. IPSASs have been adopted by Council to assist in fulfilling the government's duty to be publicly accountable through transparent measurement and disclosure of transactions that would result in fair presentation of the financial position, financial performance and cash flows of Council.

IPSASs are based on the following conceptual framework:



IPSASs ensure that the financial information is useful through understandability, relevance, faithful representation, timeliness, comparability and verifiability of such information.

Accordingly, the financial statements have been prepared 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), as amended. The accounting policies have been applied consistently compared to the prior year.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT (Continued)**

3. Financial performance

Council's total revenue grew from N\$ 102 3 million in 2018/2019 to N\$ 106 4 million in 2019/2020 representing a growth of 3.7%.

Council's total operational expenses recorded growth of 2.3% from N\$ 91 3 million in 2018/2019 to N\$ 93 6 million in 2019/2020.

Council's net surplus for the year under review amounted to N\$ 12 7 million (2019: N\$ 11 1) representing an increase of 14.4% whereas its accumulated surplus increased by 6.1% from N\$ 190 4 million in 2018/2019 to N\$ 202 million 2019/2020. A considerable increase in the accumulated surplus came about as result of cost-saving measures taken by Council.

Due to stringent requirements to be met as per provisions of the Public Procurement Act, 2015 (Act 15 of 2015), the rate of implementation of capital projects is 52% (2019: 48.1%) translating into N\$ 11 9 million (2019: N\$ 10 1 million),

4. Distribution and purchase of water

Council's distribution loss in units sold amounted to 0.91% (2019: 3.85%) whereas its distribution surplus in monetary terms amounted to 67.06% (2019: 52.29%) as shown below:

	Cubic meters (M ³)		Amount (N\$)	
	2019/2020	2018/2019	2019/2020	2018/2019
Water purchased from Namwater	1 239 790	1 401 799	24 941 123	25 717 487
Water sold (distributed) to residents	1 228 556	1 347 795	41 319 374	39 164 386
Distribution (loss)/surplus	(11 234)	(54 004)	16 378 251	13 446 899
Distribution (loss)/surplus %	(0.91%)	(3.85%)	65.67%	52.29%

5. Fruitless, unauthorized or avoidable expenditure

No fruitless, unauthorized or avoidable expenditure was incurred during the year under review.

6. Revenue written off

There was no revenue written off.

7. Suspense accounts

These accounts are properly maintained, controlled and reconciled on a regular basis.

8. Irregularities and losses

No irregularities and losses took place during the year under review.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT (Continued)**

9. Bursaries

No bursaries were granted during the year under review.

10. Contributions, grants and financial aid

No contributions, grants or financial aid were granted during the financial year under review.

11. Visits to foreign countries

Included in the subsistence and travelling expenses under note 32 was an amount of N\$ 4 155 for a foreign trip undertaken by the Mayor to attend the Africa Women Dialogue Forum in Johannesburg, South Africa, from 4-8 November 2019. The trip was duly approved by Council and the Minister as per Ministerial approval letter with reference 14/18/1/O11 dated 5 November 2019.

12. Claims against the local authority

No claims against Council took place during the financial year under review.

13. Transfer of property to government

Erf 3263, Extension 4, Ongwediva, was transferred to Namibia Post & Telecom Holding during the year under review.

14. External loans

There were no external loans.

15. Sale of erven

During the financial year under review, cash proceeds to the value of N\$ 3 660 917 (2019: N\$ 10 041 956) were recognized as erven sold and were fully allocated to sale of erven account as reflected in note 19. A total amount of N\$ 507 644 (2019: N\$ 467 245) is excluded from the sale of erven and is shown as a refundable deposit as reflected in note 12. Moreover, amounts of N\$ 71 386 (2019: N\$ 458 753) not fully paid in previous years were fully paid during the year under review and were included in the cash proceeds of N\$ 3 660 917 (2019: N\$ 10 041 956).

16. Tariff adjustments

Tariff adjustments were duly approved and promulgated in the Government Gazette no. 6921, general notice no. 149, dated May 31, 2019.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT (Continued)**

17. Budget approval

The budget was duly approved by the Minister on June 25, 2019 (Refer to the ministerial letter with reference 14/1/1/O11).

18. Special investigations

No special investigations were carried out during the financial year under review.

19. HIV / AIDS

Council has Sam Nujoma Multi-Purpose Centre as its social arm. The Centre has an HIV and AIDS programme focusing on prevention of sexual transmission infections (STIs) and use of protective sheaths, education and awareness campaigns on Gender-Based Violence (GBV) as well as caring for orphans and vulnerable children. The programme is fully funded by Council. An amount totalling N\$ 1 066 952 was budgeted for whereas the actual expenditure amounted to N\$ 1 036 283.

20. Job attachment

Council has Memoranda of Understanding (MoU) with University of Namibia (UNAM), Namibia University of Science & Technology (NUST) and Valombola Vocational Training Centre (VVTC) that facilitate for student job attachment from such institutions. Ten (10) students, as part of their Work Integrated Learning (WIL) being required to undertake practical internships before graduation, were attached to Council during the year under review as depicted on table 4 below. They were granted monthly allowances of N\$ 1 000 each for an average period of three (3) months.

21. Human capital (workforce) profile

As depicted on table 5 below, Council had 76 employees as at 30 June 2020 (47 men and 29 women). During the year under review, four (4) persons were recruited – 2 men and 2 women whereas two (2) employees went on retirement; one (1) resigned and one (1) passed on. No promotion took place during the year under review.

22. Property, plant and equipment

There are no changes in the nature of the property, plant and equipment of Council or in the policy regarding their use. The net book value of property, plant and equipment amounted to N\$ 179 1 million at 30 June 2020 (2019: N\$ 177 5 million) of which N\$ 11 9 (2019: N\$ 10 1 million) were added in the current year. Included in the assets are projects under construction is the amount of N\$ 5 8 million (2019: N\$ 9 6 million).

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT (Continued)**

23. Going concern

By and large, the Accounting Officer believes that Council has adequate financial resources to continue in operation for at least the next twelve (12) months from the date of this statement and accordingly the financial statements have been prepared on a going concern principle. The Accounting Officer is not aware of any material changes that may not adversely impact Council nor is he aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect Council from the date of this statement.

24. Litigation statement

Although Council becomes involved in various claims incidental to the ordinary course of business, Council is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

25. Events after the reporting period

The accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

26. Omissions and commissions

The Auditor-General may allow the omissions and commissions identified for the year under review to be corrected in that financial year through journal entries. Thus, Council has re-submitted corrected financial statements.

27. Audit report for 2018/2019

The latest audit report for 2018/2019 was not received from the office of the Auditor General. It shall be tabled in the next succeeding Council Meeting by the Mayor as soon as it will be received in accordance with Section 87 (3) of the Local Authorities 23, 1992 (Act no 23 of 1992), as amended, whose minutes will be sent to the Minister in accordance with the Act

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
ACCOUNTING OFFICER'S REPORT (Continued)**

28. Accounting Reporting Framework

Council adopted the Accrual Accounting Basis International Public Sector Accounting Standards (IPSASs) for the first time on 1 July 2018. The accounting Reporting Framework was duly approved by Council and the Minister in accordance with Local Authorities Act 23, 992 (Act no 23 of 1992), as amended. Sated differently, this is Council's second transitional year of implementation of IPSASs (refer to accounting policy 1).

29. Date of submission of annual financial statements

The Accounting Officer has prepared the financial statements and submitted them to the Auditor-General within three (3) months after the end of the financial year as required by Section 87 (1) of the Local Authorities Act, 1992 (Act 23 of 1992), as amended. The financial statements were submitted to the office of the Auditor-General on 01 September 2020.

Mr. Damian E. Egumbo
Chief Executive Officer

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT**

1. Obligation to prepare a Corporate Governance Report

As a local authority, Council operates under the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended. As a third tier of government, the Council is subjected to the State Finance Act no 31 of 1991. As a Public Entity, the Council is subjected to the Public Procurement Act no 15 of 2015. The Council is abided to the supreme law of the land, the Namibian Constitution. Thus, in order to achieve all these, the Council is guided by the governance principles, legislation and directives.

2. Good governance

The Council strives to promote the highest standards of good governance by subscribing to good corporate governance as outlined in the Local Authorities 23, 1992 (Act no 23 of 1992), as amended, State Finance Act 31, 1991 (Act no 31 of 1991), Public Procurement Act 15, 2015 (Act no 15 of 1992), the Namibian Constitution and all relevant legislation.

