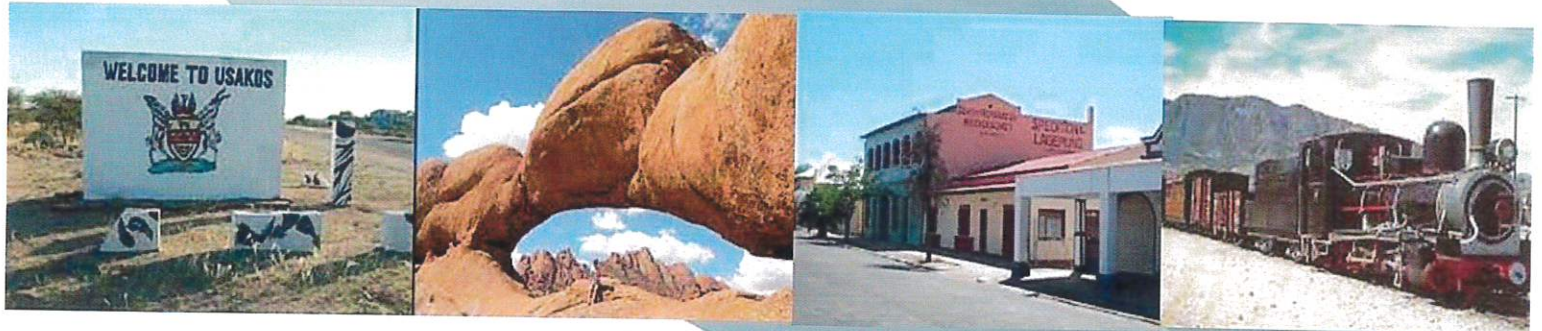




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF USAKOS

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2020 AND 2021

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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 Usakos for the financial years ended 30 June 2020 and 2021 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister 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, March 2024

10/10/10

**REPORT OF THE AUDITOR – GENERAL ON THE ACCOUNTS OF
THE TOWN COUNCIL OF USAKOS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2020 AND 2021**

1. ADVERSE OPINION

I have audited the financial statements of the Town Council of Usakos for the financial years ended 30 June 2020 and 2021. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flow, and notes to the financial statements for the years then ended, and a summary of significant accounting policies.

In my opinion, 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 Usakos as at 30 June 2020 and 2021 its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSAS's).

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 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. An adverse audit opinion is being expressed due to the following:

2.1 Value Added Tax (VAT) receivables

Value added tax returns for the year were not available to verify the balance per financial statements amounting to N\$ 594 106 (2020: N\$ 848 683). Returns were last submitted in 2019 due to the value added tax account issue with NAMRA. No further audit procedures could be performed to verify the value added tax balance at year end.

Management is recommended to submit all outstanding returns and engage the NAMRA on value added tax issues.

2.2 Inventory

The Town Council at any given time hold some inventories. No valuation and count were performed at year end and as a result there was no inventory recorded in the financial statements.

The Council is recommended to ensure that an inventory count is conducted on a monthly basis and valuation of inventory is done based on the accounting policy of the Town Council.

2.3 Unallocated receivables

Included in the debtor's age analysis is an amount of N\$ 226 475 (2020: N\$ 246 621) for direct deposits which were not cleared from previous years. Also noted is a sundry debtor's account amounting to N\$ 415 851 (2020: N\$ 272 977) are creditors that were not reconciled.

The Council must ensure that direct deposit accounts are reconciled to consumer accounts at year end. Furthermore, third party payments must be reconciled on a regular basis.

2.4 Build Together Loan Debtors

The financial statements balance for build together loan balances of N\$ 4 334 887 (2020: 4 488 645) does not agree to the listing balance of N\$ 2 252 752 (2020: 2 406 510) resulting in a difference of N\$ 2 082 135 for both 2020 and 2021. Further discussions with management indicated that the difference is as a result of loan debtors not captured on Finstel and disputes on the accounts with the borrowers. The auditors could not confirm the completeness and valuation of the Build Together loan debtors balance at year end.

The Council must ensure that loans receivable listing at year end agrees to the financial statements balance.

2.5 Revenue

The recomputed total of site rentals being leased by the Council does not agree to the financial statements balance resulting in a difference of N\$ 246 457 (2020: N\$ 235 415). The difference is as a result of the lease agreements not being provided for audit verification.

The Council must ensure that lease agreements for all site rentals are filed properly.

2.6 Statement of Cash flow

The Council erroneously reported movement in short term call accounts amounting to N\$ 1 868 469 (2020: N\$ 1 606 152) in the statement of cash flow. Also noted is that non-cash items amounting to N\$ 112 342 (2020: N\$ 110 629) were included in the statement of cash flow.

The Council must ensure that all non-cash items are adjusted for and all items of cash and cash equivalents are included on the closing balances of the cash flow statement.

2.7 IPSAS 23 Donations in good kind

The Town Council did not disclose revenue from non-exchange transaction donations in good kind for exemptions on audit fees in compliance with IPSAS 23 Par 95 which states that "*gifts and donations are recognized as asset or revenue when it is probable that future economic benefits or services will flow to the entity and can be measured reliably*".

