

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF TSUMEB
FOR THE FINANCIAL YEAR ENDED 30 June 2001**

1. INTRODUCTION

The accounts of the Municipality of Tsumeb for the year ended 30 June 2001 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).

I appointed the firm PricewaterhouseCoopers of Tsumeb in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Municipality on my behalf and under my supervision.

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

2. FINANCIAL STATEMENTS

The Municipality's financial statements were submitted to me 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 my Office. The abridged balance sheet at Annexure A, is a true reflection of the original. The following annexures are also attached to this report:

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

The Accounting Officer of the Municipality is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is my responsibility 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 my opinion to the National Assembly.

The audit, as carried out by the said firm, included:

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the Municipality in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to the purposes intended and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Distribution losses

Distribution losses incurred during the previous financial year were attended to with positive results. The distribution loss on electricity decreased from 18.96% to 10.71% while the distribution loss on water decreased from 18.82% to 0.16% . This drastic improvement is due to better monitoring controls over the accounting and physical control of resources.

4.2 Bad and doubtful debts

Bad and doubtful debts are estimated to represent 75% (2000: 82%) of the amounts outstanding at year-end. No provision for bad and doubtful debts has however been made since the past five years and this adversely affects the cash flow of the Municipality. These debts are currently estimated at almost N\$ 10.5 million which, if they need to be written off, would mean that the accumulated surplus of N\$ 3 547 188 as shown in the balance sheet is actually an accumulated deficit of approximately N\$ 7 million.

A thorough investigation should be undertaken by the Municipality to establish the full exposure regarding the write-off. There are quite a few suspense accounts that should be investigated and also cleared.

This adverse situation is mainly due to uncollected debts that snowballed out of proportion against income and now threatens the cash situation of the Municipality. Council should implement strict credit control measures and improve debt collection as a matter of great urgency. (See paragraph 23.1)

5. ACKNOWLEDGEMENT

I thank the staff of the Municipality for the assistance and co-operation given to my representatives during the audit.

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 surplus: 01/07/2000				2 197 920
General accounts				
Non-profitable	6 813 035	7 016 498	(203 463)	
Self-supporting	3 876 588	3 261 368	615 220	
Trade accounts				
Electricity	11 389 824	9 375 400	2 014 424	
Water	7 286 710	7 818 892	(532 182)	
Surplus for the year	29 366 157	27 472 159	1 893 999	1 893 999
Adjustments and utilisations detailed in note 9 to the financial statements				4 091 919
				(544 730)
Accumulated surplus 30/06/2001				3 547 189

7. CURRENT BANK ACCOUNT

The bank statement reflected a favourable balance of N\$ 5 813 (2000: N\$6 250). Cheques totalling N\$ 2 880 635 (2000: N\$ 1 410 528) were outstanding at year-end. Although the bank statement reflected a positive balance, the net cash-book balance was in overdraft with N\$ 2 874 822 (2000: N\$ 1 404 278).

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2001 there was N\$ 10 913 674 (2000: N\$ 5 929 674) invested at financial institutions as follows:

	2001		2000	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Building societies (9,30% – 12.50%)	4 018 674	303 568	1 370 674	146 568
Commercial banks (9.00% - 9.40%)	5 065 000	285 620	2 801 000	238 537
Insurance companies and other (12%)	1 830 000	244 783	1 758 000	222 675
	10 913 674	833 971	5 929 674	607 780

The investments and interest received were allocated as follows:

Allocation	2001		2000	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Housing Fund No 1	–	–	–	20 587
Renewal Fund	1 440 092	–	–	120 408
Capital Development Fund	1 173 448	20 976	118 384	28 313
Fixed Property Fund	3 380 798	212 691	1 200 375	9 583
Betterment Fund	1 558 132	229 036	1 292 627	132 511
Build Together Fund	589 850	121 268	684 409	46 378
Capital account	2 771 354	–	2 633 879	–
Revenue account	–	250 000	–	250 000
	10 913 674	833 971	5 929 674	607 780

The allocation of interest earned was calculated on the average amount of investments per Fund during the year. Council earned effectively 9,90% (2000: 10.39%) interest during the year.

