

**THE UNITED REPUBLIC OF TANZANIA**

**NATIONAL AUDIT OFFICE**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF GEITA TOWN COUNCIL FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**March, 2018**

**AR/LG.63 CC1/2016/2017**

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## Abbreviations

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
PAA	Public Audit Act No.11 of 2008
PAR	Public Audit Regulation, 2009
LGA	Local Government Authorities
LAAC	Local Authorities Accounts Committee
PPA	Public Procurement Act, 2011
PPR	Public Procurement Regulations, 2013

## 1.0 GENERAL INFORMATION

### 1.1. Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (Revised, 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

### 1.2. Vision, Mission and Core Values

#### Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

#### Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

#### Core Values

In providing quality services, NAO is guided by the following Core Values:

- ✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner.
- ✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices.
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior, rule of law and a strong sense of purpose.
- ✓ **People focus:** We value, respect and recognize interest of our stakeholders.
- ✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution.
- ✓ **Results Oriented:** We are an organization that focuses on achievement based on performance targets.
- ✓ **Team work Spirit:** We work together as a team, interact professionally, share knowledge, ideas and experiences.

#### We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

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### **1.3. Audit Objectives**

To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and are prepared in accordance with an applicable financial reporting framework; and whether laws and regulations have been complied with.

### **1.4. Audit Scope**

The audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. This covered the evaluation of the effectiveness of the financial accounting system and internal control over various activities of Geita Town Council.

The audit was conducted on a sample basis; therefore, the findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to me. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the Council's activities as well as evaluation of the Internal Control System which requires management's attention and actions, are set out in the management letter issued separately to Geita Town Council.

As an auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatements in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of Geita Town Council.

### **1.5. Audit Methodology**

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures included the following:

- Planning the audit to identify and assess risks of material misstatements, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.

- Form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained.
- Follow up on the implementation of the previous year's audit findings and recommendations and directives issued by LAAC to ensure that proper action has been taken in respect of all matters raised.

## **2.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Hon. Chairperson of the Council,  
Geita Town Council,  
P.O. Box 384,  
GEITA.

**Report on the audit of financial statements for the financial year ended 30<sup>th</sup> June, 2017.**

### **Unqualified Opinion**

I have audited the financial statements of Geita Town Council which comprise of the Statement of Financial Position as at 30<sup>th</sup> June 2017, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows and; Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

In my opinion, the accompanying financial statements of Geita Town Council are prepared in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and in the manner required by the Local Government Finances Act, 1982 (Revised, 2000).

### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Geita Town Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in United Republic of Tanzania and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

### **Information other than the financial statements and auditor's report thereon**

Management is responsible for the other information. The other information comprises of the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Key Audit Matters**

I have determined that there are no key audit matters to communicate in our report.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

#### **Auditor's responsibilities 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 misstatements, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

**Report on other legal and regulatory requirements**  
**Compliance with the Public Procurement Act, 2011**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Geita Town Council procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.



Prof. Mussa Juma Assad,  
CONTROLLER AND AUDITOR GENERAL

31<sup>st</sup> March, 2018

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THE UNITED REPUBLIC OF TANZANIA  
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COUNCILLORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2017

1. **DECLARATION OF THE HEAD OF FINANCE OF GEITA TOWN COUNCIL**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I **MARIETHA N. MASANJA** being the Head of Finance and Trade of **GEITA TOWN COUNCIL** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2017 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of **GEITA TOWN COUNCIL** as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Marietha N. Masanja

  
**TOWN TREASURER**  
**GEITA TOWN COUNCIL**

Position: Town Treasurer

NBAA Membership No.: ACPA 3133

Date: 29.09.2017

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**COUNCILLORS' REPORT  
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**2. INTRODUCTION**

Councillors have the pleasure in submitting their report, together with the financial statements of the Council for the Twelve Months of the year starting July, 1<sup>st</sup> 2016 to 30<sup>th</sup> June 2017.

**3. VISION OF THE COUNCIL**

The vision of Geita Town Council is focused on consistently strengthening our capability to provide peoples centered sustainable services towards realization of maximum livelihoods and poverty reduction within the TOWN COUNCIL by 2025.

