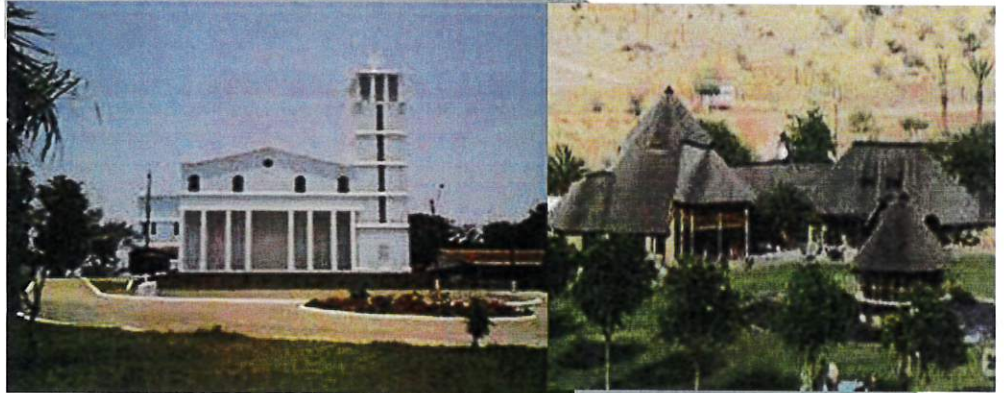




REPUBLIC OF NAMIBIA



MARIENTAL MUNICIPALITY



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF MARIENTAL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Municipality of Mariental for the financial year ended 30 June 2022 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honorable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, March 2023

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF MARIENTAL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Mariental Municipality for the financial year ended 30 June 2022. These financial statements comprise the statement of financial position, the statement financial performance, the statement of changes in net assets, the statement of cash flows for the year then ended.

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Mariental Municipality as at 30 June 2022 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS OF QUALIFIED AUDIT OPINION.

I conducted my audit in accordance with International Standards for Supreme Audits Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section the audit 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. A Qualified Audit Opinion is expressed due to the following:

2.1 Vacant Land owned by the Municipality

The auditors noted the non-disclosure of open lands in the financial statements for the year under review and leased farm lands.

2.2 Cash flow statement

The auditors noted that the Municipality did prepare the Cash flow statement using the direct Method; however the Municipality disclosed non-cash items in preparing the Cash flow statement. The auditors were unable to ascertain themselves by alternative means concerning the correctness of the cash flow statement.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do 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 knowledge obtained in the audit or otherwise appears not to be materially misstated. I have nothing to report in this regard.

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 legislation, and for such internal control as management deems 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 Municipality'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 for 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 an auditor's 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. Misstatement 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 for users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risk 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 expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies uses 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 weather 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. I conclude that a material uncertainty exists, I am required to draw attention in the report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to date of the 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 weather 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 compiled 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 at the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

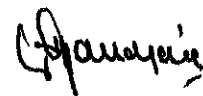
7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements for the financial year ended 30 June 2022 were submitted by the Accounting Officer to the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

8. ACKNOWLEDGEMENT

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

WINDHOEK, March 2023



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**THE MUNICIPALITY OF MARIENTAL
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE**

	Note	2022	2021
		N\$	N\$
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	94 608 313	75 642 264
Investments	4	368 414	345 538
CURRENT ASSETS			
Trade and Other Receivables	5	23 291 459	23 353 137
Inventories	6	24 687 467	44 943 421
Cash and Cash Equivalents	7	335 231	-
TOTAL ASSETS		143 290 884	144 284 360
EQUITY AND LIABILITIES			
EQUITY			
Accumulated Surplus		24 551 100	71 383 326
CURRENT LIABILITIES			
Trade and Other Payables	8	99 221 806	20 662 444
Refundable Deposits	9	1 641 759	1 508 337
Bank Overdraft	7	3 405 399	40 054 388
Provisions	10	8 249 048	3 996 438
NON-CURRENT LIABILITIES			
Long-term Loans	11	6 221 772	6 679 427
TOTAL FUNDS AND LIABILITIES		143 290 883	144 284 360