The Council must ensure that full disclosure is done on the financial statements based on the reporting framework adopted.

2.8 IPSAS 23 Un-serviced and open lands

The Town Council did not disclose its open lands in the fixed asset register. IPSAS 23, paragraph 97 states that *“on initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which may be ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can usually be obtained for land, non-specialized buildings, motor vehicles and many types of plant and equipment.”*

The Council must ensure that full disclosure is done on the financial statements based on the reporting framework adopted.

2.9 IPSAS 1 Presentation of financial statements

- The statement of financial position was not prepared in line with the template provided by IPSAS 1. Also noted is that there was no Council resolution confirming the migration from the old framework to IPSAS.
- Accounting policies and disclosures of some of the expenditure items for the Council were not included in the financial statements. Funds and Accounts were also not included on the statement of changes in net assets. Summary of debtors for 2021 is the same as for 2020.
- Included in the statement of financial performances are fixed assets additions that do not form part of the statement of financial performance and depreciation was omitted from the same report. Also noted is that opening balances for note 8 for 2019 do not agree with the 2019 closing balances.
- Build together fund account disclosed under notes to the financial statements amounting to N\$ 2 082 134 for 2020 and 2021 as well as N\$ 2 565 515 (2020: N\$ 2 381 438) could not be traced to the financial reports.
- Appropriation account adjustments in the notes to the financial statements amounting to N\$ 24 814 763 does not agree to the statement of financial performance balance amounting to: N\$ 2 350 303 resulting in a difference of N\$ 22 464 460.

The Council is recommended to ensure that financial statement information is prepared in line with IPSAS 1. The information shown on the reports must be reconciled to the notes of the financial statements.

2.10 Trade payables

Supporting documents for subsequent payments made after year end amounting to N\$ 578 525 for 2020 were not available for audit verification. No further audit procedures could be performed to confirm the completeness and valuation of trade payables at year end.

The Council must ensure that supporting documents are filed properly and availed for audit purposes.

2.11 Property, plant and equipment

Supporting documents for fixed assets additions amounting to N\$ 897 110 for 2020 were not available for audit verification. We therefore could not satisfy ourselves on the accuracy, completeness, and valuation of the above-mentioned fixed assets additions balance.

Fixed assets additions in the financial statements does not agree to the general ledger balance resulting in a difference of N\$ 307 019.

The Council must ensure that supporting documents are provided to the auditors and reconciliations are performed regularly.

2.12 Expenditure

Supporting documents for expenditure amounting to N\$ 370 797 (2020: N\$ 321 315) were not available for audit verification. Also noted is a difference of N\$ 383 192 (2020: N\$ 1 112 710) between the general ledger and the supporting documents provided. Auditors therefore could not confirm the accuracy and completeness of the above-mentioned expenditure balances.

The Council must ensure that supporting documents are provided to the auditors for audit purpose.

2.13 Capital outlay

Included under equity are accounts for fixed assets additions amounting to N\$ 2 707 212 (2020: N\$ 4 935 540), loan assets movement amounting to N\$ 122 009 (2020: N\$ 110 630) and depreciation amounting to N\$ 4 132 066 (2020: N\$ 3 989 892) that were erroneously recorded.

The Council must ensure that accounts are recorded under the correct class to avoid any misstatement of reserve accounts.

2.14 Going concern

A material uncertainty exists that may cast doubt on the Council ability to continue as a going concern due to continuous accumulating operating deficits N\$ 26 261 059 (2020: N\$ 23 148 245) (2019: N\$ 22 241 109) and the current liabilities exceeded the current assets for the year by N\$ 8 359 360 (2020: N\$ 5 525 626) and (2019: N\$ 5 050 091).

The Council should look into cost cutting, collection measures, and assistance from the line ministry in order to raise funds to meet operational objectives.

3. 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.

4. 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 and legislation, and for such internal control as management determines is 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.

5. 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 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.

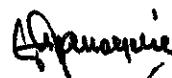
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes 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.

6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87 of the Local Authority Act, 1992 (Act No. 23 of 1992) except that they were only submitted to the Auditor-General on 15 August 2023 instead of three months after the financial year-end.

