



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF OSHIKUKU

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019 AND 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 Oshikuku for the financial years ended 30 June 2019 and 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.

WINDHOEK, July 2022

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE TOWN COUNCIL OF OSHIKUKU
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019 AND 2020**

1. ADVERSE OPINION

I have audited the financial statements of the Town Council of Oshikuku for the financial years ended 30 June 2019 and 2020. These financial statements comprise the Statement of Financial Position, Statement of Financial Performance, Statements of Changes in Equity, the Cash Flow Statement and the Notes to the Financial Statements for the years then ended.

Because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of the Town Council of Oshikuku as at 30 June 2019 and 2020 its financial performance and its cash flows for the years then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR ADVERSE 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, 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. An adverse audit opinion is being expressed due to the following:

2.1 TRADE PAYABLES

- Listing for sundry creditors, debtors in advance and provisions amounting to N\$ 1 450 482 (2019) and N\$ 2 588 961 (2020) were not available for audit verification. No further audit procedures could be performed to verify the above-mentioned balances;
- Subsequent payments test revealed that there are invoices amounting to N\$ 94 394 for the 2018/2019 financial year which were not accrued for under trade payables;
- Supporting documents for trade payables and sundry payables amounting to N\$ 783 876 were not available for audit verification. The auditors therefore could not satisfy themselves on the completeness and valuation of the above-mentioned balance at year end;
- Statement for bulk water purchases at year end amounting to N\$ 1 188 118 does not agree to the listing balance amounting to N\$ 713 562 resulting in a difference of N\$ 474 556;
- Supporting documents for subsequent payments test amounting to N\$ 258 077 were not available for audit verification. Also noted is that these selections for subsequent payments made did not form part of the trade payables balance at year end; and

- Re-computation done for the provision for Regional Council levies amounting to N\$ 225 050 does not agree to the financial statements balance amounting to N\$ 196 847 resulting in a difference of N\$ 28 203.

2.2 INVESTMENTS

The equity investment by the Town Council in the Local Authorities Electricity Company (Pty) Ltd is recorded in the financial statements at N\$ 15 and the basis for valuation was not provided. The auditors were unable to test for impairment of the investment due to the unavailability of the financial statements of the investee.

2.3 VALUE ADDED TAX (VAT)

The value added tax balance based on the financial statements amounting to N\$ 1 003 751 does not agree to the recomputed balance based on returns submitted to the receiver of revenue amounting to N\$ 512 604 resulting in a difference of N\$ 491 147. Also noted is that the return for 2019/20 was not available for audit verification.

2.4 TRADE RECEIVABLES

- Included in the debtors age analysis are amounts for N\$ 863 774 and N\$ 84 371 for suspense account and unknown debtors which are made up of direct deposits which were not cleared from previous years; and
- The debtors age analysis per the management report amounting to N\$ 15 893 300 does not agree to the financial statements balance amounting to N\$ 17 093 450 resulting in a difference of N\$ 1 200 150.

2.5 REPORTING FRAMEWORK

The Council indicated that they have adopted IPSAS as their reporting framework but there was no letter confirming the migration to IPSAS or any Council approval with regards to the change in the accounting framework. Also noted is that the financial statements were not prepared according to the template provided by IPSAS 1. The accounting policies on the financial statements do not include all the accounts which are included on the notes.

2.6 BANK AND CASH

Included in the bank reconciliation is an amount for adjustments amounting to N\$ 121 845 which could not be traced to supporting documents. Supporting documents for outstanding cheques amounting to N\$ 912 033 were not available for audit verification.

2.7 REVENUE

- Sale of erven income charges for properties recomputation based on the rates provided by the property department indicated that there are differences amounting to N\$ 198 337. Sale of erven income recorded in the financial statements is based on the allocation letters which does not have any acknowledgement or commitment from the client to pay because there is no signed agreement and not on the agreement of sale signed between the client and the Council

which indicate overstatement of sale of erven income. Also noted is that there are no reconciliations on the sale of erven revenue between cash sales and instalment sales;