9. FUND ACCOUNTS

The position of the Fund Accounts at the end of the year was as shown in Note 2 in Annexure D. The cash available to these Funds was applied in terms of internal regulations and the unapplied portion was invested.

10. TRADE ACCOUNTS

10.1 The results of operations were as follows:

	Electricity		Water	
	2001	2000	2001	2000
	N\$	N\$	N\$	N\$
Sales	11 375 095	9 871 802	4 488 472	3 965 274
Cost of sales	5 762 130	4 452 182	2 682 812	2 859 537
Gross profit	5 612 965	5 419 620	1 805 660	1 105 737
Net expenditure	3 598 542	3 315 264	2 337 841	2 310 098
Net surplus/(deficit)	2 014 423	2 104 356	(532 181)	(1 204 361)
Gross profit on cost of sales	97,41%	121,73%	67,30%	38,67%
Net surplus/(deficit) on cost of sales	34,96%	47,27%	(19,84%)	(42,12%)

The surplus for electricity indicates that the electricity service operates on a sound financial basis. The continuous losses for water are concerning and should still be investigated and controlled.

10.2 Distribution losses were:

	Electricity		Water	
	2001	2000	2001	2000
	KWh	KWh	m ³	m ³
Units bought/pumped	23 723 913	22 314 292	1 914 364	2 410 050
Units sold	21 181 924	18 082 551	1 911 227	1 956 452
Loss	2 541 989	4 231 741	3 137	453 598
Percentage loss on units	10,71%	18,96%	0,16%	18,82%

The decrease in losses for both electricity and water is complimentary to the Municipality and they should continue their efforts to minimise these losses.

11. SELF-SUPPORTING SERVICES

The net results of the self-supporting services were as follows:

	2001	2000
	N\$	N\$
Cleansing	320 403	106 802
Sewerage	330 879	(31 064)
Effluent water	(36 062)	(30 294)
	615 220	45 444

Council should strive to run the effluent water on a more self-supporting basis as tariffs are charged for these services rendered.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorised or avoidable expenditure was revealed during the year.

13. SUSPENSE ACCOUNTS

The balance sheet reflects the following suspense accounts:

	2001	2000
	N\$	N\$
Unspent balance – World Habit Day Fund	(3 870)	–
Allocation Housing Fund Debtors	–	(1 967)
Amounts awaiting capitalisation	–	(9 572)
Insurance claims	4 120	767
Travel North	13 536	–
Unallocated receipts	–	(6 986)
N Amkuata Furniture	–	(1 194)
Staff insurance	471	(318)
Suspense unstated	104 063	1 500
P Mengela	1 643	–
V Simon	299	–
C Field	12 865	–
SPCA dog taxes	(4 170)	(1 630)
U Mareka	18 105	–
Staff medical aid	3 221	72
Over/Under provision TS loans	–	12 619
Transfer costs	–	(9 065)
Interest and redemption in arrears	(223 739)	(1 444 127)
Workmen's Compensation Fund	–	3 032
	(73 456)	(1 456 869)

Included under the suspense accounts is an amount of N\$ 223 739 (2000: N\$ 1 444 127) which is in respect of arrear payments to the Government. All suspense accounts should be cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

No irregularities or losses were brought to light during the audit.

15. CAPITAL PROJECTS

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

Nature of capital projects/acquisitions	Total expenditure 2000/2001	Financed by		
		External/Internal loans	Revenue account	General Capital
	N\$	N\$	N\$	N\$
Cemetery and Parks	105 003	104 288	715	–
Fire Brigade	18 747	–	–	18 747
Electricity	332 050	142 604	–	189 446
Council's General expenses	73 910	73 910	–	–
Civic Buildings	30 246	30 246	–	–
Town Clerk's Department	–	–	–	–
Publ./Rel/Mayor/Office				
Streets, S.W.D. & Side	681 005	661 005	–	20 000
Town Treasurer's Department	71 958	40 958	–	31 000
Water	64 562	64 562	–	–
Workshop	2 809	2 809	–	–
Cleansing	35 052	35 052	–	–
Sewerage	123 554	123 554	–	–
	1 538 896	1 278 988	715	259 193

During the previous year capital expenditure amounted to N\$ 2 753 162. No accounting policy currently exists and the basis of accounting for this expenditure is not consistent with the prior years.

16. BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

The following grant was made:

Nature of contribution / grant	Value	Beneficiary	Approval
	N\$		
Remuneration assistance	4 840	Tsumeb Museum	Budgeted

18. COMPENSATION PAYMENTS

No compensation payments were made during the year.

19. VISITS TO FOREIGN COUNTRIES

The following visits to foreign countries were approved during the financial year by the Council.

Purpose	Amount
	N\$
1) Chesterfield Partnership	8 755
2) Technical Exchange Program	132 901
	141 656

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the year

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

Nature of donation	Value	Beneficiary	Approval
	N\$		
Donation	2 400	SPCA	Budget
Donation	10 000	Tsumeb Chamber of Commerce and Industry	Budget
Grant	2 200	Tsumeb Museum	Budget
Grant	5 000	Central Sports Ground	Budget
Donation	250	Christelike Maatskaplike Raad	Budget
Donation	250	Society of Handicapped	Budget
Donation	3 000	Tsumeb & Nomtsoub Schools (10 schools)	Budget
Donation	300	Namibia Red Cross Society	Budget
Donation	8 000	Tsumeb Women's and Children's Centre	Budget
Donation	300	Miss Millenium: Helen Mazuva	Budget
Gifts	209	Canadian visitors	Budget
Donation	300	University of Namibia	Budget
Grant	5 000	Tsumeb Football Club	Budget
	37 209		

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No property was transferred to/from the Government during the year.

23. DEBTORS/CREDITORS

23.1 Debtors

	2001	2000
	N\$	N\$
Consumers, combined billing	14 033 211	9 427 576
Subsidies receivable from Government	1 202 358	3 935 882
Accrued interest on investments	357 600	250 464
Sundry debtors	163 307	20 164
VAT provision	194 919	–
	15 951 395	13 634 086

No provision for bad debts was made during the past five years. The debt collection period for consumer debtors is 322 days (2000: 249 days). There are a great number of irrecoverable debts, which should be written off as the overstatement of collectable debts impairs the reliability of the financial statements. The estimated under-provision for potential bad and doubtful debts amounted to N\$ 10 524 908 (2000: N\$ 7 734 844).

Only the “Consumers combined billing” amount appears as debtors in the balance sheet drawn up by the Municipality. The rest, N\$ 1 918 184, has been set off against sundry creditors in their balance sheet. I view this as incorrect financial reporting and Council should see to it that amounts are shown correctly in the balance sheet.

Council should also urgently address the debt collection system of the Municipality in order to avoid serious cash flow problems.

23.2 Creditors

	2001	2000
	N\$	N\$
Trade creditors	762 046	492 036
Provisions: Tariff stabilisation	1 473 993	928 901
Leave pay & bonuses	700 344	1 055 355
Loan interest and redemption in arrears	223 739	1 444 127
Sundry Creditors	2 729 937	527 222
	5 890 059	4 447 641

Provision for bonuses and staff leave was made from detail calculations. This is an improvement from my previous report, where the provision was based on budgeted amounts. A provision was made for a Tariff Stabilisation Fund in previous years to compensate for increases in water and electricity prices. As reported previously, this reserve is however not a real liability and should be transferred to a Fund created for that purpose.

Sundry creditors include a grant of N\$ 1 million received from the Ministry of Regional and Local Government and Housing for the restoration of the water reservoir as well as a contribution of N\$ 1,2 million towards the Single Quarters Project.

24. ASSESSMENT RATES

Net proceeds from assessment rates were N\$3 052 250: (2000: N\$ 2 676 993). The tariffs for private and business property were N\$ 0,11756 per dollar per year on the site valuations plus N\$ 0,00308 per dollar per year on the valuation of improvements.

25. LOANS

25.1 External loan balances at 30 June 2001 were N\$ 19 167 959 (2000: N\$ 19 571 741), including Housing Fund loans of N\$ 398 771 (2000: N\$ 418 370). The balances correspond with the balances as per actuarial tables and the general ledger. Redemption payments are not up to date as stated in paragraph 13.

Loan assets were correctly capitalised and no loan assets have been disposed of before the loan was completely redeemed. Loan moneys were mainly used for the purpose they were obtained for.

