



REPUBLIC OF NAMIBIA

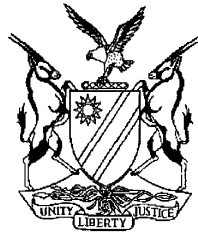


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF KARASBURG
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Municipality of Karasburg for the financial year ended 30 June 2009, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, January 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF KARASBURG
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

1. INTRODUCTION

The accounts of the Municipality of Karasburg for the year ended 30 June 2009 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Municipality on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibian Dollar.

2. FINANCIAL STATEMENTS

The Municipality's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87 (1) of the Local Authorities Act, 1992. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at 30 June 2008, Annexure A, is a true reflection of the original.

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Village Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Bad and doubtful debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 245,3 days (2008: 247,5 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 56,5 days (2008: 45,5 days). The recoverability of outstanding debts remains a serious concern and is still a major threat to the cash flow of the Municipality. The auditors are of the opinion that the provision for bad debts is sufficient.

4.2 Loans in arrears

External loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 1 135 135 (2008: N\$ 1 120 552). (See paragraph 25.1 and note 11 of Annexure D).

No interest on overdue amounts due to Government has been provided for.

4.3 Inventories

The auditors did not observe the counting of inventories on 30 June 2009, as they were not appointed at that time. There were no alternative practical audit procedures that the auditors could perform to confirm the existence and value of inventories on hand at year-end.

4.4 Distribution losses

The percentage distribution losses for water are unacceptable high. The Council is urged to take immediate steps to rectify this matter.

Water loss on cubic meters sold: 21,7% (2008: 16,9%)

(See paragraphs 6 and 10.2).

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Municipality of Karasburg during the audit is appreciated.

6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit 01/07/2008				(2 194 959)
General accounts				
- Non-profitable	3 030 073	3 649 188	(619 115)	
- Self-supporting	2 192 393	1 948 858	243 535	
Trade accounts				
- Abattoir	7 260	5 421	1 839	
- Water	2 789 021	2 864 827	(75 806)	
- Electricity	733 269	70 997	662 272	
Surplus for the year	8 752 016	8 539 291	212 725	212 725
Adjustments and utilizations (See note 12)				(1 982 234)
				25 925
Accumulated deficit 30/06/2009				(1 956 309)

7. CURRENT BANK ACCOUNT

	2009	2008
	N\$	N\$
Favourable cash-book balance on 30 June	474 242	190 907
Outstanding deposits	(31 275)	(24 549)
Deposits on bank statement - Recorded in July cash-book	129 230	130 480
Outstanding cheques	276 957	458 552
Bank balance at 30 June	849 154	755 390

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June the investments were as follows:

	2009	2008
	N\$	N\$
Fixed deposits	3 645 830	1 762 695

The investments were allocated as follows between the Funds:

	2009		2008	
	Interest	Investment	Interest	Investment
	N\$	N\$	N\$	N\$
Capital Reserve Fund	2 340	31 668	3 396	31 668
Fixed Property Fund	1 316	17 645	1 910	17 645
Housing Fund	83 422	1 141 463	121 089	1 141 463
Renewal Fund	27 344	206 835	20 270	191 466
Betterment Fund	3 802	52 591	5 625	52 591
Mayoral Chain Fund	1 535	21 360	1 698	16 466
Computer Replacement Fund	3 729	51 268	4 033	38 396
Build Together Fund	59 743	2 123 000	28 981	273 000
	183 231	3 645 830	187 002	1 762 695

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 9 in Annexure D.

It is once again reported that the Fund Accounts are still not utilized for the purposes they were created for. Due to cash flow problems on the Revenue Account, cash from other Funds totaling N\$ 1 914 004 (2008: N\$1 844 093) had once again to be used to finance the shortfall of the Revenue Account.

10. TRADE ACCOUNTS

10.1 The results of operations were as follows:

	Electricity		Water	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
Royalty/Sales	733 269	567 825	2 711 746	2 633 522
Cost of bulk purchases	-	-	(1 805 575)	(1 735 892)
Gross profit	733 269	567 825	906 171	897 630
Net expenditure	(70 997)	(78 525)	(981 977)	(847 964)
Net surplus/(deficit)	662 272	489 300	(75 806)	49 666
Gross profit percentages on bulk purchases			50.2%	51.7%
Net profit/(loss) percentage on bulk purchases			(4.2%)	2.9%

The Municipality appointed Southern Electricity Company (Pty) Ltd (SELCO) as management and operations contractor of the Municipality's electricity network for a period of fifteen years, during which period SELCO shall have sole and exclusive responsibility for the management, operations, administration and maintenance of the network, and to regulate matters pertaining thereto.