- Ledger balance for sale of erven income recorded on the financial statements amounting to N\$ 1 414 263 does not agree to the listing for property sales provided by the property office amounting to N\$ 944 114 resulting in a difference of N\$ 470 149, for the financial year ended 30 June 2019;
- No register maintained by the Council to ensure adequacy of controls with regards to the collection of Permission to Occupy (PTO) rental income. Also noted is that there are no lease agreements in place for PTO clients who are being charged rentals on a monthly basis. The auditors therefore could not satisfy themselves on the validity and completeness of PTO rental income per financial statements amounting to N\$ 203 763 (2019) and N\$ 76 768 (2020);
- From the 25 sample selections made on refuse collection tariff, the rate used on 10 of the selections does not agree to the 2018/2019 tariff schedule. 14 selections on rates and taxes recomputation do not agree to the approved tariff. Tested selection of sewer has 16 properties with rates that do not agree to the tariff. Of the tested selections for water 13 properties are not in agreement with the tariff rates approved.
- From the 25 sample selections made on refuse collection tariff, the rate used on 6 of the selections does not agree to the 2019/2020 tariff schedule. 14 selections on rates and taxes recomputation do not agree to the approved tariff. Tested selection of sewer has 2 properties with rates that do not agree to the tariff. Of the tested selections for water 2 properties are not in agreement with the tariff rates approved;
- A letter received from the line ministry on servicing of plots confirmed that N\$ 1 000 000 was allocated, however the financial statements balance recorded amounts to N\$ 552 727 resulting in a difference of N\$ 447 273 for the financial year ended 30 June 2019;
- A letter confirming the receipt for heritage centre funds amounting to N\$ 713 550 was not provided by management for the auditors to verify the accuracy and completeness of the received funds for the financial year ended 30 June 2020;
- Animal feed research letter for funds received recorded in the financial statements amounting to N\$ 206 018 was not provided for us to verify the accuracy and completeness of the received funds for the financial year ended 30 June 2019; and
- Animal feed research letter received amounting to N\$ 184 700 does not agree to the financial statements balance amounting to N\$ 291 216 resulting in a difference of N\$ 106 516 for the financial year ended 30 June 2020.

2.8 EXPENSES

- Expenses for security services, contractual labour and build together program amounting to N\$ 150 616 were not available for audit verification. The auditors therefore could not satisfy themselves on the accuracy and completeness of the mentioned expenditure balance for the financial year ended 30 June 2020;

- The general ledger for NORED expenses provided by management amounting to N\$ 773 391 does not agree to the financial statements balance amounting to N\$ 715 920 resulting in a difference of N\$ 57 472. Invoices received for NORED amounting to N\$ 704 120 were not agreeing to the general ledger balance amounting to N\$ 773 391, resulting in a difference of N\$ 69 271 for the financial year ended 30 June 2020;
- The general ledger provided by management amounting to N\$ 3 135 065 for water purchases does not agree to the financial statements balance amounting to N\$ 2 178 000 resulting in a difference of N\$ 957 065. Invoices received for bulk water purchases amounting to N\$ 2 290 754 were not agreeing to the general ledger balance amounting to N\$ 3 135 065 resulting in a difference of N\$ 844 311 for the financial year ended 30 June 2020;
- The general ledger and supporting documents provided by management amounting to N\$ 2 098 726 for water purchases does not agree to the financial statements balance amounting to N\$ 2 408 701 resulting in a difference of N\$ 309 975. Also noted is that departmental electricity ledger was also misstated by N\$ 57 472. Further investigations indicated that these differences are as a result of the Council capturing payments made instead of the actual invoices for the financial year ended 30 June 2019; and
- Expenses for travel and accommodation, animal research, and legal fees amounting to N\$ 95 163 were not available for audit verification. The auditors therefore could not satisfy themselves on the accuracy and completeness of the mentioned expenditure balance for the financial year ended 30 June 2019.

2.9 PROPERTY, PLANT AND EQUIPMENT

- The general ledger for additions provided amounting to N\$ 3 424 363 does not agree to the fixed assets additions balance recorded on the financial statements amounting to N\$ 4 262 139 resulting in a difference of N\$ 837 776 for the financial year ended 30 June 2020;
- Supporting documents for fixed assets additions amounting to N\$ 1 102 487 were not available for audit verification. The auditors therefore could not satisfy themselves on the completeness, and valuation of these mentioned additions at year end. Also noted is that fixed assets additions are not numbered and coded on the fixed asset register for the financial year ended 30 June 2020; and
- Fixed assets additions are being depreciated for the full year instead of on a prorata basis which will result in the understatement of the carrying amount at year end for the financial year ended 30 June 2020.

2.10 PAYROLL

- Monthly recomputed payroll based on reports provided by the Council on Finstel amounting to N\$ 7 629 595 does not agree to the financial statements balance amounting to N\$ 7 735 428 resulting in a difference of N\$ 105 833 for the financial year ended 30 June 2020;
- Medical aid supporting documents provided amounting to N\$ 741 827 do not agree to the financial statements balance amounting N\$ 643 700 resulting in a difference of N\$ 98 127 for the financial year ended 30 June 2020; and

- Pension fund deductions supporting documents provided amounting to N\$ 1 132 732 do not agree to the financial statements balance amounting N\$ 807 085 resulting in a difference of N\$ 325 647. Also noted is that Pay as You Earn returns for the year were submitted late to the receiver of revenue for the financial year ended 30 June 2020.