The following amounts remained unspent for a few years now:

Loan number	30/06/1998	30/06/1999	30/06/2000	30/06/2001
	N\$	N\$	N\$	N\$
TS137	–	135 559	135 559	135 559
TS138	–	102 602	102 602	102 602
TS140	98 149	98 149	98 149	98 149
TS141	–	–	2 306 446	2 306 446

Council should indicate what its intentions are with these funds.

25.2 Internal loan balances at 30 June 2001 were N\$ 12 985 607 (2000: N\$ 13 171 947). All loans advanced during the year were authorised. All assets financed by internal loans were capitalised.

25.3 Housing Fund loans were as follows at 30 June:

	2001	2000
	N\$	N\$
Balance owing to the Government	(398 771)	(418 370)
Balance owed to the Municipality by property owners	1 717 271	1 536 947

25.4 Build Together Fund loans and advances owed to the Municipality amounted to N\$ 1 463 394 (2000: N\$ 517 669).

26. SALE OF ERVEN

The proceeds for the sale of erven amounted to N\$ 589 301 which was allocated to the Fixed Property Fund. In the previous year this amount was N\$ 289 260.

27. PROPERTIES SOLD ON AN INSTALMENT BASIS

	Properties	Erven	Total
	N\$	N\$	N\$
Balance 01/07/2000	1 536 947	257 300	1 794 247
Sales	221 794	589 301	811 095
Payments	(41 470)	(238 267)	(279 737)
Balance 30/06/2001	1 717 271	608 334	2 325 605

28. TARIFF ADJUSTMENTS

Tariff adjustments were all in accordance with the relevant Official Government notice.

29. APPROVALS

29.1 Revenue written off.

No amounts were written off as bad during the year.

29.2 Excess on approved budget

All excesses on the approved budget were authorised by Council

29.3 Internal loans

All internal loans made during the year were approved.

30. STOCK AND EQUIPMENT

30.1 Motor vehicles and their value were:

	Sedan vehicles		LDV and Combi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand: 01/07/2000	1	N\$ 7 768	25	N\$ 390 530	36	N\$ 1 056 138
Acquisitions/improvements during the year	–	–	–	–	–	159 452
Depreciation	–	1 554	–	78 106	–	211 227
On hand 30/06/2001	1	6 214	25	312 424	36	1 004 363

The value of heavy vehicles differs from the closing balance of the previous year due to incorrect information provided by the Municipality.

The total kilometers travelled by each category of vehicle and fuel consumption was again not readily available for my report. Council should indicate what control measures are in place to control vehicle usage.

30.2 Stock

Record keeping and stock control are exercised, but not on a daily basis. Internal controls may therefore become insufficient. No obsolete stock was identified.

31. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year under review.

32. GENERAL

The accounting and internal controls applied by Council are sufficient.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Town Clerk comprise:

- No provision for bad and doubtful debts
- Difference on debtor's ledger
- Consumer deposits
- Differences on financial statements
- Stabilisation Fund
- Inadequate fixed asset register
- No employment contract
- Unreleased cheque
- Inventory
- Provision for leave and bonuses
- Housing loans
- VAT reconciliation
- Incorrect completion of VAT returns and invoices
- Apportionment of VAT
- Interest on loans

Council should address the above areas of concern as a matter of urgency.

34. QUALIFIED AUDIT OPINION

The accounts of the Municipality of Tsumeb for the year ended 30 June 2001, summarised in Annexures A to D, were audited by me in terms of the provisions of Section 85 of the Local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

Except for the effect of any adjustments that might have been necessary as referred to in paragraphs 4.2 and 23.1 in my opinion these financial statements fairly present the financial position of the Municipality at 30 June 2001 and the results of operations and cash flows for the year then ended.