7. ACKNOWLEDGEMENT

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



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, March 2024

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

ANNEXURE A

		2021	2020	2019	2019
	Note	N\$	N\$	restated N\$	N\$
ASSETS					
Non-current assets					
Property, plant, and equipment	9	58 145 152	59 575 007	58 629 359	63 533 065
Equity – Erongo Red		55 684 925	57 114 780	56 169 132	56 169 132
Investments	11	2 460 227	2 460 227	2 460 227	-
Loans receivable	10	-	-	-	2 773 052
		-	-	-	4 590 881
Current assets					
Receivables from exchange transactions	12	10 816 750	9 732 680	7 509 033	2 605 326
Cash and cash equivalents		6 431 355	3 325 058	2 605 143	2 605 143
Loans receivable	10	-	-	183	183
Investments	11	4 334 887	4 488 645	4 590 881	-
		50 508	1 918 977	312 826	-
TOTAL ASSETS					
		68 961 903	69 307 687	66 138 392	66 138 391
EQUITY AND LIABILITIES					
Equity (Net assets)					
Capital outlay / loans redeemed	14	49 640 932	53 782 511	53 201 767	53 201 766
Fund and accounts	15	55 540 064	56 847 909	55 791 632	55 791 632
Accumulated deficit		20 361 927	20 082 847	19 651 244	19 651 244
		(26 261 059)	(23 148 245)	(22 241 109)	(22 241 109)
Non-current liabilities					
Long term liabilities	16	144 862	266 870	377 500	377 500
		144 862	266 870	377 500	377 500
Current liabilities					
Payables from exchange transactions	17	19 176 109	15 258 306	12 559 125	12 559 125
Employee benefits	18	11 679 336	9 317 678	6 959 398	10 965 802
Bank overdraft	13	1 640 540	1 533 664	1 490 719	-
Value added tax payable	12	4 205 465	2 511 285	1 593 323	1 593 323
Consumer deposits		594 106	848 683	1 470 877	-
		1 056 662	1 046 996	1 044 808	-
TOTAL EQUITY AND LIABILITIES					
		68 961 903	69 307 687	66 138 392	66 138 391

ANNEXURE B

THE TOWN COUNCIL OF USAKOS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED 30 JUNE

Note	2021	2020	2019	2019
	N\$	N\$	Restated N\$	N\$
Revenue from non-exchange transactions	3 152 143	9 514 031	6 093 114	-
Rates and taxes	1 469 595	1 399 415	1 640 754	-
Transfers from government and related entities	1 682 548	8 114 616	4 452 360	-
Revenue from exchange transactions	13 525 793	12 683 742	10 347 968	-
Services charged	11 319 015	10 503 229	8 210 708	-
Surcharges and interest	1 350 125	1 249 544	1 249 548	-
Rental of facilities and equipment	50 642	51 451	59 002	-
Other income	806 011	879 518	828 710	-
TOTAL REVENUE	16 677 936	22 197 773	16 441 082	16 400 833
Expenditure	17 440 447	20 532 025	16 512 790	16 512 791
Bulk Purchases	1 793 701	1 502 096	890 363	-
Employee costs	8 810 237	9 107 471	9 104 263	-
General expenditure	3 664 355	4 807 444	4 806 919	-
Repairs and maintenance	522 239	362 760	372 557	-
Capital expenses	147 846	147 847	109 997	-
Capital spending	2 395 193	4 571 462	1 039 306	-
Non-cash	106 876	32 945	189 385	-
Net operating surplus/(deficit)	(762 511)	1 665 748	(71 708)	(71 958)
Interest on investment	-	-	-	249
Surplus/(deficit) for the year	(762 511)	1 665 748	(71 708)	(71 709)

THE TOWN COUNCIL OF USAKOS

ANNEXURE C

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED 30 JUNE

	Accumulated surplus/ (deficit)	Total
	N\$	N\$
Balance as at 01 July 2018	(20 903 548)	(20 903 548)
Deficit for the year	(71 708)	(71 708)
Adjustments to appropriation account	(1 265 852)	(1 265 852)
Balance as at 30 June 2019	(22 241 109)	(22 241 109)
Surplus for the year	1 665 748	1 665 748
Adjustments	3 770	3 770
Adjustments on appropriation account	(2 576 654)	(2 576 654)
Balance as at 30 June 2020	(23 148 245)	(23 148 245)
Deficit for the year	(762 511)	(762 511)
Adjustments on appropriation account	(2 350 303)	(2 350 303)
Balance as at 30 June 2021	(26 261 059)	(26 261 059)

THE TOWN COUNCIL OF USAKOS
STATEMENT OF CASH FLOW FOR THE YEARS ENDED 30 JUNE

	Note	2021 N\$	2020 N\$	2019 N\$
Cash flow from operating activities				
Cash receipts from customers		16 677 935	22 197 773	16 440 833
Cash paid to suppliers		(20 683 090)	(22 045 793)	(17 681 610)
Cash utilised by operations		(4 005 155)	151 980	(1 240 777)
Investment income (interest)		-	-	249
Cash generated from operations	21	(4 005 155)	151 980	(1 240 528)
Movement in funds		(1 028 765)	1 487 880	(1 388 517)
Increase / (decrease) in capital outlay		(1 307 845)	1 056 277	(1 863 438)
Increase / (decrease) in funds		(279 080)	431 603	474 921
Net cash flow from operating activities		(5 033 920)	1 639 860	(2 629 045)
Cash flow from investing activities		3 452 082	(2 449 564)	2 945 987
Movement in property, plant, and equipment		1 429 854	(945 648)	1 963 768
Movement in investments		1 868 469	(1 606 152)	716 061
Movement in loans receivable		153 759	102 236	266 158
Cash flow from financing activities		(112 342)	(108 441)	(102 317)
Movement in long term liabilities		(122 009)	(110 629)	(102 317)
Movement in consumer deposits		9 667	2 188	-
Net change in cash and cash equivalents		(1 694 180)	(918 145)	214 625
Cash and cash equivalents at the beginning of the year		(2 511 285)	(1 593 140)	(1 807 765)
Cash and cash equivalents at the end of year		(4 205 465)	(2 511 285)	(1 593 140)