2.11 CASH FLOW STATEMENT

- The cash utilised from operations per note amounting to (N\$ 4 961 923) does not agree to the balance recorded on the cash flow statement amounting to N\$ 4 350 934 resulting in a difference of N\$ 9 312 857 for the financial year ended 30 June 2020;
- The closing balance on the cash flow statement amounting to N\$ 5 689 041 does not agree to the balance of Cash and Cash equivalents as per note 5 amounting to (N\$ 1 639 684) resulting in a difference of N\$ 7 328 725. Also noted is that the closing balance on the cash flow statement does not agree to the recalculated balance of the auditors, resulting in a difference of N\$ 2 743 003 for the financial year ended 30 June 2020;
- The cash utilised from operations per note amounting to N\$ 54 475 210 does not agree to the balance recorded on the cash flow statement amounting to (N\$ 4 308 058) resulting in a difference of N\$ 58 783 268 for the financial year ended 30 June 2019; and
- The closing balance on the cash flow statement amounting to N\$ 4 603 384 does not agree to the balance OF Cash and Cash equivalents as per note 5 amounting to (N\$ 296 960) resulting in a difference of N\$ 4 900 344. Also noted is that the closing balance on the cash flow statement does not amount to the recorded balance of N\$ 4 603 384, the correct balance as per the recalculation is N\$ 3 519 259 for the financial year ended 30 June 2019.

3 KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the audit opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respective of the financial statements for Oshikuku Town Council.

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 the 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.

4.1 Going concern

The auditors draw attention to the Statement of the Financial Position as at 30 June 2020, which indicates that as of that date, the current liabilities exceed its current assets by N\$ 2 741 086 (2019: N\$ 2 402 727).

These conditions indicate the existence of material uncertainties, which may cast doubt on the Councils ability to settle its obligations in the normal course of business and continuing as a going concern.

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 control 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 the audit 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 the audit 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.

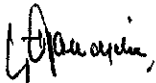
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit 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 the audit.
- I also 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 the audit 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 the audit 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 Town Council of Oshikuku during the audit is appreciated.

WINDHOEK, July 2022


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

THE TOWN COUNCIL OF OSHIKUKU
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2020 N\$	2019 N\$	2018 N\$
ASSETS				
Non-current assets				
Property, plant and equipment	2	51 744 645	54 485 507	59 156 030
Investments	3	4 048 707	4 305 775	7 938 848
		3 752 588	1 073 295	3 338 674
Current assets				
Receivables from exchange transactions	4	3 541 469	867 389	3 145 763
Inventory		210 794	205 581	192 586
Cash and cash equivalents	5	325	325	325
		59 545 940	59 864 577	70 433 552
TOTAL ASSETS				
FUNDS AND LIABILITIES				
Equity (Net assets)				
capital Outlay	6	-	-	59 156 030
Fund and accounts	7	16 331 821	15 757 679	5 122 056
Accumulated surplus / (deficit)	7	36 720 445	40 630 876	-
		6 493 674	3 476 022	6 155 466
Current liabilities				
Payables from exchange transactions	8	4 351 360	2 733 987	2 093 818
Bank overdraft	5	1 640 009	297 284	4 061 648
Consumer deposits	8	502 305	444 751	-
		59 545 940	59 864 577	70 433 552
TOTAL EQUITY AND LIABILITIES				

THE TOWN COUNCIL OF OSHIKUKU
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

	Note	2020 N\$	2019 N\$	2018 N\$
Revenue	11	22 482 414	16 807 541	20 298 575
Revenue from exchange transactions		9 522 989	8 947 467	-
Water services		4 804 005	4 225 045	-
Electricity services		422 401	423 754	-
Cleansing services		1 389 024	1 161 768	-
Sewerage		1 430 215	1 241 477	-
Rental fees		10 779	385 773	-
Sale of ervens		952 080	1 414 264	-
Other		514 485	95 386	-
Revenue from non-exchange transactions		12 959 425	7 860 074	-
Rates and taxes		4 501 000	3 936 949	-
Government grants and subsidies		5 786 371	1 678 784	-
PTO		76 769	203 763	-
Fees and fines – penalties		1 530 810	1 414 623	-
RFA subsidy		951 027	392 362	-
Other		113 448	233 593	-
Expenses	12	26 464 341	27 651 561	20 447 679
Salaries and wages		7 735 428	8 107 976	-
General expenses		7 130 537	9 046 615	-
Repairs and maintenance		1 229 337	806 976	-
Non-cash expenses		10 369 039	9 689 994	-
Net operating deficit for the year		(3 981 927)	(10 844 020)	(149 104)
Interest received		49 725	96 079	19
Net deficit after interest		(3 932 202)	10 747 941	149 085

THE TOWN COUNCIL OF OSHIKUKU
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

	Accumulate d fund account	Totals
Note	N\$	N\$
Balance as at 01 July 2017	7 360 867	7 360 867
Surplus for the year	149 085	149 085
Adjustments to appropriation account	3 042 154	3 042 154
Balance as at 30 June 2018	10 552 106	10 552 106
Surplus for the year	(10 747 941)	(10 747 941)
Adjustments to appropriation account	(61 930 923)	(61 930 923)
Balance as at 30 June 2019	40 630 876	40 630 876
Deficit for the year	(3 932 202)	(3 932 202)
Adjustments to appropriation account	21 772	21 772
Balance as at 30 June 2020	(36 720 445)	(36 720 445)