3. Councillors

Name	Office
Hon. Angelina Angula	Mayor
Hon. Jason Asino	Deputy Mayor
Hon. Naemi Amuthenu	Chairperson of Management Committee
Hon. Ulalia Nghilongwa	Member of Management Committee
Hon. Malakia Petrus	Member of Management Committee
Hon. Johannes Shitundeni	Additional Member of Management Committee
Hon. Malakia Petrus	Member of Council

Councillors are principal members of Council serving as policy and decision makers in terms of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

4. Management Committee of Council

Name	Office
Hon. Naemi Amuthenu	Chairperson of Management Committee
Hon. Maria Mutaleni Kavalela	Member of Management Committee
Hon. Ulalia Nghilongwa	Member of Management Committee
Hon. Johannes Shitundeni	Additional Member of Management Committee
Hon. Angelina Angula	Ex-Officio
Hon. Jason Asino	Ex-Officio

The Management Committee, among other things, is responsible for ensuring that the decision of Council are carried out; preparation of budgets; and control of approved expenditure in accordance with section 26 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT (Continued)**

5. Executive and senior management cadres

Name	Office
Mr. Damian E. Egumbo	Chief Executive officer
Mrs. Rebekka N. Amadhila	Senior Manager: Economic Development & Community Services
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resource Administration

6. Procurement Committee

In accordance with section 25 (1) (a) of the Public Procurement Act 15, 2015 (Act no. 15 of 2015), Council has appointed the following staff members to be members of the Procurement Committee:

Name	Office
Salome Shidute	Chairperson
Hesekiel Namwandi	Deputy Chairperson
Lonia Nghuulikwa	Member
Immanuel Nakale	Member
Josephine Hainana	Secretary and ex-officio
Jackson Muma	Alternate member
Sam Matheus	Alternate member

The Procurement Committee is entrusted with a responsibility of recommending procurement contract awards to the Accounting Officer.

7. Ad-hoc Bid Evaluation Committee

In accordance with section 26 (1) of the Public Procurement 15, 2015 (Act no. 15 of 2015), Council has appointed the following staff members to be members of the Ad-hoc Bid Evaluation Committee:

Name	Office	Name	Office
Rebekka Amadhila	Member	Penda Kashihakumwa	Member
Lahya Aimwata	Member	Matheus Mbombo	Member
Mirjam Ndjalo	Member	Ujama Uamburu	Member
Loini Iiyambo	Member	Jackson Muma	Member
Tuyenikemanya Shatona	Member	Sam Matheus	Member
Martha Hailonga	Member	David Salom	Member
Lorna Shalyefu	Member	Martin Namwandi	Member
Helena Nangombe	Member	Nestor Iimene	Member
David Mulokoshi	Member	Tuhafeni Kalongela	Member

The Ad-hoc Bid Evaluation Committee is entrusted with a responsibility of evaluation of bids for consideration by the Procurement Committee.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT (Continued)**

8. Procurement Management Unit

In accordance with section 25 (1) (a) of the Public Procurement 15, 2015 (Act no. 15 of 2015), Council has appointed the following staff members to be members of the Procurement Management Unit:

Name	Office
Josephine Hainana	Head
Isacky Namupala	Member
Max Ngunaihe	Member

The Procurement Management Unit is responsible for conducting and managing procurement activities of Council.

9. Land Advisory Committee

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM71.2/2019 (MCM 64.2/2019):

Name	Office	Name	Office
Damian Egumbo	Chairperson	David Mulokoshi	Member
Apson Kashihakumwa	Secretary	Immanuel Nakale	Member
Malakia Petrus	Member	Jackson Muma	Member
Rebekka Amadhila	Member	Nestor Iimene	Member
Mirjam Ndjalo	Member	Leonhard Amaambo	Member

The Land Advisory Committee is entrusted to recommend to the Management Committee of all land related matters.

10. Disaster Risk Management Committee

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM143.2/2016 (MCM 112.2/2016):

Name	Office	Name	Office
Angelina Angula	Chairperson	Eino Nangula	member
Sam Matheus	Secretary	Lucia Gideon	Member
Damian Egumbo	Member	Mike Niikondo	Member
David Mulokoshi	Member	Tuyenikelao Shatona	Member
Immanuel Nakale	Member	Linda Iipinge	Member
Jackson Muma	Member	Victor Kanhalelo	Member
Elizabeth Vakola	Member	Paulina Iikela	Member
IK Iilonga	Member	Josef Banada	Member
Hilma Nuunyango	Member		

The Committee is mandated to come up with a disaster risk management plans and all related mitigation responsive measures.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT (Continued)**

11. SNMPC Advisory Committee

The following persons have appointed to be members of SNMPC Advisory Committee in terms of Council Resolution CM29.2/208(MCM 28.2/2019):

Name	Office	Name	Office
Angelina Angula	Chairperson	David Mulokoshi	Member
Johannes Shitudeni	Member	Lahya Aimwata	Member
Ndilimeke Shipandeni	Member	Peter Iita	Member
Secilia Sheetekela	Member	Rebekka Amadhila	Member
Fabian George	Member		

The Committee is mandated to oversee the operations of Sam Nujoma Multi-Purpose Centre.

12. Open Market Committee

The following persons have appointed to be members of the Open Market Committee in terms of Council Resolution CM 116.2/2017 (MCM 110.1/2017):

Name	Office	Name	Office
Ulalia Nghilongwa	Chairperson	Saara Iikondja	Member
Salome Shidute	Member	Ndesheetelwa Tsuos	Member
David Mulokoshi	Member	Frieda Kavalulwa	Member
Penda Kashihakumwa	Member	Lisias Nahambo	Secretary
S Nakupanga	Member		

The Committee is mandated to oversee the operation of Ongwediva Open Market.

13. Street Naming Committee

The following persons have appointed to be members of the Street Naming Committee in terms of Council Resolution CM 71.2.2018 (MCM 64.3/2018):

Name	Office
Angelina Angula	Chairperson
Mirjam Ndjalo	Secretary
Vistorine M Shipanga	Member
J Kanzi	Member
Andreas Uutoni	Member
Jason Asino	Member

The Committee is mandated to oversee the naming and/or renaming of streets in Ongwediva and all related matters.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT (Continued)**

14. Local Authority Development Committee

The following persons have appointed members of the Local Authority Development Committee in terms of Council Resolution CM 17.3.2017 (MCM 16.2/2017):

Name	Office
Angelina Angula	Chairperson
Damian Egumbo	Secretary
Andreas Uutoni	Member
Immanuel Nakale	Member
David Mulokoshi	Member
Veikko Haimbodi	Member
Hofni Ipinge	Member
Maria Kamwanka-Petrus	Member

The functions of the Local Authority Development Committee are stipulated in the Local Authorities Act 23, 1992 (Act no. 23 of 1992), as amended, under LU2.3.9.

15. Affirmative Action Committee

The following persons have appointed members of the Affirmative Action Committee in terms of Council Resolution CM 29.3.2018 (MCM 28.3/2018):

Name	Office
Immanuel Nakale	Chairperson
Mathew Mbombo	Member
Jurtha Shivute	Member
Mirjam Ndjalo	Member
Abisai Shooya	Member
Oshoveli A Namindo	Member
Rehabeam Shipanga	Member

The Committee is appointed in terms of section 24 of the Affirmation Action Act 29, 1998 (Act no 29 of 1998).

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

1. Introduction

Literally, Corporate Social Responsibility (CSR) is an idea that an entity should create value through the production of goods and services as well as the creation of employment and sources of income. CSR should also concern the effects for human beings, inside and outside the entity, like good labour relations, safety, etc. CSR cares about the effects on the natural environment around the entity. This can come in different forms ranging from engaging in non-profit causes to financially bettering the community through creating stronger connections between employees and employer with society within which they operate. Ongwediva Town Council is no exception and CSR remains its responsibility.

Accordingly, Council has a donations and grants policy duly approved and applies it when making donations for social development programmes.

2. CSR activities undertaken by Council

Ongwediva Town Council is a local authority with a responsibility of rendering municipal services to residents within its area of jurisdiction. It is an undoubted fact that as a Local Authority, the Council is not in a position of stretching its arms wide far financially. It was for that reason that Council only donated materials to the Ministry of education in Oshana Region and the Ongwediva Youth Development Centres to a tune of a combined amount of N\$15,000 in accordance with Council Resolution CM 20.4/2020 (MCM 17.2/2020) and approved by the Minister on March 17, 2020 (Refer to the ministerial letter referenced 14/16/O11).

Council had approved an interest waiving incentive scheme for all customers whose accounts were in arrears. Those who participated were required to pay their capital amounts in full before interest charges could be waived. The scheme run from 1 July 2019 to 30 June 2020. To this effect, interest charges amounting to N\$ 575 443 were waived. Furthermore, not only Council had foregone reconnection fees amounting to N\$ 44 742 for all reconnected 113 customers whose water was suspended, but it also granted an interest charge payment period estimated at N\$ 800 000 on all accounts in arrears for a period of three months (April 2020 to June 2020) due to the outbreak of COVID-19 pandemic.