THE TOWN COUNCIL OF USAKOS
STATEMENT OF COMPARISON BETWEEN BUDGETS AND ACTUAL AMOUNTS
FOR THE YEARS ENDED 30 JUNE 2020

	Approved Budget	Actual Amount on comparable basis	Difference between final budget and actuals
	N\$	N\$	N\$
Total salaries and wages	11 693 420	9 107 471	2 585 949
Salaries	5 793 438	4 585 863	1 207 575
Councillors allowance	483 086	483 092	6
Other allowances	27 600	-	27 600
Housing	1 709 211	1 240 554	468 657
Overtime	255 000	352 161	97 161
Pension contribution	1 234 567	867 162	367 405
Medical contribution	697 308	565 187	132 121
Social Security contribution	33 579	28 777	4 802
Service bonus	474 102	339 147	134 955
Clothing and other	244 318	-	244 318
Fire brigade and standby allowances	14 160	3 600	10 560
Vehicle allowance	83 474	281 333	197 859
Cell phone allowance	41 700	51 600	9 900
Transport allowance	601 877	308 995	292 882
General expenses	23 211 234	6 309 540	16 901 694
Advertisements	79 534	82 258	2 724
Protective clothing	40 000	22 628	17 372
Bulk purchases	1 511 038	1 502 096	8 942
Departmental services	7 675 000	761 855	6 913 145
Donations	30 000	11 278	18 723
Dispensable material	55 785	103 337	47 552
Fuel	401 000	159 245	241 755
Insurance equipment	225 000	236 679	11 679
Legal costs	100 000	323 599	223 599
Funeral for the poor	5 000	-	5 000
Photocopies	15 000	20 196	5 196
Stationary	78 261	104 390	26 129
Telephone and cell costs	100 000	152 820	52 820
Consulting services	70 000	-	70 000
Regional office	100 000	69 971	30 029
Mayors' reception all	10 000	-	10 000
Membership fees	90 000	-	90 000
Motor vehicle licence fees	-	5 352	5 352
Interest on overdue accounts	-	205 356	205 356

THE TOWN COUNCIL OF USAKOS
STATEMENT OF COMPARISON BETWEEN BUDGETS AND ACTUAL AMOUNTS
FOR THE YEARS ENDED 30 JUNE 2020 (continued)

	Approved Budget	Actual Amount on comparable basis	Difference between final budget and actuals
	N\$	N\$	N\$
Contractual workers	70 000	91 462	21 462
Community hall deposit refund	5 763	9 895	4 132
Heritage Day	150 000	-	150 000
Wellness program	50 000	383	49 617
Finstel licence fees	96 000	145 012	49 012
Travelling and accommodation	673 462	265 500	407 962
Entertainment fund	70 000	56 801	13 199
Antiseptic and soap	115 000	-	115 000
Congress expense	15 000	-	15 000
Electricity consumption	936 074	985 896	49 822
Workmen compensation	-	100 734	100 734
Training and workshop	175 000	103 610	71 390
Bank charges	150 000	112 884	37 116
Vehicle licence fees	110 000	-	110 000
Computer programs	150 000	-	150 000
Postage and courier services	50 000	50 563	563
Medical cost refund staff	-	94	94
Accommodation and volunteers	-	33 000	33 000
Contribution disaster fund	100 000	4 500	95 500
Cleaning services	25 000	-	25 000
Management fees	45 000	-	45 000
Consumables	3 000	-	3 000
Municipal services	15 000	-	15 000
Insurance equipment	15 000	-	15 000
Printing and stationary	10 000	-	10 000
Telephone and fax	20 000	-	20 000
Office rental	35 000	-	35 000
Security services	550 000	474 275	75 725
Administrative charges	3 873 499	237	3 873 262
Land compensation	2 017 818	-	2 017 818
Arrears 5% ERC	2 500 000	-	2 500 000
Namibia Training Authority 1% levy	-	96 085	96 085
Hiring of backhoe loader	100 000	17 550	82 450
Structural plan	100 000	-	100 000
Valuation roll	400 000	-	400 000

THE TOWN COUNCIL OF USAKOS
STATEMENT OF COMPARISON BETWEEN BUDGETS AND ACTUAL AMOUNTS
FOR THE YEARS ENDED 30 JUNE 2020 (continued)