THE COUNCIL OF OSHIKUKU
STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE

	Note	2020 N\$	2019 N\$	2018 N\$
Cash flow generated / (utilised) by operations				
Cash receipts from customers		22 482 414	16 807 541	20 298 575
Cash paid to suppliers and employees		(18 131 481)	(21 115 599)	(24 946 443)
Cash generated from operations		4 350 934	(4 308 058)	(4 647 868)
Interest on investments		49 725	96 079	19
Cash flow generated / (utilised) operating activities	*10	4 400 659	(4 211 979)	(4 647 850)
Cash flow from financing activities		(574 141)	83 517	2 437 849
(Decrease) / increase in funds		(574 141)	83 517	2 995 138
Decrease in capital outlay				(557 288)
Cash flow from investing activities		(2 740 861)	4 670 523	1909 208
Purchases of property, plant and equipment		(2 740 861)	4 670 523	557 288
Decrease in investments		-	-	1 351 920
Net increase/(decrease) in cash and cash equivalents		1 085 656	542 063	(300 791)
Cash and cash equivalents at the beginning of the year		4 603 384	(4 061 322)	(3 760 531)
Cash and cash equivalents at the end of the year		5 689 041	4 603 384	(4 061 322)

*See paragraph 2.11 Cash flow statement

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

1. ACCOUNTING POLICIES

1.1 Basis of presentation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs), from July 2018.

1.2 Property plant and equipment

All items of property, plant and equipment are stated at cost or valuation, the cost or valuation of these items of property, plant and equipment is depreciated on the straight basis over their expected useful lives.

No assets have been revalued at year end.

1.3 Fund accounts

Build together funds.

The purpose of the fund is to provide for housing loans. Income from the fund is derived from a grant from MURD and interest earned on secure housing loans and investments.

Capital reserve fund

The purpose of this fund is to build up a general reserve to ensure that the Town Council financial position is stable.

Salary reserve fund

The purpose of their fund is to accumulate funds as a reserve for leave and severance payments.

1.4 Interest

Interest earned on Build Together account is allocated to the Build Together Fund. All other interest has been allocated in the operation income vote.

1.5 Consumer deposits

Consumer deposits are held as security in the event of default by an account holder.

THE TOWN COUNCIL OF OSHIKUKU

ANNEXURE E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

2. Property, plant and equipment

Summary of asset register

Department

	Balance as at 30 June 2018		Additions		Depreciation		Balance as at 30 June 2019		Additions		Depreciation		Balance as at 30 June 2020	
	N\$		N\$		N\$		N\$		N\$		N\$		N\$	
General administration	2 622 808		13 611		464 941		2 171 478		128 433		471 148		1 828 764	
Vehicles	84 667		-		42 331		42 336		-		42 330		5	
Technical services	14 234 489		1 110 753		871 972		14 473 270		18 478		871 278		13 620 469	
Town planning	6 692 287		1 120 652		934 341		6 878 598		11 104		932 701		5 957 002	
Roads and streets	4 532 510		-		660 875		3 871 635		1 278 076		660 875		4 488 835	
Environment	2 171 444		-		200 389		1 971 055		57 117		201 595		1 826 578	
Sewerage	12 458 517		-		1 196 557		11 261 960		1 954 508		1 197 498		12 018 971	
Water	3 882 734		-		698 152		3 184 582		-		698 152		2 486 429	
Electricity	12 476 574		-		1 845 981		10 630 593		814 422		1 927 422		9 517 592	
	59 156 030		2 245 016		6 915 539		54 485 507		4 262 138		7 002 999		51 744 646	