WINDHOEK, September 2002

**DR F TJINGAETE
AUDITOR GENERAL**

MUNICIPALITY OF TSUMEB
BALANCE SHEET AS AT 30 JUNE

	Notes	2001 N\$	2000 N\$
CAPITAL EMPLOYED			
FUNDS AND ACCOUNTS	2	43 834 484	38 221 026
LONG-TERM LIABILITIES	3	<u>20 180 952</u>	<u>20 551 389</u>
		<u>64 015 436</u>	<u>58 772 415</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	41 873 397	42 488 642
INVESTMENTS	5	10 913 674	5 929 674
LOANS	6	3 789 099	2 311 916
NET CURRENT ASSETS		7 439 266	8 042 183
Current assets		16 204 147	13 894 102
Cash on hand		525	525
Accounts receivable	7	15 951 395	13 634 086
Stock	8	252 227	259 491
Current liabilities		(8 764 881)	5 851 919
Accounts payable		5 890 059	4 447 641
Bank overdraft		2 874 822	1 404 278
		<u>64 015 436</u>	<u>58 772 415</u>

MUNICIPALITY OF TSUMEB

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 N\$	2000 N\$
INCOME		28 532 187	25 806 848
EXPENDITURE		<u>27 472 159</u>	<u>26 017 601</u>
NET OPERATING PROFIT/(LOSS)		1 060 028	(210 753)
INVESTMENT INTEREST EARNED FOR REVENUE ACCOUNTS		<u>833 971</u>	<u>607 780</u>
NET INCOME – for the year		1 893 999	397 027
ADJUSTMENTS AND APPROPRIATIONS	9	(544 730)	(13 913)
ACCUMULATED FUNDS - beginning of year		<u>2 197 920</u>	<u>1 814 806</u>
ACCUMULATED FUNDS – end of the year		<u>3 547 189</u>	<u>2 197 920</u>

MUNICIPALITY OF TSUMEB

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2001 N\$	2000 N\$
Cash utilised by operating activities			
Cash absorbed by operations	A	(68 673)	(582 446)
Utilised to increase working capital	B	<u>(867 627)</u>	<u>(695 006)</u>
Cash absorbed by operating activities		(936 300)	(1 277 452)
Interest received – investments		<u>833 971</u>	<u>607 780</u>
Cash flow from operating activities		(102 329)	(669 672)
Investment in future operations		(4 368 755)	(844 816)
Net capital remuneration/(expenditure)		615 245	(650 816)
Increase in Fund investment		<u>(4 984 000)</u>	<u>(194 000)</u>
		<u>(4 471 084)</u>	<u>(1 514 488)</u>
Cash effects of financing activities			
Increase in non-revenue funds		3 902 335	2 730 512
Decrease in long-term liabilities		(370 437)	(324 361)
(Increase)/decrease in loans		(531 358)	7 544
Increase/(decrease) in bank overdraft		<u>1 470 544</u>	<u>(899 207)</u>
Cash generated		<u>4 471 084</u>	<u>1 514 488</u>
NOTES TO THE CASH-FLOW STATEMENT			
A. Cash utilised by operations:			
Net operating profit/(loss) before investment interest		1 060 028	(210 753)
Less: Interest transferred to Funds		(583 971)	(357 780)
Less: Adjustments		<u>(544 730)</u>	<u>(13 913)</u>
-		<u>(68 673)</u>	<u>(582 446)</u>
B. Utilised to increase working capital:			
Increase in accounts receivable		(2 317 309)	(2 243 231)
Increase in accounts payable		1 442 418	1 502 460
Decrease in stock		<u>7 264</u>	<u>45 765</u>
		<u>(867 627)</u>	<u>(695 006)</u>

MUNICIPALITY OF TSUMEB**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001**

1. Accounting policies

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

1.1 Fixed assets

Fixed assets are stated at cost or at 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. 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.

1.2 Stock

Stock is valued at average cost on the first in first out basis. Obsolete stock is written off.

1.3 Funds**Revenue account**

All moneys received by and accrued to and expenses paid, except for allocations to other Funds, are reflected in this account, and are kept in compliance with Section 86(1)(b) of the Act.

Housing Fund

The purpose of this Fund is to provide funds to enable current renters of houses to purchase such houses.

1.4 Special Funds

The Municipality also maintains the following Funds in terms of the authorisations in section 80(4) of the Act:

Parking Meter Fund

The purpose of the Fund is to provide for installation and upkeeping of parking meters.

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.