SELCO pays to the Municipality a royalty of 13,02 cent (2008: 11,22 cent) per kilowatt/hour of all electricity provided by the bulk supplier. As of the effective date of the project, any loss or profit has been for the account of SELCO. SELCO collects all monies due in respect of services rendered and pays all expenses related to the provision of services. This agreement came into effect at the end of October 2000.

10.2 Water distribution results were as follows:

	Water	
	2009	2008
	Cubic meter	Cubic meter
Sales	210 303	214 810
Purchases	268 678	258 421
Loss	(58 375)	(43 611)
Percentage loss in units purchased	(21.7%)	(16.9%)

Distribution losses have increased by 4,8% (2008: 0,4%) and are still a matter of concern and once again it is strongly recommended that the Council should conduct an investigation into this matter to determine the main reasons pertaining thereto. This therefore indicates that these services are not operated on a sound financial basis.

11. SELF-SUPPORTING SERVICES

11.1 The results for the year under review are as follows:

	2009	2008
	N\$	N\$
Commonage	481	(12 160)
Sanitation	210 610	42 813
Lordsville housing	4 066	4 571
Westerkim housing	4 970	10 559
Natis	23 408	67 144
Surplus for the year	243 535	112 927

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No such expenses were revealed during the audit.

13. SUSPENSE ACCOUNTS

Control accounts were cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed during the audit.

15. CAPITAL PROJECTS

The following expenditure was incurred during the year for capital projects or acquisitions:

Nature of projects/ acquisitions	Financed by			Total expenditure 2009	Total expenditure 2008
	Revenue account	General capital	Internal loans		
	N\$	N\$	N\$	N\$	N\$
Council's general expenses	-	28 865	-	28 865	91 880
Public buildings	155	-	-	155	3 245
Sanitation	-	-	-	-	302 174
Streets	-	-	166 865	166 865	-
Water reticulation	78	-	-	78	-
	233	28 865	166 865	195 963	397 299

16. BURSARIES

There were no bursaries granted for the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID RECEIVED FROM GOVERNMENT

There were no such items.

18. COMPENSATION PAYMENTS

There were no compensation payments.

19. VISITS TO FOREIGN COUNTRIES

There were no visits to foreign countries.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

21.1 GIFTS BY THE LOCAL AUTHORITY

There were no such expenses.

21.2 DONATIONS BY THE LOCAL AUTHORITY

	2009
	N\$
Bondelswartz Traditional Authority	500
National Youth Services	500
Just Ladies Football Club	500
	1 500

22. TRANSFER OF PROPERTY

22.1 There were no transfers of property to the Local Authority.

22.2 There were no transfers of property by the Local Authority to others.

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June were:

	2009	2008
	N\$	N\$
Assessment rates	1 063 444	1 047 456
Services	2 739 780	2 539 510
House and site rentals	97 022	105 038
Value added tax	117 178	95 749
Sundry debtors – Housing Fund	373	572
Provision for bad debts	(2 926 958)	(2 926 958)
Total	1 090 839	861 367
Analyses of services and general debtors:		
Average monthly levy	471 526	440 900
Rates and service debtors	3 803 224	3 586 966
Average credit terms in days - Before provision for bad debts	245.3	247.5
Average credit terms in days - After provision for bad debts	56.5	45.5
Consumer deposits	184 694	685

The recoverability of outstanding debts remains a serious concern and is still a major threat to the cash flow of the Municipality. The auditors are of the opinion that the provision for bad debts is sufficient.

Deposits for services do not cover one month's service fees.

23.2 Trade and other payables at 30 June were:

	2009	2008
	N\$	N\$
Recoverable transfer cost	10 977	9 437
Trade creditors	81 128	16 903
Provision for audit fees	83 150	39 500
Provision for staff leave	199 986	173 602
Loan instalments in arrear	1 135 135	1 120 552
Totals	1 510 376	1 359 994

The loans in arrear exclude any provision for additional interest payable thereon.