3. INVESTMENTS

Commercial banks

Equity NORED

	2020	2019	2018
	N\$	N\$	N\$
	4 048 692	4 305 760	7 938 833
	15	15	15
	4 048 707	4 305 775	7 938 848

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2020	2019	2018
	N\$	N\$	N\$
4. TRADE RECEIVABLES			
Consumer deposits	17 093 450	12 279 190	10 229 959
Build together debtors	290 747	316 821	342 008
Vat control	1 003 751	286 422	1 782 251
Nored	67 827	37 340	74 512
Sundry debtors	1 400	1 400	1 400
	18 457 175	12 921 174	12 430 130
Less: Provision for bad debts	(14 915 706)	(12 053 784)	(9 284 367)
	3 541 469	867 389	3 145 763
5. CASH AND CASH EQUIVALENTS			
Current account (overdraft)	1 640 009	297 284	4 061 647
Petty cash	(325)	(325)	(325)
	1 639 684	296 960	4 061 322
6. CAPITAL OUTLAY			
Revenue contributions	-	-	57 196 031
General capital contributions	-	-	1 959 999
	-	-	59 156 030
7. FUND ACCOUNTS AND RESERVES			
Capital reserve fund	12 321 058	12 321 058	12 321 058
Build together fund	2 803 869	2 733 845	2 655 366
Salary reserve fund	1 206 894	702 776	697 738
	16 331 821	15 757 679	15 674 162
Revenue account kept in compliance with section 86(1) of the Local Authorities Act 1992	36 720 445	40 630 876	(10 552 106)
	53 052 266	56 388 555	5 122 056
8. TRADE AND OTHER PAYABLES			
Trade payables	1 071 037	1 370 935	313 171
Sundry creditors	1 289 633	1 303 052	1 333 967
Debtors in advance	1 239 328	-	-
Other payables	494 515	-	-
Regional Council provision	196 847	-	-
Consumer deposits	502 305	444 751	386 680
Provisions	60 000	60 000	60 000
	4 853 665	3 178 738	3 178 738

THE TOWN COUNCIL OF OSHIKUKU

ANNEXURE E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2020	2019	2018
	N\$	N\$	N\$
9. ADJUSTMENTS TO APPROPRIATION ACCOUNT			
Capital transfer	-	56 156 030	-
Bank reconciliation adjustment	-	3 952 978	-
Expenditure	-	(1 292 839)	(3 043 979)
Revenue adjustments	21 772	114 754	1 825
	21 772	61 930 923	(3 042 154)
10. CASH UTILIZED BY OPERATIONS			
Operating (deficit) before interest and transfer costs	(3 932 202)	(10 747 941)	(149 104)
Adjustments to appropriation account	21 772	61 930 923	(3 042 154)
Operating surplus / (deficit before changes in working capital)	(3 910 430)	51 182 982	(3 191 258)
CHANGES IN WORKING CAPITAL			
Decrease / (Increase) in inventory	5 213	(12 995)	(66 543)
(Increase) / decrease in trade receivables	(2 674 080)	2 278 374	(1 654 338)
Increase in trade payables	1 617 373	1 026 849	264 271
	(1 051 493)	3 292 228	(1 456 610)
CASH GENERATED / (UTILIZED) BY OPERATIONS	(4 961 923)	54 475 210	(4 647 868)

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

**REPORT OF COMPARISON OF BUDGET
AND ACTUAL**

	Budgeted amount 2020	Actual Amount 2020	Variance 2020
	N\$	N\$	N\$
11. REVENUE			
Building plan fees	130 000	83 953	46 047
Rental Council hall	20 000	8 783	11 217
Cleansing services business	850 000	597 315	252 685
Valuation/ clearance certificate	5 000	1 555	3 445
Cleansing services residential	945 000	791 708	153 292
Hiring of podium	1 000	261	739
Hiring of PA system	500	-	500
Duplication services	3 500	2 024	1 476
Electricity surcharges Nored	490 000	390 180	99 820
Dividends received	150 000	-	150 000
Selling of electricity Nored	65 000	31 040	33 960
Sale of ervens – business	300 000	714 753	(414 753)
Sale of ervens – residential	1 200 000	237 327	962 673
Heritage centre	-	713 550	(713 550)
Interest on arrears	850 000	1 446 557	(596 557)
Interest on investment call	-	49 750	(49 750)
Rates and taxes	4 800 000	4 501 000	299 000
Rental PTO	230 000	76 769	153 231
Disconnection fees residential	42 920	30 668	12 251
Business registration fitness	95 000	82 699	12 301
Sewerage business	430 000	332 454	97 546
Discharge of sewerage	-	496	(496)
Sewerage – residential	930 000	960 741	(30 741)
Firefighting income	85 000	83 912	1 088
Sewerage new connections	90 000	125 465	(35 465)
Sundry income	-	670	(670)
Road maintenance own /RFA	951 027	951 027	-
New sewerage connections	15 000	10 390	4 610
Sundry income	13 222	12 821	401
Bid documents	20 000	9 730	10 270
Rental – tents	10 000	1 736	8 264
Water business	2 098 517	2 229 274	(130 757)
Promo items	30 000	1 087	28 913
Water residential	2 017 051	2 275 059	(258 008)
Water new connection residential	41 901	248 740	(206 839)
Sale of dustbins	10 000	10 021	(21)