Ongwediva Junior Council (OJC) was established some years back. Learners are elected from different schools in Ongwediva to be members of OJC on an annual basis. Council fully funds activities undertaken by OJC. An amount of N\$ 47 066 was spent on OJC activities under the year under review. Specifically, OJC donated school uniforms worth N\$ 9 321 to the needy and vulnerable children during the year under review; leadership training was provided to OJC in the amount of N\$ 20 700.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
CORPORATE SOCIAL RESPONSIBILITY STATEMENT (Continued)**

2. CSR activities undertaken by Council (continued)

Ongwediva Junior Council, headed by the Junior Mayor, has been made up as follows:

Name	Title
Natasha Ipumbu	Mayor
Christoph Ndengu	Deputy mayor
Moses M Likando	Chairperson management committee
Josephine Nandjebo	Executive member
Paulina Shiweda	Executive member
Misha Martin	Secretary
Tuwilika Kateta	Member of junior council
Rauna Shikongo	Member of junior council
Ndapandula Samuel	Member of junior council
Ailly Ndinomwenyo Martin	Member of junior council
Emilia Nghifikwa	Member of junior council
Monica Ndamona Shilongo	Member of junior council
Daniella //Gamxamus	Member of junior council
Otilie Shakela	Member of junior council
Hilma Hamukonda	Member of junior council
Desdella Gabriel	Member of junior council
Jafet Ishindwa	Member of junior council
Laura Paula C Mathias	Member of junior council

Ongwediva Junior Council is mandated to:

- engage the youth of Ongwediva in governance issues
- create platforms of patriotic values to the youth
- engage in the spread of the rights of the underprivileged
- deepen the understanding of local authority democracy
- create linkages with the youth of the world

Ongwediva Junior Council undertook the spelling and Quiz Competition and participated at the African Child Day at Sam Nujoma Multi-Purpose Centre during the year under review.

Council hosts year-end functions for identified sector of the society when resources and/or budgetary provisions allow. The Council cares for orphaned and vulnerable kids as well as engaging on HIV/AIDS Prevention awareness campaigns through its social arm, Sam Nujoma Multi-Purpose Centre (SNMPC). All the volunteers at the Centre are given allowances by Council and all activities are fully funded by Council.

The Council has entered into a Co-operation Agreement with Lommel Town Council in Belgium. Exchange programs involved include but not limited to the Youth Exchange Programme that benefits the youth in Ongwediva. Moreover, Eluwa Special School benefits in terms of Braille equipment through this Co-Operation Agreement.

The Council has three Memoranda of Understanding (MoU) with University of Namibia (UNAM), Namibia University of Science and Technology (NUST) and Valombola Vocational Training Centre (VVTC), respectively. These MoUs make it possible for students at those

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING OFFICER'S RESPONSIBILITIES**

respective institutions to do their Work Integrated Learning (WIL) at Council. Additionally, such students are given a monthly allowance of N\$ 1 000.00 each.

The Accounting Officer is required by Section 86 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that financial statements fairly present the state of affairs of Council as at the end of financial period and the results of its operations and cash flows for the period then ended, in conformity with the Accrual Basis of Accounting prepared under the International Public Sector Accounting Standards (IPSASs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Accrual Accounting Basis using International Public Sector Accounting Standards (IPSASs) as the financial reporting framework is its second year of implementation by using and applying standard 33 for the financial year ended 30 June 2020. A ministerial approval was granted to Council in 2019 in terms of Section 86 (4) the local authorities Act no 23, 992 (Act, no. 23 Of 1992), as amended.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by Ongwediva Town Council and places considerable importance on maintaining a strong control environment. To enable Council to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanation given by management, that system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer is satisfied that Council has or has access to adequate resources to continue in operational existence for the foreseeable future based on Council's approved budget for 2020/2021.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING OFFICER'S RESPONSIBILITIES (Continued)**

The Auditor-General is responsible for independently reviewing and reporting on Council's financial statements in terms of the Section 85 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended. The financial statements shall be examined by the Auditor-General and his report will be presented to Council when done and/or received in terms of Section 87 (3) (a) of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

The financial statements which have been prepared on a going concern basis, were approved by Council on and were signed by:

D.E. Egumbo
Chief executive Officer

I. Nakale
Senior Manager: Finance & Human
Resources Administration

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

	Note	2020 N\$	2019 N\$
ASSETS			
CURRENT ASSETS			
		81 518 529	65 123 441
Trade and other receivables from exchange transactions	3	13 466 812	9 335 064
Trade and other receivables from non-exchange	3	5 294 086	5 547 234
Inventories		781 969	732 530
Cash and cash equivalents	4	61 975 662	49 508 613
NON-CURRENT ASSETS			
		186 089 516	184 679 739
Property plant and equipment	5	179 146 633	177 539 582
Loans receivable	6	2 277 848	2 475 122
Investments	7	4 665 035	4 665 035
TOTAL ASSETS		267 608 045	249 803 180
LIABILITIES			
CURRENT LIABILITIES			
		19 729 360	14 318 126
Trade and other payables from exchange transactions	8	10 485 469	4 541 291
Refundable deposits	9	2 322 570	2 281 147
Provisions	10	4 554 201	4 342 291
Deferred income	11	2 367 120	3 153 370
NET ASSETS/EQUITY		247 878 685	235 485 081
Reserves	12	45 880 082	45 129 543
Accumulated surplus		201 998 603	190 355 538
TOTAL NET ASSETS/EQUITY		267 608 045	249 803 207

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

	Note	2020 N\$	2019 N\$
REVENUE FROM NON-EXCHANGE TRANSACTIONS		39 789 516	33 535 688
Property taxes revenue	13	26 025 235	24 958 087
Public contributions and donations	14	317 849	420 827
Fines, penalties and levies	15	3 421 019	3 644 855
Transfers from government and reserves	16	10 025 413	4 511 919
REVENUE FROM EXCHANGE TRANSACTIONS		66 566 196	68 799 459
Rendering of services	17	55 799 394	23 744 784
Sale of water		-	39 164 386
Sale of goods	18	3 665 534	-
Rental revenue from properties, facilities and equipment	19	1 531 320	1 470 386
Finance income – external investments	20	1 184 847	1 200 952
Finance income – outstanding receivables	20	2 392 341	2 558 739
Other income	21	1 992 760	660 212
TOTAL REVENUE		106 355 712	102 335 147
EXPENSES		93 612 166	91 278 421
Bulk purchases of water		24 941 123	25 717 487
Employee costs	22	29 213 061	28 636 930
Allowances of Councilors	23	510 692	510 692
Depreciation		10 285 139	11 891 605
Provision for doubtful debts		6 664 457	-
Repairs and maintenance	24	7 309 485	6 092 282
Contracted services	25	2 824 296	2 761 064
Grants and donations	26	15 000	13 490
General expenses	27	11 848 913	15 654 871
SURPLUS FOR THE YEAR		12 743 546	11 056 726

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE**

	Capital Development Fund	Social Housing Fund	Build Together Fund	Ongwediva T/F Centre Fund	Total Reserves	Accumulated Surplus	Total Asset/Equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Net assets as at 01 July 2018	28 973 387	2 127 903	9 380 164	-	40 481 454	6 693 369	47 174 823
Movements during the year	-	315 895	381 994	3 950 200	4 648 089	-	4 648 089
Surplus for the year	-	-	-	-	-	11 056 726	11 056 726
Appropriations	-	-	-	-	-	172 605 443	172 605 443
Balance at 01 July 2019	28 973 387	2 443 798	9 762 158	3 950 200	45 129 543	190 355 538	235 485 081
Movements during the year	-	338 836	411 703	-	750 539	-	750 539
Surplus for the year	-	-	-	-	-	12 743 546	12 743 546
Appropriations	-	-	-	-	-	(1 100 481)	(1 100 481)
Net assets as at 30 June 2020	28 973 387	2 782 634	10 173 861	3 950 200	45 880 082	201 998 603	247 878 685

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**

		2020	2019
		N\$	N\$
Cash flows from operating activities			
Cash generated from operations	30	24 906 795	20 221 836
Finance income – external investments		1 184 847	1 200 952
Finance income – outstanding receivables		2 392 341	2 558 739
Net cash flows from operating activities		28 483 983	23 981 527
Cash flows from investing activities			
Additions to property, plant and equipment		(11 892 190)	(10 071 243)
Assets written off		-	55
Decrease in loans receivable		197 274	243 636
Decrease in investments		-	36 205 635
Net cash flows from investing activities		(11 694 916)	26 378 083
Cash flows from financing activities			
Increase/(decrease) in refundable deposits		41 423	(23 057)
Increase/(decrease) in deferred income		(786 250)	525 810
Net cash flows from/(used in) financing activities		(744 827)	502 753
Net increase in cash and cash equivalents		12 467 049	47 102 672
Cash and cash equivalents - at 1 July		49 508 613	2 405 941
Cash and cash equivalents - at 30 June	4	61 975 662	49 508 613