**THE MUNICIPALITY OF MARIENTAL
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

	Note	2022	2021
		N\$	N\$
REVENUE FROM NON - EXCHANGE TRANSACTIONS			
		15 622 997	21 449 250
Property Taxes Revenue	12	13 571 139	14 057 249
Fines, Penalties and Levies	13	505 360	447 538
Transfers from Government and Reserves	14	1 546 498	6 944 463
REVENUE FROM EXCHANGE TRANSACTIONS			
		79 465 499	85 376 887
Rendering of Services	15	8 714 711	9 337 732
Sale of Water	16	18 016 969	17 430 676
Sale of Electricity	17	48 221 149	54 515 204
Sale of Erven and Land	18	2 327 067	1 289 246
Revenue from Facilities and Equipment	19	1 047 774	1 395 599
Finance Income - External Investments	20	9 133	13 737
Finance Income - Outstanding Receivables	21	1 128 696	1 394 693
TOTAL REVENUE		95 088 496	106 826 137
EXPENSES			
Employee Cost	22	32 692 231	30 623 264
Repairs and Maintenance	23	5 419 942	3 269 447
General Expenses	24	20 621 765	19 875 464
Bulk Purchases of Water	25	13 097 551	14 702 289
Bulk purchases of Electricity	26	34 501 470	35 682 024
Grants and Donations	27	27 999	98 642
TOTAL EXPENSES		106 360 958	104 251 130
SURPLUS FOR THE YEAR		(11 272 462)	2 575 007

**THE MUNICIPALITY OF MARIENTAL
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Accumulated Surplus	Total
	N\$	N\$
Balance at 01 July 2020	(65 932 345)	(65 932 345)
Surplus for the Year	2 575 007	2 575 007
Adjustments to Appropriation Account	134 740 664	134 740 664
BALANCE AT 01 JULY 2021	71 383 326	71 383 326
Deficit for the Year	(11 272 462)	(11 272 462)
Fair Value Adjustments	19 086 559	19 086 559
Insurance Flood Written off	1 066 462	1 066 462
Correction on Accumulated Surplus	(14 999 967)	(14 999 967)
Correction on Bank Account	90 973	90 973
Correction on Investment Control Account	(6 040 524)	(6 040 524)
Correction on Erven Inventory	(20 727 000)	(20 727 000)
Bad Debts	(4 829 892)	(4 829 892)
Depreciation	(4 719 212)	(4 719 212)
Assets written off	(182 649)	(182 649)
Provisions for leave and Severance Pay	(4 304 514)	(4 304 514)
BALANCE AT 30 June 2022	24 551 100	24 551 100

**THE MUNICIPALITY OF MARIENTAL
SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**

	Note	2022 N\$	2021 N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
		95 088 496	106 826 137
Property Taxes Revenue	12	13 571 139	14 057 249
Fines, Penalties and Levies	13	505 360	447 538
Transfers from Government and Reserves	14	1 546 498	6 944 463
Rendering of Services	15	8 714 711	9 337 732
Sale of Water	16	18 016 969	17 430 676
Sale of Electricity	17	48 221 149	54 515 204
Sale of Erven and Land	18	2 327 067	1 289 246
Revenue from Facilities and Equipment	19	1 047 774	1 395 599
Finance Income - External Investments	20	9 133	13 737
Finance Income - Outstanding Receivables	21	1 128 696	1 394 693
PAYMENTS			
		106 360 958	104 251 130
Employee Cost	22	32 692 231	30 623 264
Repairs and Maintenance	23	5 419 942	3 269 447
General Expenses	24	20 621 765	19 875 464
Bulk Purchases of Water	25	13 097 551	14 702 289
Bulk Purchases of Electricity	26	34 501 470	35 682 024
Grants and Donations	27	27 999	98 642
NET CASH FROM OPERATIONS			
		(11 272 462)	2 575 007
Net Adjustment to the Appropriation Account	28	-	134 740 664
Net Adjustments to the Changes in net Assets		(35 559 765)	
Changes in Working Capital	29	103 263 026	(43 679 974)
NET CASH FLOW FROM OPERATING ACTIVITIES			
		56 430 799	93 635 697
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to Property, Plant & Equipment		(4 781 351)	(2 667 099)
Revaluation Reserve		(19 086 559)	-
Fixed Assets Write off		182 649	-
Change in Investments		(22 876)	(13 110)
NETCASH FLOW FROM INVESTING ACTIVITIES			
		(23 708 137)	(2 680 209)