**4. MISSION OF THE COUNCIL**

The Geita Town Council mission statement is aiming at providing people centered sustainable services through implementation of national policies and guidelines effecting good governance and enhancing peoples participation at all stages of decision making towards improving standards of living.

**5. CORE VALUES**

Geita Town Council core values are transparency, good governance and accountability at all levels, sustainable community development, and other stakeholders participation commitment to improve social service delivery.

**6. FUNCTIONS OF THE COUNCIL**

According to the Local Government Act 1982, the Council has the following responsibilities:

- a. *Collection of public funds through taxes, licenses, fees and charges;*
- b. *To convince the public that the use of funds have achieved the maximum benefit through sound financial management;*
- c. *To promote the social welfare and economic well – being of all persons within its area of jurisdiction; and*
- d. *To maintain and facilitate maintain peace, order and good Governance within its area of jurisdiction.*

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**7. SOLVENCY EVALUATION**

Geita town council as it was started since November 2012 it has been well proceeding with its operation on service provision to the community members found within its geographical location by using its resources as funds collected from own source, from Government block grants and other donors.

Through the use of such funds it has well managed to prosper service to the community by the proper use of asset and liability to ensure good service delivery.

Where by these has been revealed by following financial ratios:

- i. Profitability ratio
- ii. Liquidity ratio

**PROFITABILITY RATIO**

The profit margin ratio directly measures what percentage of sales is made up of net income. In other words, it measures how much profits are produced at a certain level of sales.

This ratio also indirectly measures how well an institute manages its expenses relative to its net collections. That is why an institute can achieve higher ratios. They can do this by either generating more revenues why keeping expenses constant or keep revenues constant and lower expenses.

Since most of the time generating additional revenues is much more difficult than cutting expenses, managers generally tend to reduce spending budgets to improve their profit ratio.

Like most profitability ratios, this ratio is best used to compare like sized companies in the same industry. This ratio is also effective for measuring past performance of a company

Since ever, Geita Town council has managed to increase collection of own revenue from **TZS. 4,068** million in the year **2015 /2016** to **5,224** million in the year **2016/2017** while net income has just decreased from **(175) million** in the year **2015/2016** to **(273)** million in the year **2016/2017**.

Therefore, the profitability ratio shows there is a decrease of 7% from the year **2015/2016** to **2016/2017** as analyzed below

$$\text{Profit ratio} = \frac{\text{Net income}}{\text{Net own source collection}}$$

	2015/2016	2016/2017	Increase/Decrease	Percentage (%)
Net income	(175,833,241)	(273,202,468)	-97,369,227	8
Net own source collection ( recurrent)	4,068,010,708	5,224,086,138	1,156,075,430	

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COUNCILLORS' REPORT (Continued)  
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LIQUIDITY RATIO

The current ratio helps investors and creditors to understand the liquidity of an institution and how easily that institute will be able to pay off its current liabilities. This ratio expresses a firm's current debt in terms of current assets. A higher current ratio is always more favorable than a lower current ratio because it shows the institute can more easily make current debt payment.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

	2015/2016	ratio	2016/2017	ratio
Current asset	6,955,862,786	4:1	9,625,903,561	3:1
Current liability	1,546,169,188		3,188,126,255	

The Council has managed to maintain an average ratio of 3:1 in year 2016/2017, meaning that Geita TC has increased its current asset from TZS. 6,995 million in 2015/2016 to 9,625 million in the year 2016/2017; it shows the Council can more easily settle its current liability 3 times.

