



REPUBLIC OF NAMIBIA



AUDIT REPORT ON THE ACCOUNTS OF THE

MUNICIPALITY OF OKAHANDJA

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 Okahandja 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, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

The accounts of the Municipality of Okahandja 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. Deficits are indicated in brackets.

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, **except that they were only submitted on 13 January 2010 whereas the Act only allows for a period of three months after the end of the financial year.** 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 Annexure A is a true reflection of the original signed by the Accounting Officer.

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 Municipality is responsible for the preparation and fair presentation of these 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 the opinion of the Auditor-General to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform 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 judgment, 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 OBSERVATION AND COMMENTS

4.1 Fund accounts

Due to cash flow problems related to the revenue account, cash amounting to N\$ 9 490 683 (2008: N\$ 8 415 717) from investments of the Capital Reserve Fund had to be used to fund the shortfall on the revenue account. At year-end, the revenue account had a positive balance of N\$ 4 583 920 (2008: N\$ 6 099 623).

4.2 Trade and other receivables

The average collection period of trade receivables is 202 days (2008: 127 days). As previously reported, Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2008: N\$ 4 000 000), which in the opinion of the auditors is inadequate. Based on an average collection period of 60 days, they are of the opinion that the debtors provision is understated by at least N\$ 13 039 536 (2008: N\$ 4 272 905).

Included in trade receivables is an amount of N\$ 2 014 212 for service loan receivables. No list for this amount was available for audit purposes, and the auditors were informed that this amount is bad debts which must be written off. This amount is not included in the above amount for the underprovision for bad debts.

The age analyses for trade receivables are N\$ 358 529 more than the amount reflected in the balance sheet. The difference could not be explained by the council.

4.3 Consumer deposits

Consumer deposits increased during the current financial year from N\$ 728 612 to N\$ 767 916. Consumer deposits are still not in line with monthly charges and the auditors are of the opinion that the deposits are not adequate to cover one month's consumer services.

4.4 Leave provision

Council provided an amount of N\$ 800 000 (2008: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 1 807 781 (2008: N\$ 1 230 987). The leave provision is thus understated by N\$ 1 007 781 (2008: N\$ 430 987).

4.5 Distribution results of water and electricity

Accurate statistics regarding the purchase and distribution of water and electricity units are not available. Furthermore, the Municipality did not perform a monthly reconciliation of distribution losses/surpluses, and as a result also did not follow up variances.

4.6 Build Together programme

Council never accounted in its financial statements for funds received from Government for the Build Together Programme since inception of this programme. Bank accounts, debtors, income and expenses of the Fund are thus not reflected in the accounts of the Municipality.

As previously reported, it is recommended that Council should reflect all transactions pertaining to the Build Together Programme in the accounting records of the Municipality.

4.7 Inventories

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

4.8 Trade and other payables

No creditors reconciliation are performed by the Council, thus the creditors balance and unrecorded liabilities could not be verified by the auditors. Council should start performing creditors reconciliations as a matter of urgency.

4.8 Asset register

No asset register could be provided for audit purposes. The auditors were thus unable to verify the assets to their satisfaction.

4.2 Loans in arrears

External Government 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\$2 454 982 (2008 - N\$2 019 859). (See paragraphs 23.2, 25.1 and note 11 of Annexure D).

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

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Okahandja Municipality 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 on 01/07/2008				6 099 622
General accounts				
- Non-profitable	16 405 834	19 778 054	(3 372 220)	
- Self-supporting	6 075 256	6 518 863	(443 607)	
Trade accounts				
- Water	11 692 299	10 365 389	1 326 910	
- Electricity	26 594 422	23 954 739	2 639 683	
- Other (Rental buildings)	61 991	666 978	(604 987)	
Profit for the year	60 829 802	61 284 023	(454 221)	(454 221)
				5 645 401
Adjustments and utilizations (See Note 12, Annexure D)				(1 061 481)
Accumulated deficit on 30/06/2009				4 583 920

7. CURRENT BANK ACCOUNT

	2009	2008
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(1 904 741)	924 839
Outstanding cheques - Stated as trade payables	2 266 731	-
Balance per balance sheet	361 990	924 839
Outstanding deposits	(239 757)	-
Outstanding cheques	-	932 751
Balance as per bank statement	122 233	1 857 590

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2009	2008
	N\$	N\$
Commercial banks	3 758 199	5 646 871

The investments were allocated as follows:

Allocation	2009	2008
	N\$	N\$
Capital Outlay	-	1 107 510
Capital Reserve Fund	1 023 920	1 949 777
Housing Fund	2 734 279	2 589 584
	3 758 199	5 646 871