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (continued)**

	Note	<u>2022</u> N\$	<u>2021</u> N\$
CASH FLOW FROM FINANCING ACTIVITIES			
Change in Capital Outlay		-	(65 096 394)
Change in Funds Accounts		4 719 213	(25 700 353)
Change in Long-term Liabilities		(457 655)	498 213
NET CASH FLOW USED IN FINANCING ACTIVITIES		<u>4 261 558</u>	<u>(90 298 534)</u>
Net Change in Cash and Cash Equivalents		36 984 221	656 954
Cash and Cash Equivalents at 1 July		(40 054 388)	(40 711 342)
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	<u>(3 070 167)</u>	<u>(40 054 388)</u>

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

ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements – IPSAS 33

The financial statements have been prepared on a going concern in accordance with the first-time adoption of International Public Sector Accounting Standards IPSASs – IPSAS 33. The financial statements are presented in Namibia dollars, which is the functional and reporting currency of the Municipality, and all values are rounded off to the nearest dollar.

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

In the adoption of the accrual basis IPSAS's, the Municipality has elected to utilise some of the transitional exemptions allowed by IPSAS 33. Hence, IPSAS 33 was developed and approved by the IPSASB to facilitate gradual implementation of IPSASs. IPSASB makes a provision of a three-year transitional relief period within which a user shall be expected to comply fully with IPSASs.

These accounting policies are consistent with the previous year, except where otherwise stated.

2. Summary of Significant Accounting Policies

2.1 Property, Plant and Equipment - IPSAS 17

All Property, plant and equipment are stated at cost or valuation where assets have been acquired by grant or by donation, less depreciation written off over the expected useful lives as determined by 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 assets is less than the repayment period of the loan in which case depreciation is calculated on the shortfall. When significant parts of property, plant and equipment are required to be replaced at intervals, Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

- * Land and Buildings 20 years
- * Service infrastructure 20 years
- * Heavy Vehicles, Machinery and Equipment 10 years
- * Light Sedan Vehicles 5 years
- * Computer Equipment 10 years
- * Office Furniture and Equipment 10 years

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

2.2 Inventories – IPSAS 12

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

2.3 Provisions and Contingencies – IPSAS 19

Provisions are recognised when:

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

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

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

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

2.4 Leases – IPSAS 13

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

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

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

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

2.5 Special Funds

The Municipality also maintains the following Funds in terms of the authorizations in Section 80 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

2.5.1 Capital Development Fund

The purpose of this Fund is to build up a general reserve to ensure that the Municipality's financial position is stable. Income to this fund is transferred from the general income account and derived from interest on investments.

2.5.2 Build Together Fund

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

2.5.3 Fixed Property Fund

Proceeds from the sale of land developed by the Municipality as well as interest earned on internal loans and investments accumulate in this Fund. Costs incurred on the development of land are charged to this account.

2.5.4 Betterment Fund

The purpose of this Fund is to provide for future municipal assets. Part of the proceeds from the sale of land, as well as interest earned on internal loans and investments accumulate in this Fund.