8. MEMBERSHIP OF THE COUNCILLORS

NO.	NAME	POSITION	WARD/ CONSTITUENT	DATE OF APPOINTMENT
1	Hon. Bugomola L. Kiganga	Chairman	Bombambili	2015
2	Hon. Morandi C. Mtani	Councilor	Mtakuja	2015
3	Hon. Martine L. Kwilasa	Councilor	Bung'wangoko	2015
4	Hon. Joseph L. Lugaila	Councilor	Ihanamilo	2015
5	Hon. Boniphace B. Fulano	Councilor	Shiloleli	2015
6	Hon. Sospeter Z. Mahushi	Councilor	Kalangalala	2015
7	Hon. Mary Kasanda	Councilor	Kasamwa	2015
8	Hon. Ruhusa Pastory	Councilor	Mgusu	2015
9	Hon. Frank Gogomoka	Councilor	Bulela	2015
10	Hon. Kapaya M. Michael	Councilor	Nyankumbu	2015
11	Hon. Elias Ngole	Councilor	Nyanguku	2015
12	Hon. Mapande T. Enock	Councilor	Kanyala	2015
13	Hon. Mussa E. Kabese	Councilor	Buhalahala	2015
14	Hon. Zaituni Fundikira	Councilor	Special Seat	2015
15	Hon. Suzana J. Mashala	Councilor	Special Seat	2015
16	Hon. Salome Ndekeja	Councilor	Special Seat	2015
17	Hon. Jesca Kalaliyo	Councilor	Special Seat	2015
18	Hon. Kanyasu Constantine John	Member of Parliament	Geita Town	2015
19	Hon. Vick Kamata	Member of Parliament	Special Seat	2015
20	Hon. Pendo Furaha Peneza	Member of Parliament	Special Seat	2015

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**COUNCILLORS' REPORT (Continued)  
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**9. EMPLOYEES WELFARE**

The Council believes that its employees should find working for the Council an inspiring and personally elevating experience, and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Council. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

The Council is convinced that equal opportunities for all, irrespective of ethnicity, race, gender, disability or religion, should be pursued. The Council accepts that only through total commitment, loyalty and dedication of its employees will be able to achieve its goal. The Council provides various benefits to staff such as long service awards for retiring employees, best worker rewards and sports bonanza.

Employees are members of Local Government Pensions Fund (LAPF), National Social Security Fund (NSSF) and Public Service Pensions Fund (PSPF). The Council contributes 15% of basic salary of each employee to LAPF and PSPF and 10% of gross salary to NSSF on behalf of all permanent employees. The Council operate insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF), both the employer and employee contribute 3% of gross salary.

**10. STATEMENT OF COUNCILLORS' RESPONSIBILITIES**

The Local Government Finance Act 1982 Section 40 requires every Local Government Council (LGA) to prepare financial statements of the Council for each financial year, as at the end of the financial period, that gives a true and fair view of the state of affairs of the Council for that period. This legal requirement is further emphasized by the Local Authority Financial Memorandum (LAFM) of 1997, Section 82.

The Councillors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 30 June 2017. The councillors also confirm that the International Public Sector Accounting Standards (IPSAS) have been followed and that the financial statements have been prepared on the going concern basis.

The Councillors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and which enable them to ensure that the financial statements comply with the Local Government Act. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. 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.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act No. 7 of 2011.

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GEITA TOWN COUNCILLORS' REPORT (Continued)  
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11. FINANCIAL POSITION

a) **Cash and cash equivalents**

These represent cash book balances as at 30th June, 2017 to the tune of TZS **7.3 billion** the details of these balances are shown in Note 24.cash and cash equivalent, where **Sh. 7.3 billion** is committed for Contracts of Road maintenance under ULGSP, Construction of Modern Abattoir at Mpomvu area, Construction of Modern Central Market under Own Source Development, Other Payables in Misc. Deposit Account and lower level fund.

b) **Receivables and prepayments**

During the year Geita Town Council expected to receive total amount of TZS. **2,054 Billion** however, until the end of the year they were not been collected in the following descriptions:

- ✓ Medical Stores Department TZS. **149.4mill**
- ✓ Community loan TZS. **346.0mill**
- ✓ Sundry debtors TZS.**49.62mill**
- ✓ Other receivables - Central Government **1,322 Bil**
- ✓ 30% Retention of Land Rent Ministry of Land **187.0 mill**

c) **Inventories**

In the year **2016/2017** GEITA TOWN COUNCIL, made stock taking amounting to TZS **208.6 Million**.

d) **Other financial assets**

GEITA TOWN COUNCIL has investment with Local Government Loan Board (LGLB) amounting to TZS **36,000,000**.

e) **Property, plant and equipment**

In the year **2016/2017** GEITA TOWN COUNCIL, continued to increase its assets in various categories (Property, plant and equipment) as an additional assets amounting to TZS **6,257 billion**. Therefore, the total assets up to now (**2016/2017**) amounting to total cost of TZS **27.528 billion** of which TZS **6,257. Billion** added during the financial year with Net Book Value of TZS **23.079 Bill**. The Council also has received one Motor Vehicle Ford **DFPA 3095** from ULGSP project which its value is yet to be determined.