ANNEXURE E

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

REPORT OF COMPARISON OF BUDGET AND ACTUAL

	Budgeted amount 2020 N\$	Actual Amount 2020 N\$	Variance 2020 N\$
11. REVENUE continued			
Disconnection fees business	11 850	9 999	1 851
New connections business	4 415	9 380	(4 965)
Open market rental	25 000	31 475	(6 475)
Garden refuse	125 000	186 686	(61 684)
Cleaning of streets	115 000	137 670	(22 670)
Open market collection fees	-	7 562	(7 562)
Closed market rental	20 000	21 600	(1 600)
Administration fees	25 000	17 600	7 400
Compliance certificate	5 000	11 915	(6 915)
Animal feed research	206 018	206 018	-
Auction of goats	-	6 089	(6 089)
Commission - electricity	1 500	1 181	319
Advertisement boards	90 000	4 647	85 353
Build together program	720 000	-	720 000
Cultural heritage	20 000	-	20 000
Sewer and water extension	500 000	3 866 803	(3 366 803)
Subsidy operational expenses	-	1 000 000	(1 000 000)
	18 788 421	22 532 140	(3 743 719)
12. EXPENDITURE			
Salaries and wages	4 132 941	3 826 036	306 905
Overtime	116 960	122 807	(5 847)
Councillor allowance	483 086	483 092	(6)
Housing allowance	1 506 545	1 088 939	417 606
Service bonus	344 412	300 440	43 971
Pension fund contribution	896 848	807 085	89 763
Social security	22 276	20 796	1 480
Medical aid	680 150	643 700	36 450
Workman's compensation	30 000	23 120	6 880
Transport allowance	450 827	340 813	110 014
Stand by allowance	24 000	2 500	21 500
Cell phone allowance	72 000	51 600	20 400
Casual labourers	20 000	25 750	(5 750)
Stand by allowance – water and sewer	12 000	(1 250)	13 250
Total salaries and wages	8 792 044	7 735 428	1 056 616

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

REPORT OF COMPARISON OF BUDGET AND ACTUAL

	Budgeted amount 2020 N\$	Actual Amount 2020 N\$	Variance 2020 N\$
General expenses continued			
Animal research phase 2	206 018	205 278	740
Build together insurance	10 000	-	10 000
Food and water sampling	5 000	-	5 000
Public toilet cleaning	8 000	-	8 000
Advertising	50 000	71 712	(21 712)
Membership fees	70 000	69 043	957
Refunds	-	5 000	(5 000)
Town Council newsletter	15 000	-	15 000
Finstel, it support services	40 000	30 036	9 964
Courier services	20 000	20 466	(466)
Bank charges	150 000	242 861	(92 861)
License: vehicles	6 000	3 624	2 376
Bulk purchases (own source)	1 850 000	2 178 000	(328 000)
Dust bins	35 000	34 872	128
Build together program	720 000	358 572	361 428
Interest 2018/2019	98 868	12 148	86 720
Clean by contractors	450 000	469 683	(19 683)
Consultancy fees	20 000	-	20 000
Deed registry	1 000	-	1 000
Electricity departmental	550 000	715 920	(165 920)
Entertainment Council	10 000	9 334	666
Fuel and oil	50 000	21 674	28 326
Wellness program	5 000	5 000	-
Insurance	180 000	160 932	19 068
Legal costs	50 000	17 933	32 067
Licence fees	66 000	91 520	(25 520)
Cleaning materials	10 000	9 942	58
Rental: Photocopy	35 000	39 551	(4 551)
Postage and rental	30 000	48 932	(18 932)
Yearend functions	10 000	10 000	-
Internship	5 000	4 500	500
Mayor entertainment	10 000	10 000	-
Donations	3 000	-	3 000
Printing and stationary	70 000	70 257	(257)
CEO entertainment	5 000	5 000	-
Travel expenses	170 000	114 586	55 414
Protective clothing	3 000	3 000	-
5% contribution regional Council	230 000	223 817	6 183

THE TOWN COUNCIL OF OSHIKUKU

ANNEXURE E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

REPORT OF COMPARISON OF BUDGET AND ACTUAL

	Budgeted amount 2020 N\$	Actual Amount 2020 N\$	Variance 2020 N\$
General expenses continued			
Rental; car and equipment	35 000	50 708	(15 708)
Security services	495 000	463 056	31 944
Purchasing of electricity	50 000	40 000	10 000
PPC and materials	25 000	20 282	4 718
Internet and email	57 000	56 268	732
Telephone	35 000	43 109	(8 109)
Training	60 000	60 008	(8)
Travelling and expenses	130 000	93 600	36 400
Trade fair and expo	55 508	32 410	23 098
Natural disaster and emergency	30 000	24 073	5 927
Environmental contribution	10 000	5 750	4 250
Refund water deposits	15 000	1 057	13 943
Compensation 2017/2020	-	561 990	(561 990)
Malaria spraying campaign	40 000	4 000	36 000
Medical check up	20 000	-	20 000
Cleaning of dump site	20 000	-	20 000
Materials and fittings	230 000	203 467	26 533
Pest control chemical	10 000	-	10 000
Auction	6 920	6 320	600
Planning and formalisation	200 000	201 246	(1 026)
Total general expenses	6 771 314	7 130 537	(359 223)
Refuse drums repairs	20 000	14 617	5 383
Buildings	50 000	47 827	2 173
Construction and maintenance infrastructure	250 000	248 987	1 013
Road maintenance (RFA)	951 027	826 980	124 047
Air conditioning services	25 000	16 760	8 240
Vehicles	30 000	40 608	(10 608)
Servicing of fire truck	40 000	33 558	6 442
Total repairs and maintenance	1 366 027	1 229 337	136 690
Capital budget	1 866 500	-	1 866 500
Total capital budget	1 866 500	-	1 866 500
Depreciation	-	7 003 000	(7 003 000)
Provision for doubtful debts	-	2 861 922	(2 861 922)
Leave provision	-	504 117	(504 117)
Total non-cash items	-	10 369 039	(10 369 039)