2.5.5 Renewal Fund

The purpose of this Fund is to provide for future replacement of assets and for additional depreciation on assets, which have permanently declined in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

2.5.6 Staff Housing Fund

The purpose of this Fund is to provide for staff housing loans. Income for this Fund is derived from interest earned on secured staff housing loans and investments.

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

2.5.7 Government Grants

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

2.5.8 Revenue Account

All monies received and accrued, and expenses paid and accrued, except for allocation to other funds are reflected in this account and are kept in compliance with Section 86(1)(b) of the Local Authorities Act, Act No. 23 of 1992 as amended.

2.6 Interest on Investments

Interest earned on investments is allocated to the different Funds and surpluses on a percentage earned based on the opening balances.

2.7 Revenue Recognition

2.7.1 Revenue from Non-Exchange Transactions – IPSAS 23

Fees, Taxes and Fines

Council recognizes revenue fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non – exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to Council and the fair value of the asset can be measured reliably.

Transfers from Government and Other Government Entities

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

2.7.2 Revenue from Exchange Transactions – IPSAS 9

Rendering of Services

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

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

Sale of Water

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

Rental Income

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

Interest Income

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

Dividends

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

2.8 Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of Council. As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

2.9 Taxes**Income Tax**

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

Value Added Tax

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

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

Pay As You Earn (PAYE)

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

2.10 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of twelve months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. It includes amounts held at various commercial banks.

2.11 Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (Continued)**

3. PROPERTY, PLANT AND EQUIPMENT

	2021				2022	
	Opening Balance	Additions	Revaluations	Write-offs	Depreciation	Closing Balance
	N\$	N\$	N\$	N\$	N\$	N\$
Reconciliation of Property, Plant and Equipment						
Land	394 846	-	8 702 000	-	-	9 096 846
Buildings	4 693 319	367 908	9 244 866	-	(250 218)	14 055 875
Infrastructure	49 686 983	3 205 036	-	-	(2 644 601)	50 247 418
Community Assets	4 757 793	-	-	-	(237 890)	4 519 903
Housing	279 796	-	1 139 693	-	(13 990)	1 405 499
Motor Vehicles	6 406 597	1 100 102	-	182 649	(619 398)	6 704 652
Computer equipment	3 390 619	52 479	-	-	(344 310)	3 098 788
Furniture and fittings	579 980	6 347	-	-	(58 624)	527 703
Office Equipment	1 067 889	7 478	-	-	(107 536)	967 831
Plant & Equipment	2 413 694	-	-	-	(241 369)	2 172 325
Other assets	1 970 748	42 000	-	-	(201 275)	1 811 473
	75 642 264	4 781 351	19 086 559	(182 649)	(4 719 212)	94 608 313

Capitalised Expenditure

	2022	2021
Additions	4 781 351	9 245 012
Depreciation	(4 719 212)	(6 577 913)
Revaluations	19 086 559	-
	19 148 697	2 667 099

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

	2022	2021
		N\$
4. INVESTMENTS	368 414	345 538
Commercial Banks	-	-
Insurance Companies	368 414	345 538
5. TRADE AND OTHER RECEIVABLES	23 291 459	23 353 137
Services Rendered and Assessment Rates	22 386 259	19 155 016
Services Rendered and Assessment Rates - Handovers	757 316	828 599
Subsidies Receivable	-	107 009
Study Loans	102 787	59 788
VAT Receivable	7 764 898	6 168 254
Sundries (Medical Premies and Salary Advances)	94 054	18 084
	31 105 314	26 336 750
Provision for Bad Debts	(7 813 855)	(2 983 613)
The Ageing of Trade Receivables	22 386 259	19 155 016
Current	5 695 307	4 635 925
30 Days	868 337	962 892
60 days	618 471	447 236
90 Days	478 158	883 793
120 Days +	14 725 986	12 225 170
Reconciliation of Provision for Impairment of Trade Receivables	(4 830 242)	2 983 613
Opening Balance	2 983 613	2 983 613
Provision for Impairment	(7 813 855)	-
No part of Trade Receivables were pledged as security for any facility		
6. INVENTORIES	24 687 467	44 943 421
Stores	790 467	319 421
Erven	23 897 000	44 624 000