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE 2020**

	Budget	Actual on comparable basis	Performance Difference	Variance
	2019/2020	2019/2020	2019/2020	%
Revenue from non-exchange transactions				
Property taxes revenue	26 525 041	26 025 235	499 806	2%
Public contributions and donations	393 430	317 849	75 581	19% ¹
Fines, penalties and levies	3 456 477	3 421 019	35 458	1%
Transfers from government and reserves	12 807 450	10 025 413	2 782 037	22% ²
	43 182 398	39 789 516	3 392 882	8%
Revenue from exchange transactions				
Rendering of services	60 458 181	55 799 394	4 658 787	8%
Sale of goods	7 025 000	3 665 534	3 359 466	48% ³
Rental revenue from facilities and equipment	1 779 752	1 531 320	248 432	14% ⁴
Finance income – external investments	2 000	1 184 847	(1 182 847)	(59142)% ⁵
Finance income – outstanding receivables	2 300 000	2 392 341	(92 341)	(4%)
Other income	3 646 890	1 992 760	1 654 130	45% ⁶
	75 211 823	66 566 196	8 645 627	11%
Total revenue	118 394 221	106 355 712	12 038 509	10%

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE 2020 (Continued)**

	Budget 2019/2020	Actual on Comparable basis 2019/2020	Performance Difference 2019/2020	Variance % 2019/2020
	N\$	N\$	N\$	N\$
Expenses				
Bulk purchases of water	28 476 000	24 941 123	3 534 877	12% ⁷
Employee costs	32 186 319	29 213 061	2 973 258	9%
Remuneration of Councilors	510 692	510 692	0	0%
Depreciation	-	10 285 139	(10 285 139)	Not budgeted for ⁸
Provision for doubtful debts	-	6 664 457	(6 664 457)	Not budgeted for ⁸
Repairs and maintenance	10 253 641	7 309 485	2 944 156	29% ⁹
Contracted services	3 634 213	2 824 296	809 918	22% ⁹
Grants and donations	15 000	15 000	-	0%
General expenses	21 156 235	11 848 913	9 307 322	44% ⁹
Total expenses	96 232 100	93 612 166	2 619 934	3%
Surplus for the year	22 162 121	12 743 546	9 418 575	42%

Explanation of >10% variance:

¹Exchange activities between Ongwediva Town Council and Lommel Town Council were impacted by the outbreak of Corona virus and COVID-19 pandemic. Similarly, donations from Lommel Town Council followed suit.

²Government subsidies were only partly transferred to Council due to bureaucratic public procurement processes and compliance thereof.

³Sale of erven was below the budgeted amount as payment extensions were granted due to economic difficulties.

⁴Actual rental revenues were relatively lower compared to the budgeted revenue due to non-occupancy rate of some offices throughout the year under review.

Explanation of >10% variance (continued):

⁵No budget was provided for interest on cash and cash equivalents as it was anticipated to capitalise them to the funds of which is not in line with the newly adopted IPSAS.

⁶Other income were impacted on by the poor performance of the economy as result of the outbreak of corona virus and COVID-19 pandemic, for instance non-declaration of dividends, few connections for new services, suspension of computer course attendance, etc.

⁷The actual bulk water purchases was below the budgeted monthly average usage of N\$ 2 373 000 due to the suspension of school and tertiary class attendance as a result of the declaration of the COVID-19 pandemic State of Emergency.

⁸Depreciation and provision for doubtful debts were not budgeted for in the income and loss statement due to the financial reporting framework used previously.

⁹Costs were saved on repairs and maintenance, contracted services and general expenses to stay afloat of the economic hardships being experienced as a result of the outbreak of COVID-19 pandemic and the resultant declaration of the State of Emergency.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING POLICIES**

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern in accordance with the first time adoption of International Public Sector Accounting Standards IPSASs – IPSAS 33. The first transitional IPSAS financial statements were adopted and implemented on 1 July 2018 of which this is the second year of implementation covering the financial period starting 1 July 2019 and ending 30 June 2020 as indicated on note 60.

The financial statements have been prepared on a historical cost, unless stated otherwise. The cash flow is prepared using the direct method. The financial statements are prepared on accrual basis.

Council may not comply fully with IPSASs on the first year of adoption. Hence, IPSAS 33 was developed and approved by the IPSASB to facilitate gradual implementation of IPSASs. IPSASB makes a provision of a three year transitional relief period within which a user shall be expected to comply fully with IPSASs. Therefore, during the transitional period, Council has approved the following exemptions in paragraph 36-134 of IPSAS 33 to be allowed:

- Recognition and measurement of assets and/or liabilities (paragraph 36-41)
- Recognition and measurement of non-exchange revenue (paragraph 42-43)
- Borrowing costs (paragraph 44-45)
- Leases (paragraph 46-47)
- Provisions, contingent liabilities and contingent assets (paragraph 48-50)
- Related party disclosure (paragraph 51-52)
- Separate financial statements (paragraph 53-54)
- Consolidated financial statements (paragraph 55-58)
- Investments in associates and joint ventures (paragraph 59-62)
- Exemptions in paragraph 64-134

1.1 Presentation of currency and rounding

The financial statements are presented in Namibia dollars, which is the functional and reporting currency of Council and all values are rounded off to the nearest dollar.

1.2 Accounting policies

The accounting policies applied to all IPSASs that Council has adopted are consistent the previous year as adopted for the first time on 1 July 2018, unless stated otherwise and as allowed by IPSAS 3 where:

- (a) Is required by an IPSAS,
- (b) Results in the financial statements providing faithfully representative and more relevant information about effects of transactions, other events and conditions on the Council's financial position, financial performance and cash flows.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING POLICIES**

1.3 Transitional exemptions that affect fair presentation

As a first-time adopter of IPSASs, Council has taken advantage of transitional exemptions that provide for a three Year relief for the following IPSASs:

IPSAS 12, Inventories

IPSAS 16, Investment Property

IPSAS 17, Property, Plant and Equipment

IPSAS 29, Financial Instruments; Recognition and Measurement

IPSAS 31, Intangible Assets

1.4 Transitional exemptions that do not affect fair presentation

In its transitional financial statements, the Council adopted transitional exemptions, which do not affect fair presentation of its financial statements unless otherwise stated. These are IPSAS 1, presentation of financial statements; IPSAS 9 and IPSAS 23 revenue from exchange and non-exchange transactions; and IPSAS 24, presentation of budget information in financial statements. All transitional exemptions that do not affect fair presentation applied for by Council were fully complied with in the second transitional financial statements. Refer to paragraph 1.5 below.

1.5 IPSASs adopted in full

In its first-year transitional financial statements, Council has adopted the IPSAS which do affect fair presentation or its financial statements unless otherwise stated otherwise:

IPSAS 1, Presentation of financial statements

Council fully complied with this standard that sets out considerations for the presentation of financial statements and offers guidance for the structure of these statements and minimum requirements for their content under accruals, basis of accounting.

Further, Council presented comparative figures and disclosed narrative information about material adjustments as required by IPSAS 33, paragraph 142:

(a) A reconciliation of its net s/equity

(b) A reconciliation of its surplus or deficit

IPSAS 9, Revenue from exchange transactions

Council disclosed the conditions for the recognition of revenue arising from exchange transactions measured at fair value of the consideration received or receivable. Main sources of exchange revenue are refuse removal services, sewerage services, sale of water and sale of erven.

IPSAS 23, Revenue from non-exchange transactions

Council disclosed the conditions for the recognition of revenue arising from non-exchange transactions. These transactions deal with matters relating to the measurement of revenue where Council has received economic benefits or service potential without an equal exchange of value in return. Major sources of non-exchange revenue are property taxes and transfers from government.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING POLICIES**

IPSAS 24, Presentation of budget information in financial statements

Council disclosed a comparison of budget amounts and actual amounts arising from execution of the budget. Council has made publicly its approved budget for which is held accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Property, plant and equipment - IPSAS 17

All Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. When an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
• Land and Buildings	20 years
• Service infrastructure	20 years
• Heavy vehicles, machinery and equipment	10 years
• Light and sedan vehicles	5 years
• Computer equipment	5 years
• Office furniture and equipment	5 years
• Cellphones and hand-held radios	2 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

Depreciation charge for each period is recognised in surplus or loss.

Incomplete construction work or work in progress is stated at historical cost. Depreciation only commences when the asset is handed over to and is ready for use by Council.

2.2 Financial Instruments – IPSAS 29

Financial instruments at amortised cost - Financial instruments may be designed to be measured at amortised cost less any impairment using the effective interest method. These include

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING POLICIES**

trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

2.3 Inventories - IPSAS 12

Inventories are measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost). The cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of Council.

2.4 Provisions and contingencies – IPSAS 19

Provisions are recognised when:

- Council has an obligation at the reporting period date as a result of a past event;
- it is probable that Council will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Council does not recognize a contingent asset, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an inflow of resources embodying economic benefits or service potential is remote. If it becomes virtually certain that an inflow of economic benefits service potentially will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the changes occurs.