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

**REPORT OF COMPARISON OF BUDGET
AND ACTUAL**

	Budgeted amount 2020	Actual Amount 2020	Variance 2020
	N\$	N\$	N\$
Total expenditure	18 795 885	26 464 371	(9 534 956)
	2019	2019	2019
	N\$	N\$	N\$
11. REVENUE			
Building plan fees	130 000	84 358	45 641
Rental council hall	20 000	14 999	5 001
Cleansing services business	850 000	386 795	463 205
Valuation/ clearance certificate	3 500	1 670	1 830
Cleansing services residential	750 000	774 973	(24 973)
Hiring of podium	1 000	-	1 000
Hiring of PA system	1 000	-	1 000
Duplication services	6 574	2 776	3 798
Electricity surcharges NORED	540 000	408 765	131 235
Dividends received	180 000	-	180 000
Selling of electricity NORED	85 000	14 650	70 350
Sale of ervens – business	300 000	880 761	(580 761)
Sale of ervens – residential	1 700 000	533 502	1 166 498
Interest on arrears	680 000	1 414 623	(734 623)
Interest on investment call	5 000	96 079	(91 079)
Rates and taxes	4 600 000	3 936 949	663 051
Rental PTO	300 000	203 763	96 237
Disconnection fees residential	50 000	43 370	6 630
Business registration fitness	100 000	82 776	17 224
Sewerage business	450 000	302 334	147 666
Discharge of sewerage	1 000	61	939
Interest earned on current account	200	-	200
Sewerage – residential	870 000	892 482	22 482
Firefighting income	75 000	62 414	12 586
Sewerage new connections	80 000	44 100	35 900
Sundry income	500	-	500
Road maintenance own /RFA	655 000	392 362	262 638
New sewerage connections	1 000	2 500	(1 500)
Sundry income	4 000	29 223	(25 223)
Bid documents	20 000	31 752	(11 752)
Rental – tents	10 000	7 215	2 785
Water business	2 200 000	2 100 431	99 569
Promo items	10 000	5 313	4 687

ANNEXURE E

THE TOWN COUNCIL OF OSHIKUKU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

**REPORT OF COMPARISON OF BUDGET
AND ACTUAL (continued)**

	Budgeted amount 2019 N\$	Actual Amount 2019 N\$	Variance 2019 N\$
11 REVENUE (continued)			
Water residential	1 850 000	2 014 856	(164 856)
Water new connection residential	75 000	41 901	33 099
Sale of dustbins	35 000	10 143	24 857
Plant hire (hydro blast)	8 000	-	8 000
Disconnection fees business	30 000	11 850	18 150
New connections business	20 000	4 415	15 585
Open market rental	55 000	25 604	29 396
Garden refuse	200 000	137 454	62 546
Cleaning of streets	125 000	108 196	16 804
Closed market rental	45 000	21 600	23 400
Auction-council properties	30 000	10 400	19 600
Administration fees	300	7,000	(6 700)
Compliance certificate	249 983	291 216	(41 233)
Animal feed research	25 000	339	24 661
Commission - electricity	750 000	80 083	669 917
Advertisement boards	2 658 784	834 840	1 823 944
Compensation 2017-2018	7 000 000	552 727	6 447 273
Surveying and other income	1 445 893	-	1 445 893
	25 141 734	16 903 620	8 238 114
12. EXPENDITURE			
Salaries and wages	4 092 221	4 079 065	13 156
Overtime	111 646	116 168	(4 522)
Councillor allowance	483 086	483 092	(6)
Housing allowance	1 277 787	1 139 365	138 422
Service bonus	341 019	339 857	1 161
Pension fund contribution	888 012	864 760	23 252
Social security	22 276	21 976	299
Medical aid	584 372	589 483	(5 112)
Workman's compensation	30 000	23 555	6 445
Transport allowance	386 711	355 374	31 337
Stand by allowance	24 000	13 500	10 500
Cell phone allowance	62 400	58 800	3 600
Casual labourers	15 000	10 980	4 020
Stand by allowance – water and sewer	12 000	12 000	-
Total salaries and wages	8 330 530	8 107 976	222 554