ANNEXURE E

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2021	
		N\$
7. CASH AND CASH EQUIVALENTS	(3 070 168)	(40 054 388)
Investments (-Ecall, Call & Std bank)	312 985	819
Bank Windhoek -Floods	22 246	-
Petty Cash	-	4 555
Bank Overdraft	-	(40 083 728)
Bank Account	(3 405 399)-	23 966

Cash and Cash Equivalents relate to money on hand and deposits held with banking institutions and consist of

	(3 070 168)	(40 044 388)
First National Bank	296 579	819
Standard Bank	16 406	11 744
Bank Windhoek	22 246	22 222
Petty Cash	-	4 555
Bank Overdraft	335 231	39 340
	(3 405 399)	(40 083 728)

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

8. TRADE AND OTHER PAYABLES	99 221 806	20 662 444
Commitments by Purchase and Other Obligations	95 539 126	16 214 032
Special program - Allocated Funds	-	1 066 462
Usage Deposits	105 902	98 618
Accrued Interest	3 576 778	3 279 791
Salary Control Account	-	3 541

9. REFUNDABLE DEPOSITS		
Consumer Deposits	1 641 759	1 508 337

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

10. PROVISIONS	8 249 048	3 996 438
Provision for Severance	3 973 695	-
Provision for leave	3 851 891	475 366
Provision for bonus	423 462	3 521 072

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
11. LONG-TERM LIABILITIES	6 221 772	6 679 427
Loans from Government:		
Capital Outlay	2 993 335	2 993 335
Bank Loans	2 710 873	3 307 816
Housing fund	517 564	378 276
12. PROPERTY TAXES REVENUE	13 571 139	14 057 249
Rates and Taxes		
<p>The tariff for Residential Land is N\$0.046007 and Improvement is N\$0.007048 per dollar per year and for business property Land & Improvement is N\$0.041257 & N\$0.006573 per dollar per year respectively. Industrial Land & Improvement N\$ 0.041257 & N\$0.006573 per dollar per year.</p>		
13. FINES, PENALTIES AND LEVIES	505 360	447 538
Pounding Fees	200	200
Water Reconnection	190 001	64 179
Water Connection Fees	121 097	59 612
Elec Reconnection	45 871	124 707
Elec Connection Fees	148 191	198 840
14. RESERVES	1 546 498	6 944 463
TIGPEE: Received Murd	-	6 944 463
Road fund	1 546 498	-

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
15. RENDERING OF SERVICES	8 714 711	9 337 732
Burial Fees	68 943	83 345
Grave Reservation	24 052	18 638
Valuation Certificate	25 401	25 165
Sundries (Registration: Assessment Rates	33 384	7 200
Fire Brigade Fees	273 932	201 508
Inspection Fees - Call out	133 637	136 411
Fitness Certificate	93 235	88 982
Registration Fees	89 955	91 769
Street Vendor and Agriculture	1 457	1 781
Telephone & Postage's	-	6 730
Telephone & Postage's Sanitation	-	21 541
Telephone & Postage's Eco and Com dev	-	2 632
Telephone & postage's Environment & Health	-	5 539
Plans Passed	126 839	79 009
Sewerage Charges	2 559 894	2 649 457
Sewerage Blockages	10 680	18 083
Sewerage Buckets	220 073	130 372
Sewerage Car Wash	25 993	23 159
Public Open Space	126 561	99 671
Refuse Cages Business	152 885	135 120
Refuse Removals	3 626 702	3 581 121
Removal: Garden Refuse	3 917	22 935
Refuse Cages Large Business	643 615	630 000
Outdoor Advertising / Bill	266 824	269 355
Sundries Eco and Com Dev	-	104 659
Sundries Finance	-	714 695
Debts Recovery Finance	-	681
Commission on Salary Deductions	91 592	90 176
Donations Received	3 000	-
Insurance Lease Units	85 235	80 098
Income: Selling of Tender Water	17 775	17 900
Sale Soil and Clay	9 130	-
16. SALE OF WATER	18 016 969	17 430 676
Consumers	7 196 976	6 732 760
Consumers zero rated	9 732 601	9 681 153
Pre-paid water	234 908	187 540
Consumers raw water	751 042	737 234
Water 50mm	32 114	29 345