f) **Intangible assets**

The Council has Intangible asset for Collecting Property Tax called Municipal Revenue Collection System (MRECOM) which has cost of TZS **12,000,000** with carrying amount of TZS **2,400,000**.

g) **Payables**

This represent the amount remained unpaid to the suppliers that owe the council for the provision of goods and services. At the year ended **2016/17** GEITA TOWN COUNCIL has a total of TZS **909.8** million remained unpaid. However, the council ensures that all creditors will be paid accordingly.

h) **Employee benefits**

GEITA TOWN COUNCIL has 1751 employees in total. Their salaries and other benefits for the year ended **30<sup>th</sup> June, 2017** were settled by Geita Town Council. The Arrears for some benefits to Employees is TZS **1,322 Bill**.

i) **Deferred income (Revenue grant)**

This represent the amount of revenue grant received from the central government for specific purpose, GEITA TOWN COUNCIL has received TZS. **934 Mill** remained unspent at 30th June in year ended **2017**.

j) **Deferred income (Capital grant)**

This represent the amount of Capital grant received from the central government and various donors for specific development project purposes, GEITA TOWN COUNCIL has deferred TZS. **22.260 Bill** at 30th June in the year ended **2017**.

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12. FINANCIAL PERFORMANCE

**Revenue**

GEITA TOWN COUNCIL has succeeded to collect **TZS 5.129 Billion** from its own source revenue in **2016/17** of which **47%** of the total own source actual collection were contributed to development projects.

This amount collected from own source is equal to **103%** of total budget. Beside the collection, the council faced some challenges and difficulties to pursue its targets in collection of revenues and this was due to:

- 1) Lack of trust worth information regarding turnover of taxpayers which hinder collection of Service Levy.
- 2) Lack of enough electronic devises which would help to improve collection.
- 3) The council lacked a Bylaws which is the epic tool and guidance for collections of revenues from the source which was still unapproved from the PRESIDENT'S office.
- 4) Lack of Staff
- 5) Ministry of Land failed to return 30% of Land Rent Collected by Geita Town Council on its behalf.

**a) Local taxes**

GEITA TOWN COUNCIL has succeeded to collect local Taxes **TZS 3.8 billion** being **117%** of annual budget at from its own source revenue in 2016/17 as compared to year **2015/2016** of which **TZS. 3.4 Billion** was collected. The change was caused by improvement in collection of service levy from taxpayers other than GGM.

**b) Fees, fines, penalties and licenses**

Geita Town Council has managed to collect **TZS. 629.8 Million** during the year **2016/2017** as compared to the year **2015/2016** where **TZS. 385.3** was collected which is **90%** of the annual budget.

**c) Recurrent grants**

GEITA TOWN COUNCIL received **TZS 22.142 Billion** as recurrent grant from central Government. Fund Amortized was **TZS 21.802 Billion** during the year.

**d) Revenue from exchange transactions**

Geita Town Council has managed to collect **TZS 430.1 Million** during the year **2016/2017** which was hire/rent of council plant vehicle and other assets as compared to the year **2015/2016** where **TZS 58.4 Million** was collected which is **39%** of the annual budget.

**e) Other own revenue**

Geita Town Council has managed to collect **TZS 337 Million** during the year **2016/2017** as compared to the year **2015/2016** where **TZS 224 Million** was collected which is **1225%** of the annual budget.

**f) Amortization of capital grant**

Geita Town Council has **TZS 1.637 Billion** during the year **2016/2017** which was amortization charged is recognized as income.



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11. FINANCIAL PERFORMANCE

Expenses

a) **Wages, salaries and employee benefits**

During the year 2016/17, Geita Town Council has implemented its activities accordance to the amount collected and received during the financial year. The Council managed to pay the wages, salaries and employee benefits to the tune of **TZS 18.2 billion**.

b) **Supplies and consumables used**

The Council also spent **TZS 3.976 billion** on supplies and consumable used against the total budget of **TZS 4.106 billion** which is **93%**.

c) **Maintenance expenses**

On the maintenance expenses Geita Town Council spent a total of **TZS 619 billion** against the total budget of **TZS 865 billion** which is **71%**.

d) **Grants and other transfer payments**

The Council also spent **TZS 4.4 Billion** on payment of contribution to development projects, relief to beneficiaries of TASAF III, Councilors allowance and their gratuity, and other transfers for the year **2016/2017**.

e) **Depreciation of property, plant and equipment**

Geita Town Council has depreciated its Property, Plant and equipment's to the tune of **TZS 1.635 Billion** during the year 2016/2017.

f) **Amortisation of intangible assets**

Geita Town Council has amortized downward its Intangible Assets to the tune of **TZS 2.4 Million** during the year 2016/2017.