9. FUND ACCOUNTS

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

10. TRADE ACCOUNTS

10.1 The results of water and electricity operations were as follows:

	Electricity		Water	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
Sales	26 237 542	21 396 065	11 637 801	9 709 338
Cost of bulk purchases	(17 329 907)	(12 930 099)	(7 571 213)	(8 487 127)
Gross profit	8 907 635	8 465 966	4 066 588	1 222 211
Net expenditure	(6 267 952)	(5 997 792)	(2 739 678)	(2 405 839)
Net surplus/(deficit)	2 639 683	2 468 174	1 326 910	(1 183 628)
Gross profit percentages on bulk purchases	51.4%	65.5%	53.7%	14.4%
Net profit/(loss) percentage on bulk purchases	15.2%	19.1%	17.5%	(13.9%)

10.2 Water distribution results, in cubic meters

No accurate statistics have been kept to determine the distribution results of the water and electricity accounts. Council is advised to implement such control measures in order to address any large deviations between the units bought and distributed timeously.

11. SELF-SUPPORTING SERVICES

11.1 The result for the year under review is as follows:

	Income 2009	Expenses 2009	Surplus/ (deficit) 2009	Surplus/ (deficit) 2008
	N\$	N\$	N\$	N\$
Cleansing services	3 099 433	4 056 940	(957 507)	325 615
Sewerage	2 975 823	2 458 916	516 907	(25 895)
Single quarters	-	3 007	(3 007)	(49 965)
	6 075 256	6 518 863	(443 607)	249 755

Council should make the necessary adjustments to ensure that self supporting services are run on a self-supporting basis.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

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

13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

No irregularities or losses due to thefts, fire and accidents were revealed during the years under review.

15. CAPITAL PROJECTS

Nature of projects/acquisitions	Financial by			Total expenditure 2008/2009	Total expenditure 2007/2008
	Revenue account	General capital	Internal loans		
	N\$	N\$	N\$	N\$	N\$
Electricity	-	1 107 510	2 064 746	3 172 256	1 004 818
Fire brigade	-	-	-	-	819 197
General administration	171 910	-	950 206	1 122 116	674 046
Single quarters	-	-	-	-	4 071 749
Streets, storm water and sidewalks	-	-	334 591	334 591	882 872
Water	-	-	-	-	97 590
Cemetery	-	-	158 785	158 785	-
	171 910	1 107 510	3 508 328	4 787 748	7 550 272

No asset register could be provided for audit purposes. The auditors were thus unable to verify the assets to their satisfaction.

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions were made during the years under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

The total expenditure amount to N\$254 189. No further detail could be provided.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

Allocation	2009	2008
	N\$	N\$
Nominal donations	81 784	9 080
Mayor's Aid Fund	-	12 360
	81 784	21 440

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\$
Services, rates and taxes	26 255 137	20 088 180
Other receivables	353 029	3 733 795
	26 608 166	23 821 975
Provision for bad debts	(4 000 000)	(4 000 000)
Total	22 608 166	19 821 975

The average collection period of trade receivables is 202 days (2008: 127 days). As previously reported, Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2008: N\$ 4 000 000), which in the opinion of the auditors is inadequate. Based on an average collection period of 60 days, they are of the opinion that the debtors provision is understated by at least N\$ 13 039 536 (2008: N\$ 4 272 905).

Included in trade receivables is an amount of N\$ 2 014 212 for service loan receivables. No list for this amount was available for audit purposes, and the auditors were informed that this amount is bad debts which must be written off. This amount is not included in the above amount for the underprovision for bad debts.

The age analyses for trade receivables are N\$ 358 529 more than the amount reflected in the balance sheet. The difference could not be explained by the council.

23.2 Trade and other payables at 30 June were:

	2009	2008
	N\$	N\$
Trade payables	2 750 263	2 933 404
Outstanding cheques	2 266 731	-
Loan instalments in arrear	2 454 982	2 019 859
Provisions	1 020 000	1 020 000
Consumer deposits	767 916	728 612
Totals	9 259 892	6 701 875

Council provided an amount of N\$ 800 000 (2008: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 1 807 781 (2008: N\$ 1 230 987). The leave provision is thus understated by N\$ 1 007 781 (2008: N\$430 987).

No creditors reconciliation are performed by the Council, thus the creditors balance and unrecorded liabilities could not be verified by the auditors. Council should start performing creditors reconciliations as a matter of urgency.

24. ASSESSMENT RATES

	2009	2008
	N\$	N\$
The proceeds from assessment rates were	4 126 677	3 393 235
Tariffs per N\$1 valuation per annum		
- Land	0.04916	0.03916
- Improvements	0.00521	0.00451

25. LOANS

25.1 External loans

	2009	2008
	N\$	N\$
The Government of Namibia	3 423 989	3 659 344
National Housing Enterprises	45 036	52 787
	3 469 025	3 712 131

External Government 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\$ 2 454 982 (2008: N\$ 2 019 859). (See paragraphs 23.2, 25.1 and note 11 of Annexure D).