**THE TOWN COUNCIL OF OSHIKUKU
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE**

**REPORT OF COMPARISON OF BUDGET
AND ACTUAL (continued)**

	Budgeted amount 2019	Actual Amount 2019	Variance 2019
	N\$	N\$	N\$
General expenses continued			
Animal research phase 2	434 683	472 408	(37 725)
Build together insurance	10 000	-	10 000
Fire fight equipment & material	30 000	-	30 000
Food and water sampling	5 000	-	5 000
Public toilet cleaning	5 000	-	5 000
Advertising	90 000	64 122	25 878
Membership fees	70 000	3 300	66 700
Refunds	10 000	1 297	8 703
Publications: promotions	20 000	13 330	6 670
Town council newsletter	20 000	-	20 000
Finstel, it support services	55 000	51 931	3 069
Courier services	20 000	17 299	2 701
Bank charges	130 000	192 253	(62 253)
License: vehicles	6 000	3 736	2 264
Bulk purchases (own source)	1 800 000	2 408 701	(608 701)
Clean by contractors	390 000	461 267	(71 267)
Consultancy fees	20 000	-	20 000
Deed registry	1 000	-	1 000
Electricity departmental	480 000	730 494	(250 494)
Entertainment council	15 000	26 638	(11 638)
Fuel and oil	57 000	56 515	485
Wellness program	10 000	-	10 000
Insurance	300 000	161 272	138 728
Legal costs	65 000	49 861	15 139
Lic fees	60 000	60 530	(530)
Cleaning materials	18 000	19 998	(1 998)
Rental: Photocopy	30 000	33 049	(3 049)
Postage and rental	35 000	322	34 678
Yearend functions	10 000	10 000	-
Internship	5 000	8 800	3 800
Mayor entertainment	10 000	-	10 000
Donations	5 000	1 032	3 968
Printing and stationary	77 000	87 454	(10 454)
Ceo entertainment	5 000	2 450	2 550
Travel expenses	210 000	181 716	28 284
Protective clothing	6 000	-	6 000
5% contribution regional council	230 000	196 847	33 153

THE TOWN COUNCIL OF OSHIKUKU

ANNEXURE E

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE

REPORT OF COMPARISON OF BUDGET
AND ACTUAL (continued)

	Budgeted amount 2019 N\$	Actual Amount 2019 N\$	Variance 2019 N\$
General expenses continued			
Rental; car and equipment	45 000	33 807	11 193
Security services	490 000	372 736	117 264
Purchasing of electricity	70 000	30 000	40 000
Incomplete BT house	-	54 174	(54 174)
PPC and materials	25 000	26 327	(1 327)
Internet and email	55 000	52 567	2 433
Telephone	50 000	72 924	(22 924)
Training	90 000	78 406	11 594
Travelling and expenses	140 000	144 684	(4 684)
Trade fair and expo	20 000	10 508	9 492
Natural disaster and emergency	30 000	-	30 000
Environmental contribution	40 000	-	40 000
Refund water deposits	23 938	2 421	21 517
Compensation 2017/2018	2 443 191	2 412 866	(30 325)
Harvic fire fighting	6 000	6 000	-
Firefighting str helmet	6 000	7 694	(1 694)
Hangers – firefighting uniforms	1 500	-	1 500
Internet connection fire station	21 000	-	21 000
EIA	100 000	235 578	(135 578)
Malaria spraying campaign	60 000	7 000	53 000
Medical check up	10 000	-	10 000
Anima Kraal controller	12 000	-	12 000
Cleaning of dump site	30 000	-	30 000
Workshop tools and equipment	10 000	-	10 000
Materials and fittings	280 000	48 844	231 156
Street names and signs	35 000	-	35 000
CAD license	65 000	34 135	30 865
Tools	2 000	-	2 000
Interim valuation	200 000	79 721	120 279
Demolishing compensated	150 000	19 600	130 400
Pest control chemicals	10 000	-	10 000
Total general expenses	9 265 312	9 046 615	218 697
Buildings	65 000	7 089	57 911
Construction and maintenance infrastructure	250 000	254 256	(4 256)
Road maintenance (RFA)	655 000	459 584	195 416
Air conditioning services	30 000	24 800	5 200

**THE TOWN COUNCIL OF OSHIKUKU
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE**

**REPORT OF COMPARISON OF
BUDGET AND ACTUAL (continued)**

	Budgeted amount 2019	Actual Amount 2019	Variance 2019
	N\$	N\$	N\$
Vehicles	51 000	61 247	(10 247)
Burglar bar fire station	40 000	-	40 000
Total repairs and maintenance	1 091 000	806 976	284 024
Capital budget	1 865 500	-	1 865 500
Total capital budget	1 865 500	-	1 865 500
Depreciation	-	6 915 539	(6 915 539)
Provision for doubtful debts	-	2 769 417	(2 769 417)
Leave provision	-	5 038	(5 038)
Total non-cash items	-	9 689 994	(9 689 994)
Total expenditure	20 552 342	27 651 561	(7 099 219)