2.5 Leases – IPSAS 13

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property, or if lower, at the present value of the future minimum lease payments, depreciated over the useful life

**TOWN COUNCIL OF ONGWEDIVA
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ACCOUNTING POLICIES**

of such asset. Council recognizes the associated liability measures at as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges, recognized in surplus or deficit, and reduction of lease liability, disclosed as a liability in the statement of financial position.

Unlike, finance lease payments, operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

2.6 Internal reserves

Council establishes internal reserves in line with Section 80 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

2.6.1 Capital Development Fund

Revenue generated from the sale of erven was originally deposited into this fund. The purpose of this fund is to fund capital projects internally, whenever it is appropriate and possible. As a way of building up this fund, Council monthly invests on this fund as determined by Council from time to time. Interest earned on this fund is capitalised on this fund. Bank charges on this fund are deducted from this fund.

Unutilised funds received from Government in the form of subsidies form part of this fund.

2.6.2 Decentralised Build Together Fund

This is a revolving fund consisting of funds originally from Government for Decentralised Build Together Fund beneficiaries. Disbursement of funds to beneficiaries for progress payments are made from this fund. Insurance cover payments are disbursed from this fund. Loan repayments are deposited on this fund. Interest earned on this fund is capitalised on this fund. Bank charges on this fund are deducted from this fund. Servicing of an area benefiting Decentralised Build Together beneficiaries may be sourced from this fund.

2.6.3 Social Housing Fund

This is a revolving fund consisting of funds originally from Government for social housing unit construction under a Decentralised Build Together Fund. Social housing units were constructed for renting out. Rental amounts are deposited on this fund. Interest earned on this fund is capitalised on this fund. Bank charges on this fund are deducted from this fund. Servicing of an area benefiting Social Housing beneficiaries may be sourced from this fund.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2020
ACCOUNTING POLICIES**

2.6.4 Government grants

Government grants are recognised as revenue in the period in which associated expenses are incurred or accrued. Unutilised Government grants are recognised as deferred income until such time they will be utilized when they will be recognised in the statement of financial performance.

2.7 Revenue recognition

2.7.1 Revenue from non-exchange transactions

2.7.1.1 Fees, taxes and fines

Council recognizes revenue fees, taxes and fines when the event occurs and the asset recognition criteria are met or when it is probable that the future economic benefits or service potential associated with the asset will flow to Council and the fair value of the asset can be measured reliably.

2.7.1.2 Transfers from government and other government entities

Council measures revenues from transfers from government and other government entities at fair value and recognizes them as revenues on obtaining control of assets if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Council and can be measured reliably.

2.7.2 Revenue from exchange transactions

2.7.2.1 Rendering of services

Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be measured reliably. When the outcome of the transaction cannot be measured reliably, revenue is recognized only to the extent the expenses incurred are recoverable.

2.7.2.2 Sale of water

Revenue from the sale of water is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Council.

2.7.2.3 Rental income

Rental income arising from operating leases on properties is accounted for and included in revenue.

**TOWN COUNCIL OF ONGWEDIVA
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ACCOUNTING POLICIES**

2.7.2.4 Interest income

Interest income is accrued using effective yield method. The method applies this yield to the principal outstanding to determine interest income each period. Interest income is included in revenue.

2.7.2.5 Dividends

Dividends or similar distribution is recognized as revenue when the Council's right to receive payments is established.

2.8 Off-setting – IPSAS 1

In accordance with paragraph 48 of IPSAS 1: presentation of financial statements, assets and liabilities, and revenue and expenses are reported in the financial statements separately and shall not be offset unless required or permitted by an IPSAS.

2.9 Budget information– IPSAS 24

The annual budget is prepared on the accrual basis indicating all planned costs and income are presented in a single statement to determine the needs of Council covering the financial period 1 July 2019 to 30 June 2020. No comparative information shall be required for the budget.

Differences between actual and budget figures may be considered to be material where such differences are above 10%. Material differences shall be explained in the statement of comparison of budget and actual amounts to the financial statements.

As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

2.10 Going concern – IPSAS 14

The financial statements have been prepared using 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 Council's operations. Any pre-matter or circumstance arising before the end of the financial year or any post-matter or circumstance arising after the end of the financial year re reported as such.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
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ACCOUNTING POLICIES**

2.11 Taxes

2.11.1 Income Tax

Council is a local authority and is exempted from paying income tax in terms of the Income Tax Act 24, 1981 (Act no 24 of 1981), as amended.

2.11.2 Value Added Tax

Items in the financial statements are stated exclusive of VAT, except for accounts receivable and accounts payable which are presented on a VAT inclusive basis. Where VAT is either not tax deductible or not permitted by the Inland Revenue, it is written back and forms part of the stated assets or expenses.

Council is a registered Value Added Tax (VAT) payer in terms of the Value Added Tax Act 10, 2000 (Act no 10 of 2000), as amended, and submits its VAT returns bi-monthly to the Inland Revenue. Council pays VAT amounts into a state account upon submitting the return together with supporting analysis of expenses via the Electronic Fund Transfer (EFT) on or before the due date on the 25th of the month following the end of bi-monthly period. In case of VAT receivable, Council does not have any control over auditing of returns and/or payments thereof.

2.11.3 Pay As You Earn (PAYE)

Council deducts PAYE from employees' remuneration and pays it over to the Inland Revenue via the Electronic Fund Transfer (EFT) on or before the 20th of the month following the month of deductions. Monthly returns are completed and submitted to the Inland Revenue. Yearly reconciliation is performed and returns together with copies of PAYE certificates are submitted to the Inland on or before the 20th of March each year.

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SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE
NOTES TO THE FINANCIAL STATEMENTS**

	2020	2019
	N\$	N\$
3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	13 466 812	9 335 064
Trade receivables	39 916 736	29 293 756
Sam Nujoma Multi-Purpose Centre (SNMPC)	1 210	12 673
Sundry accounts receivable	212 800	87 217
Sundry suspense account - Corporate Wear	59 105	-
	40 189 851	29 393 646
Provision for impairment of trade receivables	(26 723 039)	(20 058 582)

	2020	2019
TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	5 294 086	5 547 234
VAT (refer to note 36)	4 149 058	5 249 625
NORED surcharges	558 493	297 609
Roads Fund Administration (RFA)	586 535	-

Trade and other receivables from exchange transactions are primarily composed of sale of water, refuse removal fees and sewerage fees. Furthermore, assessment rate receivable could not be separated from the trade receivables due to the current financial management system in use. The cost of possible separation of such receivables currently outweighs the benefit.

Trade and other receivables from non-exchange transactions are mainly composed of VAT receivable from the Receiver of Revenue, NORED surcharge receivables and road related refundable from Roads Fund Administration without receiving anything of substantial value in return but simply because the law mandates the payments.

The ageing of trade receivables are as follows:

	39 916 736	29 293 756
Current	5 734 109	3 429 712
30 days	3 191 096	2 678 801
60 days	2 213 168	1 976 679
90 days	2 055 324	1 149 982
120 days	1 648 599	894 383
+ 120 days	25 074 440	19 164 199

Reconciliation of provision for impairment of trade receivables:	26 723 039	20 058 582
Opening balance	20 058 582	16 053 740
Provision for impairment	6 64 457	4 004 842

The provision for impairment of trade receivables include trade receivables outstanding for 120 days and above 120 days in accordance with approved provision for doubtful debts policy of Council. No part of trade receivables were pledged as security for any facility.

Amounts included in the trade and other receivables regarding related party transactions are disclosed on note 57.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE
NOTES TO THE FINANCIAL STATEMENTS**

	2020	2019
	N\$	N\$
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents relate to money on hand and deposits held with banking institutions and consist of:		
	61 975 662	49 508 613
Ongwediva TC: Current Account - Nedbank Namibia Ltd	9 507 246	5 949 303
Ongwediva TC: Call Account - Nedbank Namibia Ltd	5 833 876	851 670
Ongwediva TC: Call Account - Standard Bank Namibia Ltd	31 645 817	28 326 698
Ongwediva T.F Centre Call Account FNB Namibia Ltd	3 298 912	3 111 540
Ongwediva T.F: Centre Current Account FNB Namibia Ltd	38 508	368 041
Ongwediva TC: Project Call Account - Nedbank Namibia Ltd	2 744 134	2 699 758
Ongwediva TC Social Housing: Current Account – Bank Whk	2 974 179	2 615 286
Ongwediva Build Together: Call Account - Bank Whk Ltd	3 645 495	3 457 706
Ongwediva Build Together: Current Account - Bank Whk Ltd	2 287 495	2 128 611

Commercial banks are periodically monitored for capital adequacy by the Reserve Bank of Namibia. Hence, credit quality of cash at banks is considered of a high quality.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS**