25.2 Due to the Municipality

	2009	2008
	N\$	N\$
Ervin and housing loans	319 368	390 146

25.3 Loans written off

No loans were written off by the Council.

26. SALE OF ERVEN

The management could not provide the auditors with a complete list of erven sold, nor could they provide the representatives with a list of erven debtors. An amount of N\$ 2 496 852 was allocated to the Capital Reserve Fund, which include erven sales, but due to the fact that the property manager was not available, the auditors could not verify the erven sales or income thereof. Council should on an urgent basis implement an erf management/township development management system.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No erven were sold on an instalment basis for the year under review.

28. TARIFF ADJUSTMENTS

Tariff adjustments were duly approved and promulgated in the Government Gazette. These adjustments were only published on 3 November 2008 and were thus only implemented at that date.

29. APPROVALS

29.1 Excess on approved budget

All budget excesses were approved.

29.2 Internal loans

Internal loan balances at year-end amounted to N \$17 348 982 (2008: N\$ 15 001 241). Internal loans of N\$ 3 508 328 (2008: N\$ 3 478 523) funded from the Capital Reserve Fund were added during the year under review.

29.3 Revenue written off

No debtors accounts were written off during the financial year (2008: Nil).

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicle and values thereof:

No asset register was available for audit purposes, thus this information is not available.

30.2 Inventory

Council only accounts for fuel stock. Inventory of items utilised in repairs are not accounted for at year-end. Council should compile a complete list of all its inventories at year-end.

31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

32. GENERAL

The accounting and internal controls are insufficient and unsatisfactory. 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

Formal queries are embodied in this report.

The following informal queries were raised with the Town Clerk:

- Trade and other receivables
- Consumer deposits
- Leave provision
- Distribution results of water and electricity
- Build Together programme
- Inventories
- Trade and other payables
- Asset register
- Loans in arrears

Audit differences and other comments are addressed in paragraph 4 of this report.

34. DISCLAIMED AUDIT OPINION

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

Qualifications

- Provision for bad debts is understated by N\$ 13 039 531.
- Provision for leave is understated by N\$ 1 007 781.
- Build Together programme not reflected in the accounts of the Municipality.
- Existence of inventories could not be confirmed.
- No creditors reconciliations are performed by the Municipality.
- External loans are in arrears with N\$ 2 454 982 and no interest are calculated on the overdue amount.
- No asset register could be provided.

Disclaimed audit opinion

Due to the significance of the matters referred to in the preceding paragraphs, I am unable to form an opinion as to whether these financial statements fairly present the financial position of the Municipality on 30 June 2009, the results of its operations, cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

WINDHOEK, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL**

MUNICIPALITY OF OKAHANDJA

BALANCE SHEET AS AT 30 JUNE

	Notes	2009 N\$	2008 N\$
ASSETS			
Non-current assets			
		49 565 737	46 737 439
Property, plant and equipment	2	45 488 170	40 700 422
Investments	3	3 758 199	5 646 871
Loans	4	319 368	390 146
Current assets			
		23 015 128	20 827 069
Trade and other receivables	5	22 608 166	19 821 975
Inventories	6	44 812	80 095
Bank and cash	7	362 150	924 999
TOTAL ASSETS		72 580 865	67 564 508
FUNDS AND LIABILITIES			
Funds and reserves			
		59 851 948	57 150 502
Capital outlay	8	24 801 280	23 259 086
Funds and accounts	9	35 050 668	33 891 416
Non-current liabilities			
		3 469 025	3 431 187
Long-term liabilities	10	3 469 025	3 431 187
Current liabilities			
		9 259 892	6 982 819
Short-term portion of long-term liabilities	10	-	280 944
Trade and other payables	11	9 259 892	6 701 875
TOTAL FUNDS AND LIABILITIES		72 580 865	67 564 508

ANNEXURE B

MUNICIPALITY OF OKAHANDJA

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2009</u> N\$	<u>2008</u> N\$
INCOME		60 749 338	49 934 520
EXPENDITURE		(61 284 023)	(51 356 346)
NET OPERATING DEFICIT		(534 685)	(1 421 826)
INVESTMENT INCOME EARNED FOR REVENUE ACCOUNTS		80 464	1 349 245
NET DEFICIT FOR THE YEAR		(454 221)	(72 581)
APPROPRIATION ACCOUNT	12	(1 061 481)	(2 377 009)
		(1 515 702)	(2 449 590)
TRANSFER TO FUNDS	13	-	(946 717)
		(1 515 702)	(3 396 307)
REVENUE ACCOUNT - Beginning of year		6 099 622	9 495 929
REVENUE ACCOUNT - End of year		4 583 920	6 099 622