	Approved Budget	Actual Amount on comparable basis	Difference between final budget and actuals
	N\$	N\$	N\$
Repairs and maintenance	1 754 270	362 760	1 391 510
Battery prepaid meters	170 599	9 670	160 929
Building and equipment	150 000	35 965	114 035
Reticulation and equipment	515 268	208 933	306 335
Tools	110 000	2 265	107 735
Vehicles and machinery	758 403	104 897	653 507
Office equipment	50 000	1 030	48 970
Capital costs	180 000	147 847	32 153
Interest internal	80 000	37 218	42 782
Redemption external loans	100 000	110 629	(10 629)
Capital	10 567 200	4 571 462	5 995 738
Office equipment	70 000	32 995	37 005
Office furniture	250 000	16 470	233 530
Fencing of yards	150 000	-	150 000
Office construction	-	295 249	295 249
Motor vehicles	600 000	-	600 000
Servicing of plots	8 000 000	3 123 754	4 876 246
Upgrading of streets	1 247 200	1 091 442	155 758
Reticulation	250 000	11 552	238 448
Non-cash	40 000	32 945	7 055
Provision for staff leave	40 000	32 945	7 055
TOTAL EXPENDITURE	47 446 124	20 532 025	26 914 099

THE TOWN COUNCIL OF USAKOS
STATEMENT OF COMPARISON BETWEEN BUDGETS AND ACTUAL AMOUNTS
FOR THE YEARS ENDED 30 JUNE 2020 (continued)

	Approved Budget	Actual Amount on comparable basis	Difference between final budget and actuals
	N\$	N\$	N\$
Income	40 552 262	22 197 773	18 354 489
Sale of plots	6 404 690	1 565	6 403 125
Exhibits fees	80 000	440	79 560
Donations / grants	50 000	-	50 000
Abattoir rent	100 460	-	100 460
Administration cost	5 000	3 658	1 342
Assessment rates	2 000 000	1 399 415	600 585
Fire protection levy	110 000	110 120	120
Dividend	350	522	172
Cemetery fees	35 000	29 954	5 046
Community hall rent	21 757	28 122	6 365
Grazing fees	25 000	16 069	8 931
House rent	270 917	190 187	80 730
Interest on investment	200	236	36
Interest on arrears	-	(156)	156
Credit adjustment on invoices	500	1 256	756
Sanitation and tank fees	230 000	-	230 000
Services rendered	1 281 593	1 190 283	91 310
Sewerage fees	2 400 000	1 539 028	860 972
Subsidy	1 763 026	1 652 825	110 201
Sundries. Photocopies	32 000	101 198	69 198
Water fees	4 399 001	6 486 413	2 087 412
Workshop costs	60 000	-	60 000
Sundries Value added Tax refunds	1 500 000	-	1 500 000
Comm salary deductions	24 000	1 652	22 348
Fitness / clearance certificate	13 000	42 847	29 847
Rental townlands	11 000	-	11 000
Surcharges Erongo Red	1 250 000	1 249 308	692
Water connections	40 000	10 059	29 941
Reconnections	15 000	5 632	9 368
Prepaid water sales	952 800	495 166	457 634
Subsidy from central Government	5 250 000	6 867 889	1 617 889
Insurance risk claims	140 000	74 981	65 019
Advertisement boards	140 000	77 617	62 383
Building rubble income	2 074	333	1 741

THE TOWN COUNCIL OF USAKOS
STATEMENT OF COMPARISON BETWEEN BUDGETS AND ACTUAL AMOUNTS
FOR THE YEARS ENDED 30 JUNE 2020 (continued)

	Approved Budget	Actual Amount on comparable basis	Difference between final budget and actuals
	N\$	N\$	N\$
Cheque (Return to drawer)	168	-	168
Purchase of refuse drums	232 000	-	232 000
Rental parks	5 000	-	5 000
Rental youth centre	360 000	198 642	161 358
Taxi registration	10 000	-	10 000
Betterment fees	48 281	-	48 281
Endowment fees	29 811	-	29 811
Call out fees	35 000	-	35 000
Community garden lease	40 000	-	40 000
Prepaid water tag/token	130 000	5 005	124 995
Garden refuse	150 000	250	149 750
National planning Commission	8 800 000	-	8 800 000
Building rubble	150 000	-	150 000
Fines and penalties	15 000	-	15 000
Sales of absolute equipment	1 400 133	-	1 400 133
Connection of services	14 400	-	14 400
Private sewerage unblocks	40 218	-	40 218
Rent Van Sitter plot	75 000	-	75 000
Building plans	15 000	2 445	12 555
Site rental	390 383	385 815	4 568
Sale of tender documents	4 000	23 775	19 775
Sale of sand	500	5 222	4 722
Total income			22 197 773
Expenditure			(20 499 080)
Non-cash items			(32 945)
Surplus for the year			1 665 748

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

1. INTRODUCTION

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

1.2. Property, plant, and equipment

All items of property, plant, and equipment are stated at cost or valuation of these items of property plant and equipment is depreciated on the reducing balance basis over their expected useful lives. The assets have not been revalued.