In the light of current economic conditions, the Council will not be able to fulfill its commitment in respect of arrear loan instalments after 30 June 1998. This matter has also been addressed in the previous audit reports.

24. ASSESSMENT RATES

Proceeds from assessment rates were N\$ 1 039 682 (2008: N\$ 986 248). The tariffs for private and business properties during the year were N\$ 0.055 (2008: N\$ 0.058) per dollar per year on the site valuations plus N\$ 0.015 (2008: N\$ 0.020) per dollar per year on the valuation of improvements.

25. LOANS

25.1 External loans

The balances due to the Government of Namibia were as follows:

	2009	2008
	N\$	N\$
Capital section	455 712	497 882
Loan instalments in arrear (Included in current liabilities)	1 135 135	1 120 552
	1 590 847	1 618 434

The balances as detailed above correspond to the balances per actuarial tables.

As mentioned in paragraph 23.2, loan instalments in arrear have been disclosed under current liabilities as the Government postponed the repayment of interest and capital loans until 30 June 1998. This is consistent with the prior years but it gives rise to concern about the lack of progress between the Council and the Government. As reported last year, Council is urged to finalize an agreement with the Ministry.

No interest on overdue amounts has been provided for.

25.2 Internal loan balances

The amounts outstanding in respect of loans made from the following Funds on 30 June were as follows:

	2009	2008
	N\$	N\$
Fixed Property Fund	91 039	117 867
Betterment Fund	115 344	120 000
Renewal Fund	418 752	302 174
Totals	625 135	540 041

The balances of the above external and internal loans are in agreement with the balances on the relevant amortization schedules.

25.3 Loans written off

No loans were written off during the year.

25.4 Housing loans

On 30 June, the amounts outstanding in respect of loans made from the following Funds were as follows:

	2009	2008
	N\$	N\$
Due to the Municipality of Karasburg	7 012	8 088
Due to the Government of Namibia	150 643	168 495

The balances of the loans due to the Government of Namibia were in agreement with the balances on the relevant amortization schedules. Redemption payments were up to date.

The balances due to the Municipality were up to date, interest was correctly calculated and the securities held were in order. Administration and control measures were effectively applied.

26. SALE OF ERVEN

During the current financial year, 6 (2008: 11) erven to the value of N\$ 32 578 (2008: N\$ 55 269) were sold. The amount was allocated to the Fixed Property Fund.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No property was sold on an instalment basis during the year.

28. TARIFF ADJUSTMENTS

All tariff adjustments were in accordance with the relevant Official Government notice.

29. APPROVALS

All necessary approvals were obtained.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan vehicles		LDV's and Combi's		Heavy duty vehicles (Lorries and busses)	
	No	N\$	No	N\$	No	N\$
On hand as at 01/07/2008	1	117 045	3	119 104	7	397 294
Acquisitions during the year	-	-	-	-	-	-
	1	117 045	3	119 104	7	397 294
Less: Write-off/sold	(1)	(117 045)	-	-	-	-
Less: Depreciation	-	-	-	(635)	-	(9 512)
On hand 30/06/2009	-	-	3	118 469	7	387 782
Kilometers travelled	9 767		39 091		**	
Total fuel consumption (liters)	1 016.80		5 023.79		12 546.70	
Kilometers per liter	9.61		7.78		**	

** Kilometers travelled could not be verified, because vehicles speedometers were damaged.

30.2 Inventory

As at the end of the financial year, stock comprising fuel and lubricants amounted to N\$87 398 (2008: N\$ 126 451). Administrative and control measures were effectively applied, with all other items of stock directly expensed to the income statement once incurred.

31. SPECIAL INVESTIGATIONS

There were no special investigations carried out during the year.

32. GENERAL

There is a sufficient system of internal control at the Municipality. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 The following informal queries were addressed to the Town Clerk:

Deposit on services inadequacy.

34. AUDIT OPINION

The accounts of the Municipality of Karasburg for the financial year ended 30 June 2009, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

The statements have been prepared on the basis of accounting practices 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 business. Accordingly, these financial statements do not include any adjustments relating to the valuation of assets and the classification of liabilities that might be necessary if the Local Authority is unable to continue as a going concern.