5. PROPERTY, PLANT AND EQUIPMENT

	2020		2019			
	Cost/ Valuation N\$	Accumulated Depreciation N\$	Carrying Values N\$	Cost/ Valuation N\$	Accumulated depreciation N\$	Carrying values N\$
Office equipment	6 217 689	(4 783 015)	1 434 675	6 102 635	(4 360 777)	1 741 858
Infrastructure	261 527 965	(107 797 409)	153 730 555	240 696 376	(99 693 448)	141 002 928
Land and buildings	28 078 838	(15 292 931)	12 785 907	28 078 838	(14 463 346)	13 615 492
Motor vehicles	5 925 258	(4 737 110)	1 188 148	5 514 493	(4 440 816)	1 073 677
Plant and machinery	12 622 429	(8 657 388)	3 965 041	12 509 017	(7 994 528)	4 514 489
Work in progress	6 049 253	(6 946)	6 042 307	15 591 138	-	15 591 138
Total	320 421 432	(141 274 799)	179 146 633	308 492 496	(130 952 915)	177 539 582

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Depreciation	Transfers	Write off	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	1 741 858	78 309	(385 492)	-	-	1 434 675
Infrastructure	141 002 928	5 468 061	(8 103 962)	15 363 528	-	153 730 555
Land and buildings	13 615 492	-	(829 585)	-	-	12 785 907
Motor vehicles	1 073 677	410 765	(296 294)	-	-	1 188 148
Plant and machinery	4 514 489	113 412	(662 860)	-	-	3 965 041
Work in progress	15 591 138	5 821 643	(6 946)	(15 363 528)	-	6 042 307
	177 539 582	11 892 190	(10 285 139)	-	-	179 146 633

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS**

Reconciliation of property, plant and equipment - 2019

	Opening balance N\$	Additions N\$	Depreciation N\$	Transfers N\$	Write off N\$	Total N\$
Office equipment	1 883 933	355 750	(497 770)	-	(55)	1 741 858
Infrastructure	150 232 624	-	(9 229 696)	-	-	141 002 928
Land and buildings	14 525 676	-	(910 184)	-	-	13 615 492
Motor vehicles	1 470 908	-	(397 231)	-	-	1 073 677
Plant and machinery	5 058 035	89 943	(856 724)	223 235	-	4 514 489
Capital work in progress	6 188 823	9 625 550	-	(223 235)	-	15 591 139
	179 359 999	10 071 243	(11 891 605)	-	(55)	177 539 582

Pledged as security

All the property, plant and equipment are free of any encumbrances.

Capitalised expenditure

	2020 N\$	2019 N\$
Addition to capital work in progress	5 821 643	9 625 550
Transferred to fixed assets	(15 363 528)	(223 235)

Work in progress is capitalised when expenditure is incurred to create a fixed asset. Once an asset is ready for use, it is transferred from assets under construction to a respective asset class.

Revaluations

No asset revaluations were performed.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE
NOTES TO THE FINANCIAL STATEMENTS**

	2020	2019
	N\$	N\$
6. LOANS RECEIVABLE	2 277 848	2 475 122

Loans granted to beneficiaries in Ongwediva from Decentralized Build Together Fund

Decentralized Build Together loan accounts are created when the loan is fully disbursed to a beneficiary whose monthly instalments are debited to a sundry debtor account on a monthly basis.

7. INVESTMENTS	4 665 035	4 665 035
Local Authority Electricity Company (LAEC)	15	15
Ongwediva Medipark Investments (Pty) Ltd	20	20
Namfair (Pty) Ltd	4 665 000	4 665 000

Together with all local authorities in Kunene, Omusati, Oshana, Oshikoto, Ohangwena, Kavango East, Kavango West and Zambezi regions, Council owns 15 shares in the Local Authority Electricity Company (LAEC) (Pty) Ltd which has 33.33% interest in NORED Electricity (Pty) Ltd. Currently, LAEC (Pty) Ltd is dormant. NORED Electricity (Pty) Ltd was created by the Namibian Government as a Regional Electricity Distribution (RED) company operating in the northern regions of Namibia. Dividends, when declared, are divided equally among all local authorities owning LAEC (Pty) Ltd.

Council has 10% in Ongwediva Medipark Investments (Pty) Ltd which, in turn, has 46,7% in Ongwediva Medipark (Pty) Ltd. This was Council's contribution in the form of land for the establishment of a private and unique hospital in Ongwediva.

Council owns Namfair (Pty) Ltd. Namfair is currently a dormant company and Council is in a process of de-registering it upon approval by the Ministry of Urban and Rural Development.

8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	10 485 469	4 541 291
Trade payables	8 106 550	4 541 291
Credit debtor balances	860 420	-
Unallocated customer payments	1 518 499	-

Trade payables and year-end accruals comprise of amounts accrued for goods supplied and services rendered by suppliers and service providers with regard to exchange transactions. All third party payments such as pension fund contributions, medical aid contributions, social security contributions and PAYE were paid over and released before the end of year under review. Credit debtor balances comprise of debtor accounts that were in credit at the end of year under review. Unallocated customer payments are deposits and Electronic Fund Transfers (EFTs) made into Council's operational current bank account that could not be allocated due to lack of allocation information.

Amounts included in the trade and other payables regarding related party transactions are disclosed on note 56.

**TOWN COUNCIL OF ONGWEDIVA
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE
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	2020	2019
	N\$	N\$
9. REFUNDABLE DEPOSITS	2 322 570	2 281 147
Consumer deposits	1 814 926	1 813 902
Deposits – sale of erven	507 644	467 245

Reconciliation of refundable deposits – 2020

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Consumer deposits	1 813 902	2 944	(1 920)	1 814 926
Deposits on sale of erven	467 245	111 785	(71 386)	507 644
	2 281 147	114 729	(73 306)	2 322 570

Reconciliation of refundable deposits – 2019

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Consumer deposits	1 782 853	53 170	(22 121)	1 813 902
Deposits on sale of erven	521 352	404 646	(458 753)	467 245
	2 304 205	457 816	(480 874)	2 281 147

The refundable consumer deposits held by Council are valid, sufficient and kept properly. Such deposits are refundable upon the closure of a debtor account subjected to full settlement thereof.

Down-payments on sale of erven are recognized as deposits until such time the full purchase price for an erf is paid. When fully paid, the purchase price is transferred from deposits and recognized as income in the profit or loss in the financial year it happens upon which a debtor service account is created.

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	2020	2019
	N\$	N\$
10. PROVISIONS	4 554 201	4 342 291

Provision for accrued leave pay relates to accumulative leave days not exceeding 60 days owed to employees in accordance with personnel rules at the end of year under review. Provision for accrued leave pay is reconciled as follows:

Reconciliation of provision for leave

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Provision for leave pay - 2020	4 342 291	377 787	(165 877)	4 554 201
Provision for leave pay - 2019	3 931 441	552 655	(141 805)	4 342 291

11. DEFERRED INCOME

	2 367 120	3 153 370
Medium Term Expenditure Framework 2016/17	447 240	447 240
Medium Term Expenditure Framework 2017/18	418 492	418 492
Medium Term Expenditure Framework 2018/19	-	786 250
Government subsidy - Ongwediva Fire Station	1 500 000	1 500 000
Government subsidy - LEDA	1 388	1 388

Unspent government subsidies received from the MURD are reconciled as follows:

Purpose of the subsidy	Balance 01/07/2019	Received during the year	Spent and transferred during the year	Balance at 30/06/2020
	N\$	N\$	N\$	N\$
Construction of services (MTEF 2016/2017)	447 240	-	-	447 240
Construction of services (MTEF 2017/2018)	418 492	-	-	418 492
Construction of services (MTEF 2018/2019)	786 250	-	(786 250)	-
Medium Term Expenditure Framework 19	-	6 946 277	(6 946 277)	-
Construction of Fire Station – Phase 2	1 500 000	-	-	1 500 000
Construction of Open Market at Oshiko	1 388	-	-	1 388
Total	3 153 370	6 946 277	(7 732 527)	2 367 120

Unspent government subsidies are recognized as deferred income until such time the amount is spent or the cost associated with them are incurred. When spent or the cost associated with them are incurred, the government subsidy is transferred from deferred income and recognized as income in the profit or loss in the financial year it is spent or the cost associated with it is incurred.

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	2020	2019
	N\$	N\$
12. RESERVES	45 880 082	45 129 543
Capital Development Fund	28 973 387	28 973 387
Social Housing Fund	2 782 634	2 443 798
Build Together Fund	10 173 861	9 762 158
Ongwediva Trade Fair Centre Fund	3 950 200	3 950 200

The purposes of Capital Development Fund, Social Housing Fund, Built Together Fund and Ongwediva Trade Fair Fund are to fund capital projects internally; maintain existing social housing units constructed under a Decentralised Build Together Fund and service new areas for constructing additional units; serve as a revolving account for the decentralized build together programme; and finance expenditure of the Ongwediva Trade Fair Centre activities, respectively.

13. PROPERTY TAXES REVENUE	26 025 235	24 958 088
Residential	13 165 241	12 690 721
Commercial	12 859 994	12 267 367

Assessment rates of N\$0.0287 and N\$0.0074 are charged per N\$1 valuation of land and improvements, respectively. Such tariffs remained unchanged from the previous financial year.