1.3. Fund accounts

Summary of the asset register

The following funds were maintained:

Income assets-2021

	Balance 2020-06-30	Additions	Deprecation	Balance 2021-06-30
	N\$	N\$	N\$	N\$
Rates and General	28 018 216	1 682 548	2 219 245	27 481 519
Land and buildings	15 250 147	-	837 431	14 412 716
Machinery and motor vehicles	262 905	-	88 006	174 899
Furniture and equipment	83 003	-	27 921	55 082
Cemeteries	2	-	-	2
Cemetery Kakahaseb	1 400	-	1 399	1
Fire Brigade	2 632 230	-	374 932	2 257 298
Townlands	384	-	377	7
Streets	9 788 134	1 682 548	889 178	10 581 503
Workshop	11	-	-	11
Self-supporting services	1 523 966	284 067	49 227	1 758 806
Sewerage	1 523 965	284 067	49 227	1 758 805
Abattoir	1	-	-	1
Trading services	19 516 972	735 597	1 818 250	18 434 319
Water Hakahaseb	401	-	399	2
Water	19 516 571	735 597	1 817 851	18 434 317
Grand total	49 059 154	2 702 212	4 086 722	47 674 644

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

General capital assets

	Balance 2020-06-30	Additions	Deprecation	Balance 2021-06-30
	N\$	N\$	N\$	N\$
Rates and General	6 525 940	-	22 050	6 503 890
Land and buildings	6 025 980	-	-	6 025 980
Furniture and equipment	6	-	-	6
Staff housing	1	-	-	1
Town planning	3	-	-	3
Housing Erongosis	414 034	-	5 233	408 801
Streets	2 762	-	460	2 302
Workshop	5 002	-	4 998	4
Streets Hakahaseb	8 002	-	1 334	6 668
Housing Hakahaseb	48 150	-	8 025	40 125
Community hall	22 000	-	2 000	20 000
Self-supporting services	59 939	-	9 989	49 950
Sewerage	36 402	-	6 067	30 335
Abattoir	1	-	-	1
Sewerage Hakahaseb	23 536	-	3 923	19 614
Trading services	79 840	-	13 305	66 534
Water	9 038	-	1 505	7 532
Water Hakahaseb	802	-	133	669
Electricity	70 000	-	11 667	58 333
Grand total	6 665 719	-	45 344	6 620 375
Loan assets	1 389 906	-	-	1 389 906
Self-supporting services	1 389 906	-	-	1 389 906
Total	57 114 780	2 702 212	4 132 066	55 684 925

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

Income assets-2020

	Balance 2019-06-30	Additions	Deprecation	Balance 2020-06-30
	N\$	N\$	N\$	N\$
Rates and General	27 123 411	2 966 310	2 071 505	28 018 216
Land and buildings	15 725 120	381 534	856 508	15 250 147
Machinery and motor vehicles	351 847	-	88 943	262 904
Furniture and equipment	84 583	26 342	27 921	83 004
Cemeteries	2	-	-	2
Cemetery Kakahaseb	2 800	-	1 400	1 400
Fire Brigade	3 007 163	-	374 933	2 632 230
Townlands	763	-	379	384
Streets	7 951 122	2 558 434	721 421	9 788 134
Workshop	11	-	-	11
Self-supporting services	244 697	1 331 071	51 802	1 523 966
Sewerage	244 696	1 331 071	51 802	1 523 965
Abattoir	1	-	-	1
Trading services	20 700 054	638 158	1 821 241	19 516 972
Water Hakahaseb	801	-	400	401
Water	20 699 253	638 158	1 820 840	19 516 571
Total	48 068 162	4 935 540	3 944 547	49 059 154

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

General capital assets

	Balance 2019-06-30	Additions	Depreciation	Balance 2020-06-30
	N\$	N\$	N\$	N\$
Rates and General	6 547 991	-	22 051	6 525 940
Land and buildings	6 025 980	-	-	6 025 980
Furniture and equipment	6	-	-	6
Staff housing	1	-	-	1
Town planning	3	-	-	3
Housing Erongosis	419 267	-	5 233	414 034
Streets	3 222	-	460	2 762
Workshop	10 000	-	4 999	5 002
Streets Hakahaseb	9 335	-	1 333	8 002
Housing Hakahaseb	56 176	-	8 025	48 151
Community hall	24 000	-	2 000	22 000
Self-supporting services	69 929	-	9 990	59 939
Sewerage	42 469	-	6 067	36 402
Abattoir	1	-	-	1
Sewerage Hakahaseb	27 459	-	3 923	23 537
Trading services	93 145	-	13 305	79 840
Water	10 543	-	1 505	9 037
Water Hakahaseb	935	-	133	802
Electricity	81 667	-	11 667	70 000
Loan assets	1 389 906	-	-	1 389 906
Self-supporting services	1 389 906	-	-	1 389 906
Total	56 169 132	4 935 540	3 989 892	57 114 780