ANNEXURE E

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
16. SALE OF WATER (continued)		
Water 80mm	48 373	43 496
Raw water 50mm	1 606	1 467
Raw water 80mm	19 349	17 681
17. SALE OF ELECTRICITY	48 221 149	54 515 204
Consumers	30 442 836	35 635 036
Consumers (Dept.)	265	26
Consumers Zero Rated	5 389 871	5 662 967
Netvend Pre-Paid Electric	1 452 082	1 893 164
Netvend Vendors Pre-Paid	10 728 755	10 945 116
Pre-Paid Head Office (Net)	207 340	373 260
Sundries	-	5 635
18. SALE OF EVERN OR LAND	2 327 067	1 289 246
REVENUE FROM PROPERTIES, FACILITIES		
19. AND EQUIPMENT	1 047 774	1 395 599
Rental: Town Grounds	242 838	237 656
Rental: Halls	30 417	32 908
Rental: Chairs and Tables	-	673
Rental: Municipal Buildings	8 562	5 942
Rent: Houses and Flats	28 993	21 433
Rent Sportfields	51 648	33 483
Hiring: Plant and Equipment	20 680	28 059
Sundries / Rental Finance	-	792
Rental Aimablaagte	474 585	396 363
Rental Empelheim	14 359	17 148
Rental: Buildings Abattoir	175 692	180 084
Social Housing Serv - LOA	-	441 058
20. INTEREST RECEIVED - BANK ACCOUNTS		
Bank Accounts	9 133	13 737
INTEREST RECEIVED - OUTSTANDING		
21. RECEIVABLES		
Consumers	1 128 696	1 394 693

ANNEXURE E

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
22. EMPLOYEE COST	32 692 231	30 623 264
Salaries, Wages and Allowances	17 469 062	19 120 212
Overtime	1 041 341	844 386
Social Security Commission	83 690	81 783
Housing Allowances	3 367 232	3 295 118
Bonus	1 040 830	-
Transport and Car Allowance	1 084 082	-
Councilor Allowance	551 969	-
Cellphone, Fire & Sewerage Allowance	276 978	-
Medical Aid Fund Contributions	4 974 182	4 486 303
Pension Fund Contributions	2 802 865	2 795 462
23. REPAIRS AND MAINTENANCE	5 419 942	3 269 447
Buildings	283 678	269 479
Infrastructure	4 625 342	2 716 741
Machines and Equipment	510 922	283 227
24. GENERAL EXPENSES	20 621 765	19 875 464
Auditing Fees	72 664	59 450
Advertising & Administration Charges	252 783	637 145
Bank Charges	158 917	141 786
Casual Workers	50 015	87 720
Interest on Late Payments	6 086 642	1 804 891
Interest paid	296 988	-
Finance Charges	230 593	170 400
Fuel and Oil	1 110 586	730 000
Printing & Stationery	371 094	711 777
Protective Clothing	348 986	159 508
Cleaning Material	298 834	161 700
Electricity Services	1 575 578	595 290
Disaster Management	230 875	327 060
Entertainment	21 626	244 503
Telephones	552 939	1 224 329
Publicity & Subscription	5 507	433 420
Legal Costs	123 280	68 224
Subsistence and travelling	291 587	104 984
Sewerage and Sanitation Departmental	28 829	14 025
Wellness and Staff Members	94 729	110 310
Insurance	1 609 203	1 248 409
Chemicals Pest control & occupational health	42 804	-