In my opinion the financial statements fairly present the financial position of the Municipality at 30 June 2009 and the results of its operations and cash flow for the year then ended.

WINDHOEK, January 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

THE MUNICIPALITY OF KARASBURG

BALANCE SHEET AT 30 JUNE

	Notes	2009 N\$	2008 N\$
ASSETS			
Non-current assets		6 447 919	4 557 430
Property, plant and equipment	2	2 795 077	2 786 647
Investments	3	3 645 830	1 762 695
Secured loans	4	7 012	8 088
Current assets		2 248 806	1 682 243
Trade and other receivables	5	1 090 839	861 367
Inventories	6	87 398	126 451
Cash and bank balances	7	1 070 569	694 425
TOTAL ASSETS		8 696 725	6 239 673
FUNDS AND LIABILITIES			
Funds and reserves		6 395 299	4 043 617
Capital outlay	8	1 714 230	1 748 725
Funds and accounts	9	4 681 069	2 294 892
Long-term liabilities	10	791 050	836 062
Current liabilities			
Trade and other payables	11	1 510 376	1 359 994
TOTAL FUNDS AND LIABILITIES		8 696 725	6 239 673

THE MUNICIPALITY OF KARASBURG

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		N\$	N\$
INCOME		9 009 440	6 520 917
EXPENDITURE		<u>(8 805 550)</u>	<u>(6 373 889)</u>
NET OPERATING SURPLUS		203 890	147 028
INTEREST EARNED FOR REVENUE ACCOUNTS		<u>8 835</u>	<u>187 002</u>
NET SURPLUS FOR THE YEAR		212 725	334 030
INTEREST TRANSFERRED TO FUNDS		-	(187 002)
APPROPRIATION ACCOUNT	12	<u>25 925</u>	<u>(835 841)</u>
		238 650	(688 813)
ACCUMULATED FUNDS - Beginning of year		<u>(2 194 959)</u>	<u>(1 506 146)</u>
ACCUMULATED FUNDS - End of year		<u>(1 956 309)</u>	<u>(2 194 959)</u>

THE MUNICIPALITY OF KARASBURG

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		9 009 440	6 520 917
Cash paid to suppliers		(8 819 662)	(7 093 855)
Cash generated/(utilised) by operations	13	189 778	(572 938)
Investment income		8 835	187 002
Movement in Fund accounts			
- Increase in Fund accounts		2 147 527	104 072
- (Decrease)/increase in capital outlay		(34 495)	91 821
Net cash flow from operating activities		2 311 645	(190 043)
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(8 430)	(320 386)
(Increase)/decrease in investments		(1 883 135)	484 174
Decrease in loans receivable		1 076	826
		(1 890 489)	164 614
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term liabilities		(45 012)	(49 648)
		(45 012)	(49 648)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		376 144	(75 077)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		694 425	769 502
CASH AND CASH EQUIVALENTS - END OF YEAR		1 070 569	694 425

THE MUNICIPALITY OF KARASBURG**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

1. ACCOUNTING POLICIES**1.1 Introduction**

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

1.2 Property, plant and equipment

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

1.3 Internal Funds

The following Funds were created by the Municipality.

1.3.1 Housing Fund

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

1.3.2 Capital Reserve Fund

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

1.3.3 House Maintenance Fund - Townships

The purpose of this Fund is to meet maintenance costs on municipal houses in the Lordsville and Westerkim residential areas. Income for this Fund is derived from general revenue contributions and interest earned on investments.

1.3.4 Betterment Fund

The purpose of this Fund is to provide for future improvements of municipal assets. Part of the proceeds of the sale of land as well as interest earned on internal loans and investments are allocated to this Fund.

THE MUNICIPALITY OF KARASBURG

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**1. ACCOUNTING POLICIES (continued)****1.3.5 Fixed Property Fund**

Proceeds from the sale of land developed by the Municipality, interest earned on loans for the sale of land as well as interest earned on internal loans and investments accumulate in this Fund, which is used to develop properties.

1.3.6 Renewal Fund

Its purpose is to provide for replacement of assets and for additional depreciation on assets which abnormally decreased in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

1.4 Capital redemption on loans

Capital redemptions on external and internal loans are charged against income. A similar amount is credited to the Loan Redemption Fund for the duration of the loan. As and when the loan is fully redeemed the Loan Redemption Fund is transferred to the Revenue Contribution.