14. PUBLIC CONTRIBUTIONS AND DONATIONS	317 849	420 827
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The council has a co-operation agreement with Lommel Town Council in Belgium. Lommel Town Council funds identified and approved activities falling under umbrella programmes as agreed upon and entered into between the two parties on a yearly basis.

15. FINES, PENALTIES AND LEVIES	3 421 019	3 644 855
Electricity surcharges	3 184 187	3 219 860
Water reconnection fees	215 819	342 165
Impounding fees	17 697	77 830
Fine - Illegal dumping of sewer	-	2 000
Fine - Illegal construction	3 316	3 000

16. TRANSFERS FROM GOVERNMENT AND RESERVES	10 025 413	4 511 919
Road Fund Administration (RFA)	2 292 885	1 745 229
Medium Term Expenditure (MTEF)	7 732 528	2 766 690

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	2020	2019
	N\$	N\$
17. RENDERING OF SERVICES (Service charges)	55 799 394	23 744 784
Burial services	-	7 831
Sale of water (Refer to note 40)	41 319 374	-
Refuse removal fees	8 183 842	6 979 246
Sewerage fees	6 296 178	5 382 755
Fire brigade fees	-	459 156
Fire brigade training	-	-
New sewer connection	-	163 914
New water connection	-	148 215
Business registration fees	-	272 913
Build plan fees	-	221 576
Sale of refuse bins	-	-
Sewing project – SNMPC	-	16 965
Computer courses – SNMPC	-	50 257
Sale of erven	-	10 041 956

Burial services, fire brigade fees, fire brigade training, new sewer connections, new water connections, business registration fees, building plan fees, sewing project – SNMPC and computer courses – SNMPC were re-classified from rendering of services (service charges) to other income in the year under review (refer to note 23).

Sales of water was re-classified from sale of goods to rendering of services (service charges) in the year under review (refer to note 19).

Sale of refuse bins and sale of erven were re-classified from rendering of services (service charges) to sale of goods in the year under review (refer to note 19).

18. SALE OF GOODS	3 665 534	39 164 386
Sale (distribution) of water	-	39 164 386
Sale of erven	3 660 917	-
Sale of refuse bins	4 617	-

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	2020	2019
	N\$	N\$
19. RENTAL REVENUE FROM PROPERTIES, FACILITIES AND EQUIPMENT	1 531 320	1 470 386
Council houses	57 600	57 600
Open Market stalls	130 876	101 564
Plant and equipment	33 690	10 292
Fire brigade board room	14 300	-
SNMPC hall	34 669	51 676
SNMPC offices	-	29 257
SNMPC Tuck Shop	5 787	5 978
Ongwediva Trade Fair Centre halls	191 446	173 185
Ongwediva Trade Fair Centre offices	245 288	228 948
Land at Informal settlements	318 680	374 858
Skip containers	474 984	413 029
Corner shop	24 000	24 000
20. INTEREST RECEIVED	3 577 188	3 759 691
Bank Accounts	1 184 847	1 200 952
Municipal service accounts	2 392 341	2 558 739
21. OTHER INCOME	1 992 760	660 212
Burial services	12 893	-
Fire brigade fees	520 092	-
New sewer connection	88 584	-
New water connection	88 185	-
Business registration fees	346 346	-
Build plan fees	256 205	-
Sewing project – SNMPC	13 128	-
Computer courses – SNMPC	7 000	-
Administrative cost on stop orders	31 348	33 784
Dividends - Ongwediva Medi-park Investment (Pty) Ltd	-	150 000
Dividends - LAEC (NORED)	141 976	140 730
Advertising fees - bill boards	208 073	-
Sundry income	278 930	335 698

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	2020	2019
	N\$	N\$
22. EMPLOYEE COST	29 213 061	28 636 930
Employee related costs - salaries and wages	15 150 150	14 734 907
Bonuses - 13th cheques	1 255 459	1 202 130
Vehicle and transport allowances	849 026	917 861
Housing benefits	5 010 695	4 901 349
Employee related costs - Contributions to Medical Aid	2 304 248	2 151 247
Employee related costs - Contributions to Pension Fund	3 278 527	3 202 914
Employee related costs - Contributions to SSC	69 256	70 440
Standby allowances	108 000	108 900
Overtime payments	758 614	743 227
Cell phone allowances	51 300	51 300
Contributions to accumulated leave days	377 786	552 655

Council had 76 employees (47 men and 29 women) on its fixed establishment as at 30 June 2020.

23. ALLOWANCES OF COUNCILLORS

2020 Office	Basic Allowance	Cell phone allowance	Total allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 757	7 200	76 957
Chairperson of Management Committee	72 333	8 400	80 733
Member of Management Committee	67 167	-	67 167
Member of Management Committee	67 167	-	67 167
Member of Council and management committee	64 584	-	64 584
Member of Council	64 584	-	64 584
Total allowances of Councillors	483 092	27 600	510 692

2019 Office	Basic Allowance	Cell phone Allowance	Total Allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 757	7 200	76 957
Chairperson of Management Committee	72 333	8 400	80 733
Member of Management Committee	67 167	-	67 167
Member of Management Committee	67 167	-	67 167
Member of Council and management committee	64 584	-	64 584
Member of Council	64 584	-	64 584
Total allowances of Councillors	483 092	27 600	510 692

**TOWN COUNCIL OF ONGWEDIVA
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	2020	2019
	N\$	N\$
24. REPAIRS AND MAINTENANCE	7 309 485	6 092 282
Buildings	1 044 727	280 213
Infrastructure	5 197 795	4 860 211
Vehicles	752 521	643 680
Office and computer equipment	314 442	308 178
25. CONTRACTED SERVICES	2 824 296	2 761 064
Refuse removal services	1 897 458	1 933 861
Grass removal and bush trimming	62 760	52 700
Impounding services	270 740	203 031
Office cleaning services	413 338	391 472
Emergence services	180 000	180 000
26. GRANTS AND DONATIONS	15 000	13 490

Grants and donations were duly approved by Council as per Council Resolution CM 20.4/2020/ (MCM 17.2/2020/) and the ministerial approval was also granted in terms of section 30 (1) (z) (ii) of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended, (letter referenced 14/16/011; dated 17 March 2020).

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	2020	2019
	N\$	N\$
27. GENERAL EXPENSES	11 848 913	15 654 870
Advertising	247 681	270 489
Animal feeds	17 105	10 000
Assets written off	-	55
Bank charges	496 359	511 774
Compensation payments	567 874	3 918 111
Consumables (materials and stores)	169 077	216 463
Co-operation agreement activities	13 366	92 600
Expo participation	13 092	172 675
Fuel and oil	377 641	435 032
Functions	53 670	128 885
Healthy city and staff welfare	205 028	265 779
Incidental expenses	24 913	29 996
Insecticides	13 176	74 072
Insurance	256 714	264 999
Legal expenses	499 568	369 793
Marketing and publicity	78 411	95 887
municipal association contributions	69 720	93 303
Ongwediva Junior Council activities	47 066	41 217
Postage and telephone	1 022 696	817 446
Protective clothing	9 688	123 510
Printing and stationery	356 197	319 799
Rate contribution to Oshana Regional Council	1 301 528	1 247 904
Refreshments and entertainment	35 337	34 702
Security	719 324	799 999
SME skills development	-	3 860
Social development programmes	1 036 283	1 135 575
Subsistence and travelling	121 325	277 727
Town planning and land survey	85 479	158 095
Training and development	164 000	88 168
Utility services	3 646 595	3 656 955
	200 000	

The capital expenditure amounting to N\$ 18 950 035 was allocated to the revenue account in the previous year, which is not in line with the newly adopted Accrual basis of accounting based on International Public Sector Accounting Standards (IPSASs). For further details, refer to the Statement on Changes in Net Assets.