ANNEXURE E

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
24. GENERAL EXPENSES (continued)		
Water departmental	534 061	200 768
Mayoral Fund	160 244	-
D-Bushing	14 484	-
MTC	403 148	-
Material and Stores	1 071 367	1 040 111
Rental: Machinery and Equipment	611 899	257 428
Staff Training	2 539	22 439
Vehicle Licenses	-	2 496
Transport	1 184 652	877 422
Staff Medical Expenses	33 536	28 948
Cleaning Campaign	67 886	38 275
Students Internships	62 734	-
Metering	556 120	-
Refreshments for Visitors	91 009	-
Membership Fees	104 709	-
Mayor Entertainment Allowance	21 324	-
Workshop and Seminars	28 905	-
Public Private Dialogue	12 775	-
TIPEEG PHASE 5	-	5 605 804
License Renewal	85 889	-
Security Services	1 050 294	888 535
Main Server Renewal	669 126	1 878 307
	13 097 551	14 702 289
25. BULK PURCHASES - WATER		
Water for Resale	12 754 100	14 278 609
Water for Resale Raw Water	343 451	408 265
Sundries - Water Tokens	-	15 415
	34 501 470	35 682 024
26. BULK PURCHASES - ELECTRICITY		
Electricity for Resale	32 745 335	34 238 176
NEF LEVY	468 629	336 519
ECB Levy	620 934	445 888
NETVEND	666 572	661 441

ANNEXURE E

THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)

	2022	2021
	N\$	N\$
27. GRANTS AND DONATIONS	27 999	98 642
Donations / Gifts	22 299	6 000
Study Financial Assistance	5 700	92 642
28. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Unexplained Difference in Opening Balance of Retained Income	-	134 740 664
Overstatement of Property, Plant and Equipment	-	(1 314 752)
Reversal of Capital Outlay	-	(658 187)
Loans Redeemed	-	-
Revenue Contributions	-	12 309 799
General Capital Contributions	-	8 707 750
Reversal of Fund Accounts	-	44 078 845
Fixed Property Fund	-	-
Betterment Fund	-	22 350 573
Renewal Fund	-	1 871 033
Capital Development Fund	-	(7 884 544)
Housing Services Fund	-	7 572 665
Staff Housing Fund	-	1 575 629
Centenary Fund	-	28 817
Correction of Investments	-	186 180
Correction of Bank Account	-	345 538
Correction of Inventories	-	947 318
	-	44 624 000

**THE MUNICIPALITY OF MARIENTAL
NOTES TO THE SECOND TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE (Continued)**

	<u>2022</u>	<u>2021</u>
	N\$	N\$
29. CASH GENERATED/(UTILISED) FROM OPERATIONS		
Surplus for the Year	(11 272 462)	2 575 007
Net Adjustments to Appropriation Account	(35 559 765)	134 740 664
	(46 832 227)	137 315 671
Working Capital Adjustments	103 263 026	(43 679 974)
Change in Trade and Other Receivables	61 678	(3 178 578)
Change in Inventories	20 255 954	(44 668 409)
Change in Trade and Other Payables	78 559 362	3 986 879
Change in Refundable Deposits	133 422	65 813
Change in Provisions	4 252 610	114 321
CASH GENERATED/(UTILISED) FROM OPERATIONS	56 430 799	93 635 697

30. COUNCILLOR'S ALLOWANCES

	Councillor's Monthly Allowance	Cell phone Monthly Allowance	Total Monthly Allowance
	N\$	N\$	N\$
Councillor's Name			
CLLR. A. Kuhulman	7 409	1 000	8 409
CLLR. F. Gawaseb	6 986	700	7 686
CLLR. C. Kock	6 774	-	6 774
CLLR. S. Jonas	6 351	-	6 351
CLLR. A. Boois	6 774	-	6 774
CLLR. W. Mensah	6 351	-	6 351
CLLR. A. Skrywer	6 351	-	6 351