1.5 Inventories

Fuel inventory is valued at cost on the first-in-first-out basis.

2. PROPERTY, PLANT AND EQUIPMENT

	<u>2009</u>	<u>2008</u>
	N\$	N\$
Loan assets	1 689 796	1 806 745
Income assets	979 222	755 762
General capital assets	126 059	224 140
	<u>2 795 077</u>	<u>2 786 647</u>

THE MUNICIPALITY OF KARASBURG

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

	2009	2008
	N\$	N\$
3. INVESTMENTS		
INVESTMENTS		
Fixed deposits	3 645 830	1 762 695
ALLOCATED TO FUNDS		
Capital Reserve Fund	31 668	31 668
Fixed Property Fund	17 645	17 645
Housing Fund	1 141 463	1 141 463
Renewal Fund	206 835	191 466
Betterment Fund	52 591	52 591
Mayoral Chain Fund	21 360	16 466
Computer Replacement Fund	51 268	38 396
Build Together Fund	2 123 000	273 000
	3 645 830	1 762 695
4. SECURED LOANS		
Loans granted against first mortgage bonds against fixed property	7 012	8 088
5. TRADE AND OTHER RECEIVABLES		
Assessment rates	1 063 444	1 047 456
Services	2 739 780	2 539 510
House and site rentals	97 022	105 038
Value added tax	117 178	95 749
Sundry debtors	373	572
Provision for doubtful debts	(2 926 958)	(2 926 958)
	1 090 839	861 367
6. INVENTORY		
Comprising of fuel and lubricants	87 398	126 451
7. CASH AND BANK BALANCES		
Current bank account	1 069 909	693 765
Petty cash	660	660
	1 070 569	694 425

THE MUNICIPALITY OF KARASBURG

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

	2009	2008
	N\$	N\$
8. CAPITAL OUTLAY		
Loans redeemed	608 949	768 822
Revenue contributions	979 222	755 762
General Capital contributions	126 059	224 141
	1 714 230	1 748 725
9. FUNDS AND ACCOUNTS		
Capital Reserve Fund	186 998	184 659
Fixed Property Fund	773 731	733 650
Housing Fund	1 438 794	1 362 472
Renewal Fund	934 373	880 940
Betterment Fund	502 923	479 644
Mayoral Chain Fund	23 895	21 360
Computer Replacement Fund	57 997	51 268
Build Together Fund	2 718 667	775 858
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(1 956 309)	(2 194 959)
	4 681 069	2 294 892
10. LONG-TERM LIABILITIES		
The Government of Namibia		
Capital section	455 712	497 882
Housing Fund	150 643	168 495
Deposits held	184 695	169 685
	791 050	836 062
11. TRADE AND OTHER PAYABLES		
Recoverable transfer cost	10 977	9 437
Trade creditors	81 128	16 903
Provision for audit fees	83 150	39 500
Provision for staff leave	199 986	173 602
Loan instalments in arrear	1 135 135	1 120 552
	1 510 376	1 359 994

THE MUNICIPALITY OF KARASBURG

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

	2009	2008
	N\$	N\$
12. ADJUSTMENTS TO THE APPROPRIATION ACCOUNT		
Deposit - Badmington Club	150	-
Faulty levies	(5 914)	(2 441)
Houses sold	9 000	-
Insurance claim	93 539	-
Provision for audit fees	-	(1 648)
Provision for bad debts	-	(832 000)
Provision for leave	(70 890)	-
Stale cheque	40	248
	25 925	(835 841)
13. CASH GENERATED/(UTILISED) BY OPERATIONS		
NET OPERATING SURPLUS BEFORE TRANSFERS	212 725	334 030
ADJUSTMENTS FOR:		
- Adjustments to appropriation account	25 925	(835 841)
- Investment income	(8 835)	(187 002)
- Transfer to Funds	-	(187 002)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	229 815	(875 815)
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in trade and other receivables	(229 472)	322 435
Decrease/(increase) in inventories	39 053	(49 268)
Increase in trade and other payables	150 382	29 710
	(40 037)	302 877
CASH GENERATED/(UTILISED) BY OPERATIONS	189 778	(572 938)