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**TOWN COUNCIL OF ONGWEDIVA
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	2020	2019
	N\$	N\$
28. NET ASSETS/EQUITY AND ACCUMULATED SURPLUS	247 878 685	235 485 081
Capital Development Fund	28 973 387	28 973 387
Social Housing Fund	2 782 634	2 443 798
Build Together Fund	10 173 861	9 762 158
Ongwediva Trade Fair Centre Fund	3 950 200	3 950 200
	45 880 082	45 129 543
Accumulated surplus	201 998 603	190 355 538

Reconciliation of net assets - 2020

Fund/Accumulated surplus	Opening balance	Receipts/ temporary advances	Payments	Surplus for the year	Appropriations	Closing balance
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	2 443 798	478 887	(140 051)	-	-	2 782 634
Build Together Fund	9 762 158	453 903	(42 200)	-	-	10 173 861
Ongwediva Trade Fair Fund	3 950 200	-	-	-	-	3 950 200
Total reserves	45 129 543	932 790	(182 251)	-	-	45 880 082
Accumulated surplus	190 355 538	-	-	12 743 546	(1 100 481)	201 998 603
Net assets/equity	235 485 081	932 790	(182 251)	12 743 546	(1 100 481)	247 878 685

Reconciliation of net assets - 2019

Fund/Accumulated surplus	Opening balance	Receipts/ temporary advances	Payments	Surplus for the year	Appropriations	Closing balance
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	2 127 903	507 415	(191 520)	-	-	2 443 798
Build Together Fund	9 380 164	436 935	(54 941)	-	-	9 762 158
Ongwediva Trade Fair Fund	-	5 245 966	(1 295 766)	-	-	3 950 200
Total reserves	40 481 454	6 190 316	(1 542 227)	-	-	45 129 543
Accumulated surplus	6 693 369	-	-	11 056 726	172 605 443	190 355 538
Net assets/equity	47 174 823	6 190 316	(1 542 227)	11 056 726	172 605 443	235 485 081

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	2020	2019
	N\$	N\$
29. ADJUSTMENTS TO APPROPRIATION ACCOUNT	(1 100 481)	172 605 443
Investment made into SBN call account	(575 443)	-
Increase in provision for doubtful debts	-	(4 004 842)
Corrections – net expenditure	70 446	(90 200)
Corrections – net revenue	272 571	15 956
Correction of previous year debtors	(164 420)	(202 344)
VAT correction	(703 635)	(2 532 279)
Corrections on stores	-	59 153
Re-allocation of net asset contribution out of revenue	-	177 820 347
Re-allocation of net asset contribution out of revenue	-	1 539 652
30. CASH GENERATED FROM OPERATIONS		
Surplus for the year	12 743 546	11 056 727
Adjusted for:		
Net adjustments to appropriation account	(1 100 481)	172 605 442
Depreciation	10 285 139	11 891 605
	21 928 204	195 553 774
Working capital adjustments:		
Decrease/(increase) in inventories	(49 438)	(70 067)
Decrease (increase) in trade and other receivables	(3 878 601)	1 996 233
Increase/(decrease) in trade and other payables	5 944 179	(2 957 043)
Increase in leave pay	211 911	410 850
Increase in fund reserves	750 540	4 648 088
Increase/(decrease) in capital outlay	-	(179 359 999)
	24 906 795	20 221 836

31. TAXATION

Ongwediva Town Council is a local authority and is exempted from paying income tax. It charges Valued Added Tax (VAT) out on taxable supplies and pays or claims net VAT to or from the Inland Revenue as per Value Added Tax Act 10, 2000 (Act no 10 of 2000), as amended. VAT receivable amounted to N\$ 4 149 058 (2019: N\$5 249 625) at the end of the year under review (refer to note 3).

32. AUDITORS' REMUNERATION

Ongwediva Town Council is currently exempted from paying audit fees by the Auditor-General to allow Council to invest such fees in capacitating key staff members in the finance department with regard to the preparation of financial statements. The return on investment of such exemption is clearly reflected on the preparation of these financial statements.

**TOWN COUNCIL OF ONGWEDIVA
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33. CATEGORIES OF FINANCIAL INSTRUMENTS

2020

ASSETS	Debt instrument at amortized cost	Financial liabilities at amortized cost	Deferred income	Equity, non- financial assets and liabilities	Total
CURRENT ASSETS	N\$	N\$	N\$	N\$	N\$
Trade and other receivables from exchange transactions	13 466 812	-	-	-	13 466 812
Trade and other receivables from non- exchange transactions	5 294 086	-	-	-	5 294 086
Inventories	-	-	-	781 969	781 969
Cash and cash equivalents	61 975 662	-	-	-	61 975 662
	80 736 560	-	-	781 969	81 518 529
NON-CURRENT ASSETS					
Property, plant and equipment	-	-	-	179 146 632	179 146 632
Loans receivable	-	-	-	277 848	2 277 848
Equity investments	4 665 035	-	-	-	4 665 035
	4 665 035	-	-	179 424 480	184 089 515
TOTAL ASSETS	85 401 595	-	-	180 206 449	265 608 044
LIABILITIES					
Trade and other liabilities	-	10 485 469	-	-	10 485 469
Refundable deposits	-	2 322 570	-	-	2 322 570
Provisions	-	-	-	4 554 201	4 554 201
Deferred income	-	-	2 367 120	-	2 367 120
TOTAL LIABILITIES	-	12 808 039	2 367 120	4 554 201	19 729 360
NET ASSETS	85 401 595	(12 808 039)	(2 367 120)	175 652 248	285 337 404
NET ASSETS/EQUITY					
Reserves	-	-	-	45 880 082	45 880 082
Accumulated surplus	-	-	-	201 998 602	201 998 602
	-	-	-	247 878 684	247 878 684

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2019

ASSETS	Debt instrument at amortized cost	Financial liabilities at amortized cost	Deferred income	Equity, non- financial assets and liabilities	Total
	N\$	N\$	N\$	N\$	N\$
CURRENT ASSETS					
Trade and other receivables from exchange transactions	9 335 064	-	-	-	9 335 064
Trade and other receivables from non- exchange transactions	5 547 234	-	-	-	5 547 234
Inventories	-	-	-	732 530	732 530
Cash and cash equivalents	49 508 613	-	-	-	49 508 613
	64 390 911	-	-	732 530	65 123 441
NON-CURRENT ASSETS					
Property, plant and equipment	-	-	-	177 539 582	177 539 582
Loans receivable	-	-	-	2 475 122	2 475 122
Equity investments	4 665 035	-	-	-	4 665 035
	4 665 035	-	-	180 014 704	184 679 739
TOTAL ASSETS	69 055 946	-	-	180 747 234	249 803 180
LIABILITIES					
Trade and other liabilities	-	4 541 291	-	-	4 541 291
Refundable deposits	-	2 281 147	-	-	2 281 147
Provisions	-	-	-	4 342 291	4 342 291
Deferred income	-	-	3 153 370	-	3 153 370
TOTAL LIABILITIES	-	6 822 438	3 153 370	4 342 291	14 318 099
NET ASSETS	69 055 946	(6 822 438)	(3 153 370)	176 404 943	235 485 081
NET ASSETS/EQUITY					
Reserves	-	-	-	45 129 543	45 129 543
Accumulated surplus	-	-	-	190 355 538	190 355 538
	-	-	-	235 485 081	235 485 081

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34. RELATED PARTIES

Members of the executive and senior management

Name	Office	Nationality
Mr. Damian E. Egumbo	Chief Executive Officer	Namibian
Mrs. Rebekka N. Amadhila	Senior Manager: E/ Development & C Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & HR Administration	Namibian

The CEO was re-appointed for a five year term effective from 1 April 2020 to 31 March 2025. There have been no other change in the executive and senior management during the year under review.

	2020	2019
	N\$	N\$
Compensation to executive and senior management	4 107 547	3 974 319
Employee related costs - salaries and wages	2 030 998	1 941 763
Bonuses - 13th cheques	169 250	162 124
Vehicle and transport allowances	306 535	370 757
Housing benefits	812 399	728 926
Employee related costs - Contributions to Medical Aid	224 374	212 072
Employee related costs - Contributions to Pension Fund	440 727	422 172
Employee related costs - Contributions to SSC	3 888	3 888
Standby allowances	3 600	3 300
Cell phone allowances	43 200	43 200
Contributions to accumulated leave days	72 576	86 117

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Related party balances

Amounts included in the trade and other receivables regarding related parties

	2020	2019
	N\$	N\$
Ministries	5 281 068	7 607 036
Rural Development Centre	35 532	11 826
University of Namibia	361 521	485 664
Namibia Water Corporation	16 352	10 589
Valombola Vocational Training Centre	442 692	324 812
National Housing Enterprise	85 766	35 190
Namibia Power Corporation	14 112	4 735
Social Security Commission	2 195	2 073
Roads Authority	36 814	36 620
AMTA	27 078	15 195
Namibia Industrial Development Agency	15 167	79 506
Ongwediva Medi-Park	47 014	71 340
NORED	567 902	312 159
Namibia Fish Consumption Promotion Trust	10 842	6 323
Advances to staff members – Corporate wear	59 105	-
Sam Nujoma Multi-Purpose Centre (SNPMC)	1 210	12 673

Amounts included in the trade and other payables regarding related parties

Namibia Water Corporation	(2 072 542)	(2 761 450)
NORED	(3 821 337)	(241 129)
Namibia Broadcasting Co-operation (NBC)	-	(14 187)
Telecom	(22 142)	(21 837)
Nampost	(36 392)	(24 640)
MTC	(1 480)	(1 481)
New Era	(26 949)	(6 707)
Oshana Regional Council	-	(1 247 904)
SNMPC	(79 969)	(105 987)

Trade and other receivables are unsecured and are collected using the same credit control policy applicable to all other customers. Similarly, the principle applicable to all other customers when providing for doubtful debts is applied to related parties' accounts receivable.

The above entities are considered related parties because of the common shareholder's significant influence over them or the ability to direct.