Betterment Fund

The purpose of this Fund is to provide for future improvement of Municipal assets. Part of the proceeds of the sale of property developed by the Municipality accumulate in this Fund and interest derived from investments.

Fixed Property Fund

Proceeds on the sale of developed property accumulate in this Fund, which is used to develop properties.

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE (continued)

Renewal Fund

The purpose of this Fund is to provide for replacement of assets and for additional depreciation on assets which abnormally decreased in value. Income is obtained from the Revenue Account and interest derived from investments.

Build Together Fund

The purpose of the Fund is to provide loans to applicants who want to build houses with the help of the community. The instalments received for the payment of these loans are reinvested in the Fund.

	2001 N\$	2000 N\$
2. FUNDS AND ACCOUNTS		
2.1 Unappropriated surplus		
Accumulated funds	3 547 189	2 197 920
Housing scheme	<u>1 693 938</u>	<u>1 277 394</u>
	<u>5 241 127</u>	<u>3 475 314</u>
2.2 Internal Funds		
Loans redeemed	10 444 751	8 457 764
Contribution from revenue	833 744	1 535 422
Contribution ex general capital	<u>1 352 268</u>	<u>2 804 017</u>
	<u>12 630 763</u>	<u>12 797 203</u>
2.3 Special Funds		
Fixed Property Fund	10 837 971	8 848 214
Betterment Fund	1 748 312	1 500 927
Capital Development Fund	1 438 364	1 208 435
Renewal Fund	9 853 900	9 036 541
Build Together Fund	2 053 343	1 309 166
Parking Meter Fund	<u>30 704</u>	<u>45 226</u>
	<u>25 962 594</u>	<u>21 948 509</u>
	<u>43 834 484</u>	<u>38 221 026</u>

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2001 N\$	2000 N\$
3. LONG-TERM LIABILITIES		
3.1 The Government of Namibia:		
Capital	18 769 188	19 153 371
Housing	398 771	418 370
	<u>19 167 959</u>	<u>19 571 741</u>
3.2 Deposits held	1 012 993	979 648
	<u>20 180 952</u>	<u>20 551 389</u>
4. FIXED ASSETS		
At net book value financed/contributed by:		
Loans	39 428 191	38 149 203
Revenue	833 744	1 535 422
General Capital	1 611 462	2 804 017
	<u>41 873 397</u>	<u>42 488 642</u>
5. INVESTMENTS		
Fixed deposits, money on call and insurance policies with various financial institutions		
Building society @ 9.30% to 12.50%	4 018 674	1 370 674
Commercial banks @ 9.00% to 9.40%	5 065 000	2 801 000
Insurance companies (5 year term)	1 830 000	1 758 000
	<u>10 913 674</u>	<u>5 929 674</u>
Investments are stated at cost. The current value of the insurance policies exceeds the cost thereof.		
6. LOANS		
Secured by first mortgage bonds over fixed property	2 325 605	1 794 247
Build Together Fund	1 463 494	517 669
	<u>3 789 099</u>	<u>2 311 916</u>

MUNICIPALITY OF TSUMEB

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2001 N\$	2000 N\$
7. ACCOUNTS RECEIVABLE		
Consumers	14 033 211	9 427 576
Subsidies	1 202 358	3 935 882
General and sundries	715 826	270 628
	<u>15 951 395</u>	<u>13 634 086</u>
8. STOCK		
Consumable goods	<u>252 227</u>	<u>259 491</u>
9. ADJUSTMENTS AND UTILISATIONS		
REVENUE ACCOUNT		
Grave space & cleaned	(150)	–
Charex written back	–	(3 781)
Retro levies	–	(181 985)
Correction on vote allocation	12 230	–
Adjustment to departmental account	153	–
Analytical laboratory services paid twice	605	–
Correction of receipt amount	4 989	–
Erf refund	(11 393)	(44 874)
Journal	732	–
MD units under read	54 218	–
Over provision of loans and audit fees	16 875	36 650
Credit notes	(4 352)	(8 865)
Correction on subsidies	(626 268)	464 022
Deposit refunds returned	–	506
RD cheques	3 112	(1 497)
Transnamib loan correction	–	(274 089)
Unclaimed deposits	4 519	–
	<u>(544 730)</u>	<u>(13 913)</u>