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021 N\$	2020 N\$	2019 Restated N\$
2. Transfer from government related entities	1 682 548	8 114 616	4 452 360
Road fund administration	1 682 548	1 246 727	844 000
Government grants	-	6 867 889	3 608 360
3. Services charges	11 319 015	10 503 229	8 210 708
Water services	7 562 586	7 058 784	4 781 039
Housing	1 113 044	771 394	956 004
Sanitation	2 553 914	2 666 726	2 466 268
Sewerage	89 471	6 325	7 397
<p>The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</p>			
4. Surcharges and interest	1 350 125	1 249 544	1 249 548
Surcharges	1 350 019	1 249 308	1 249 299
Interest Received	106	236	249
5. Rental of facilities and equipment	50 642	51 451	59 002
Community Hall	7 546	28 122	30 886
Staff Residence	23 192	7 260	8 712
Town Lands	19 904	16 069	19 404
6. Other income	806 011	879 518	828 710
Administration	246 533	332 572	189 331
Finance	3 486	-	-
Betterment Fees	181	-	-
Cemeteries	28 833	29 954	37 312
Council General Expenses	(9 630)	-	8 000
Fire brigade	113 920	110 120	114 420
Museum and Heritage	-	440	-
Workshop	(33)	333	130
Vehicle Registration & Licensing	422 721	406 098	479 517

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021 N\$	2020 N\$	2019 Restated N\$
7. Employee costs	8 810 237	9 107 471	9 104 263
Salaries	4 162 718	4 585 863	4 550 788
Councillors allowance	480 074	483 092	483 092
Housing	1 232 731	1 240 554	1 343 584
Overtime	455 710	352 161	401 191
Pension Contribution	883 967	867 162	845 486
Medical Contribution	599 597	565 188	553 940
Social Security Commission	27 951	28 777	29 046
Service Bonus	331 411	339 147	323 157
Fire & Standby Allowances	4 320	3 600	3 760
Vehicle Allowances	281 333	281 333	206 903
Cell Phone Allowances	47 400	51 600	43 600
Transport	303 024	308 994	319 716

8. Fund accounts

The following fund were maintained:

Build together fund.

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

Balance of the Build Together Fund	2 082 134	2 082 134	4 857 038
Net transactions	-	-	(2 774 904)
Closing balances of the Build Together Project Fund	2 082 134	2 082 134	2 082 134

Balance of the Build Together Advances	2 381 438	2 197 361	1 520 464
Net transactions	184 077	184 077	676 897
Closing balances of the Build Together Project fund	2 565 515	2 381 438	2 197 361

Capital reserve fund

The purpose of this fund is to build up a general reserve to ensure that the Council financial position is stable. The fund is written back in line with the new accounting policy.

Balance of the Fund	8 440 864	8 431 850	243 473
Transactions	2 892	9 014	-
Closing Balance of the Fund	8 443 756	8 440 864	243 473

Renewal fund

Balance of the fund	364 597	364 597	364 597
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THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021 N\$	2020 N\$	2019 Restated N\$
Fixed property fund			
Opening Balance	4 381 343	3 782 735	2 208 868
Transactions	153 040	598 608	-
Closing balance of the fund	4 534 383	4 381 343	2 208 868
Housing fund			
The purpose of this fund is to provide for housing loans. Income for the fund is derived from a grant from the Ministry of Urban and Rural Development and interest earned on secure housing loans and investments.			
Balance of the fund	6 896 042	7 072 061	192 162
External loans outstanding	-	-	9 324
Transactions	123 148	(176 019)	-
Closing balance of the fund	7 019 190	6 896 042	192 162

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021	2020	2019 Restated	2019
	N\$	N\$	N\$	N\$
9. Property plant and equipment				
Property, plant and equipment	55 684 925	57 114 780	56 169 132	56 169 132
Movement in capital outlay				
Balance	57 114 780	56 169 132	56 169 132	-
Additions / reductions for the year	(1 429 854)	945 648	-	-
Balance at year end	55 684 925	57 114 780	56 169 132	-
10. Loans receivable	4 334 887	4 488 645	4 590 881	
Build together advances to buyers				-
Long term debtors	2 082 134	2 082 134	2 082 134	-
Debtor Build Together Project Phase 3	314 695	329 135	343 010	-
Debtor Build Together Project Phase 4	98 969	103 564	107 979	-
Debtor Build Together Project Phase 5	26 047	27 234	28 374	-
Debtor Build Together Project Phase 6 & 7	1 222 538	1 325 041	1 382 945	-
Debtor Build Together Project Phase 8	233 090	248 538	285 613	-
Debtor Build Together Project Phase 9	357 414	372 999	387 826	-
11. Investments	50 508	1 918 978	312 826	2 773 052
Erongo Red	-	-	-	2 460 227
Housing Fund	-	-	-	283 818
Capital Development Fund	-	-	-	29 007
Commercial Banks	50 508	1 918 978	312 826	-
Deposits held at the following banks:	50 508	1 918 978	312 826	-
First National Bank Account	252	139 142	550	-
First National Bank Account	221	1 730 619	5 721	-
First National Bank Account	23 364	23 258	22 737	-
Receipt Account	26 671	25 959	283 818	-