MUNICIPALITY OF OKAHANDJA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2009 N\$	2008 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		60 749 338	46 870 786
Cash paid to suppliers		(62 538 395)	(52 269 670)
Cash utilised by operations	14	(1 789 057)	(5 398 884)
Investment income		80 464	1 349 245
Increase in Fund accounts		2 674 954	3 433 866
Increase in Capital outlay		1 542 194	946 920
Net cash flow from operating activities		2 508 555	331 147
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(4 787 748)	(7 151 927)
Decrease in investments		1 888 672	7 190 000
Decrease in loans receivable		70 778	61 933
		(2 828 298)	100 006
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term loans		(243 106)	(280 944)
		(243 106)	(280 944)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(562 849)	150 209
CASH AND CASH EQUIVALENTS			
- BEGINNING OF THE YEAR		924 999	774 790
CASH AND CASH EQUIVALENTS			
- END OF THE YEAR	7	362 150	924 999

MUNICIPALITY OF OKAHANDJA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL 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

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 the Council from time to time. Property, plant and equipment 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 Town Council:

1.3.1 Housing Fund

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income account, external loans from Government and interest on investments and loans.

1.3.2 Capital Reserve Fund

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

	2009	2008
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Total	45 488 170	40 700 422
3. INVESTMENTS		
INVESTMENTS		
Commercial Banks	3 758 199	5 646 871
Total	3 758 199	5 646 871

MUNICIPALITY OF OKAHANDJA

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

	2009	2008
	N\$	N\$
3. INVESTMENTS (continued)		
ALLOCATED AS FOLLOWS		
Capital Outlay	-	1 107 510
Capital Reserve Fund	1 023 920	1 949 777
Housing Fund	2 734 279	2 589 584
	3 758 199	5 646 871
4. LOANS		
HOUSING FUND		
Erven and housing loans	319 368	390 146
5. TRADE AND OTHER RECEIVABLES		
Services, rates and taxes	26 255 137	20 088 180
Other receivables	353 029	3 733 795
	26 608 166	23 821 975
Provision for bad debts	(4 000 000)	(4 000 000)
	22 608 166	19 821 975
6. INVENTORIES		
Fuel	44 812	80 095
7. CASH AND BANK BALANCES		
Current account	361 990	924 839
Petty cash	160	160
Current account	362 150	924 999

MUNICIPALITY OF OKAHANDJA

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

	2009	2008
	N\$	N\$
8. CAPITAL OUTLAY		
Loans redeemed	7 939 496	8 911 537
Revenue contributions	9 274 091	6 759 855
General Capital contributions	7 587 693	7 587 694
	24 801 280	23 259 086
9. FUNDS AND ACCOUNTS		
Capital Reserve Fund	27 863 586	25 366 735
Housing Fund	2 603 162	2 425 059
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	4 583 920	6 099 622
	35 050 668	33 891 416
10. LONG-TERM LIABILITIES		
The Government of Namibia	3 423 989	3 659 344
National Housing Enterprises	45 036	52 787
	3 469 025	3 712 131
Short-term portion disclosed as current liabilities	-	(280 944)
	3 469 025	3 431 187
11. TRADE AND OTHER PAYABLES		
Trade payables	2 750 263	2 933 404
Outstanding cheques	2 266 731	-
Loan instalments in arrear	2 454 982	2 019 859
Provisions	1 020 000	1 020 000
Consumer deposits	767 916	728 612
	9 259 892	6 701 875

MUNICIPALITY OF OKAHANDJA

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

	2009	2008
	N\$	N\$
12. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustment to income	-	1 905
Audit fee provision	-	(58 472)
Correction of debtors	1 271 845	197 364
Correction of deposits	260	-
Previous year correction of journals	(66 864)	(350)
Provision for bad debts	-	(82 224)
Provision for leave	-	44 833
Stale cheques reversed	162 427	-
Unclaimed deposits	-	19 935
VAT adjustment	(2 429 149)	(2 500 000)
	(1 061 481)	(2 377 009)
13. TRANSFER TO FUNDS		
Capital Reserve Fund	-	755 396
Housing Fund	-	191 321
	-	946 717
14. CASH UTILISED BY OPERATIONS		
Net operating profit before transfers	(454 221)	(72 581)
Adjustments for:		
- Adjustments to appropriation account	(1 061 481)	(2 377 009)
- Investment income	(80 464)	(1 349 245)
- Transfer to Funds	-	(946 717)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	(1 596 166)	(4 745 552)
CHANGES IN WORKING CAPITAL		
(Increase) in trade and other receivables	(2 786 191)	(2 117 017)
Decrease/(increase) in inventories	35 283	(8 787)
Increase in trade and other payables	2 558 017	1 472 472
	(192 891)	(653 332)
CASH UTILISED BY OPERATIONS	(1 789 057)	(5 398 884)