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021	2020	2019 Restated	2019
	N\$	N\$	N\$	N\$
Interest earned	14 722	14 722	1 839	-
First National Bank	1 620	1 620	49	-
First National Bank	12 866	12 866	1 541	-
First National Bank	236	236	249	-
12. Receivables from exchange transactions	6 431 355	3 325 058	2 605 143	2 605 143
Consumer Debtors	19 228 816	16 263 609	13 667 019	13 667 019
Sundry debtors – Namibia Traffic Information system Branch (Natis)	154 903	166 091	148 310	-
Sundry debtors – Erongo Red	204 148	204 148	308 256	-
Sundry debtors 503	2 682 063	473 902	-	-
Sundry debtors 511	432 226	272 977	-	-
Sundry receivables	-	-	-	456 566
Less: Provision for bad debts	(16 270 800)	(14 055 669)	(11 518 442)	(11 518 442)
Summary of debtors' age				
120 days+	14 425 754	14 425 754	-	-
120 days	386 491	386 491	-	-
90 days	495 188	495 188	-	-
60 days	501 899	501 899	-	-
30 days	593 538	593 538	-	-
Current	(370 085)	(370 085)	-	-
Transactions	230 824	230 824	-	-
Balance	16 236 609	16 236 609	-	-
Reconciliation of value added tax				
Opening balance	(848 683)	(1 470 877)	(1 262 244)	-
Input	931 889	1 212 157	458 479	-
Output	(661 198)	(589 964)	(519 336)	-
Refund from Ministry of Finance	(16 114)	-	(147 776)	-
Balance as at 30 June	(594 106)	(848 683)	(1 470 877)	-
13. Bank overdraft	4 205 465	2 511 285	1 593 323	-
Current Account (overdraft)	4 205 465	2 511 285	1 593 323	-

THE TOWN COUNCIL OF USAKOS

ANNEXURE F

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

(continued)

	2021 N\$	2020 N\$	2019 Restated N\$	2019 N\$
14. Capital outlay	55 540 064	56 847 909	55 791 632	55 791 632
Revenue Contributions	47 674 644	49 059 154	48 068 162	48 068 162
General Capital Contributions	6 620 375	6 665 719	6 711 064	6 711 064
Loans Redeemed	1 245 044	1 123 036	1 012 406	1 012 406
15. Fund and accounts	20 361 927	20 082 846	19 651 244	19 651 244
Housing Fund	7 019 190	6 896 042	7 072 061	7 072 061
Capital reserve Fund	8 443 756	8 440 864	8 431 850	8 431 850
Fixed property Fund	4 534 383	4 381 343	3 782 735	3 782 735
Renewal Fund	364 597	364 597	364 597	364 597
16. Long term liabilities	144 862	266 870	377 500	377 500
External loans	144 862	266 870	377 500	377 500
Reconciliation of long-term liabilities				
Opening balance	266 870	377 500	477 830	-
Reduction for the year	(122 009)	(110 629)	(100 330)	-
Balance as at 30 June	144 862	266 870	377 500	-
17. Payables from exchange transactions	11 679 337	9 317 678	6 959 398	10 965 802
Regional Council	2 187 026	2 113 546	2 043 754	2 043 754
Government Loans	3 399 935	3 252 089	3 104 242	3 104 242
Accrued Creditors	461 708	264 174	-	-
Erongo Red	84 862	115 667	180 168	-
Namwater	5 545 806	3 572 202	1 607 533	-
Sundry Creditors	-	-	23 700	-
Trade payables	-	-	-	1 811 402
Provisions – Bonus Leave	-	-	-	1 490 719
Value Added Tax	-	-	-	1 470 877
Consumer deposits	-	-	-	1 044 808
18. Employee benefits	1 640 540	1 533 664	1 490 719	-
Leave payment reserve	1 640 540	1 533 664	1 311 334	-
Leave days provision	-	-	179 385	-

THE TOWN COUNCIL OF USAKOS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)

	2021	2020	2019 Restated	2019
	N\$	N\$	N\$	N\$
19. Adjustments to appropriation account	24 817 763	-	-	(1 265 852)
Expenditure	2 576 654	-	-	142 708
Prior year adjustments	-	-	-	(1 408 560)
Provision for bad debts	22 241 109	-	-	-
20. Cash utilized by operations	(4 005 154)	151 980	(1 240 777)	(1 240 777)
Operating (deficit) / surplus	(762 511)	1 665 748	(71 708)	(71 708)
Investment income	-	-	(249)	(249)
Adjustments to appropriation account	(2 350 303)	(2 572 884)	(1 265 852)	(1 265 852)
Net operating deficit before working capital changes	(3 112 814)	(907 136)	(1 337 809)	(1 337 809)
Changes in working capital				
Movement in staff provisions	106 876	42 945	-	-
Movement in value added tax (VAT)	(254 577)	(622 193)	-	-
Movement in trade and other receivables	(3 106 298)	(719 915)	(180 389)	(180 389)
Movement in trade and other payables	2 361 659	2 358 280	277 421	277 421