12. **OWN SOURCE REVENUE**

Geita Town Council has succeeded to collect **TZS 5,224 Billion** from its own source revenue in **2016/17** compared to **TZS. 4,068 Billion** in **2015/16**. The increase is due to good administration on collection of Business license fee and sales of plots as well as Service Levy from **GEITA GOLD MINE**.

13. **IMPLEMENTATION OF THE PLAN AND BUDGET 2016/17**

The approved Budget for twelve months from July 1<sup>st</sup> 2016 to June 30<sup>th</sup> 2017 was approved by Full Council on February 2016. The policy of the Council is to involve all stakeholders in preparation of the Council plans and budgets. This approach enabled the communities at lower levels to identify and plan their own projects by identifying the opportunities that are availed to them to tackle obstacles they face. Guidelines from different Ministries and high levels were taken into account in the planning process.

The formation of the Geita Town Council Development Plan consisted of Review and formation of Village Plans through **O&OD** approach and community priorities, which were consolidated into Ward Development Plans and then scrutinized and consolidated into the Town Council Development **Plan 2016/2017**. The plans

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were presented to Regional Secretariat for scrutiny. The budget is consistent with the Development Vision 2025, Five Year Development Plan Framework, the **CCM** Election Manifesto of **2015**; the President's inaugural speech to the 11th Parliament; **DGS**; Sectoral policies and other Government policies and directives. **TANZANIA YA VIWANDA**, Beekeeping and Nutrition were among the components of policies included in this Budget. The Council has also adhered to the Budget Guideline **2016/2017** and ceilings provided by both the Treasury and **PO-RALG**.

The operationalization of the Town Council's objective will be led by Town Council Strategic plan which has incorporated public, private sector and other development partners 'contribution. The main focus had been to ensure the utilization of the available resources by analyzing the existing strengths, opportunities, challenges and improving the weak areas in order to realize our Vision and mission.

**14. FUTURE PLANS OF THE COUNCIL, STRATEGIC OBJECTIVES, STRATEGIES AND KEY PERFORMANCE INDICATORS**

The council has the following future plans;

- To increase budget allocation to development activities in order to support the community project.
- To encourage other partners within and outside the Town on implementation of development project and service delivery through increased public, private partnership.
- To improve the coordination of NGOs and CBOs and other institutions in development and service delivery ventures.
- To increase own source revenue from TZS **5 Billion** to TZS **6 billion** by **2017/18** by making follow- up to uncollected sources of revenue and by motivating employees who are responsible for revenue collection. (revenue enhancement and effective use of financial and other council's resources)
- To review all own source revenues and check whether they are realistic in terms of amount collected so as to come up with exactly figure of revenue.
- To promote sustainable economic development in line with the national vision, policies and plans.
- Protection and conservation of environment.
- To promote small agricultural Industries in line with the President's Motto "Hapa Kazi tu".

This matrix gives the link between the corporate objectives, strategic objectives, strategies and key performance indicators, for every identified strategy.

NO.	TRATEGIC OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR
1	Community mobilization on food services to primary schools	To conduct meetings at village level on food provision	Number of schools getting food with quality and quantity of Food provided.
2	Mobilization of community on education enrolment	To conduct training meetings to community on the importance of education enrolment.  To collect data from schools and compile reports from Head Teachers and Ward Education Supervisor	<ul style="list-style-type: none"> <li>• Availability of data on school age children</li> <li>• Increased number of pupils enrolled each year</li> </ul>

3	Construction of Pre- primary, primary classrooms and secondary high schools for each school	To mobilize community on classroom and school construction through meeting. To build monitoring capacity to village and schools leaders	Number of class rooms constructed each year
4	Capacity building for village government leaders on the rights of children and women	To Conduct training for 54 village government leaders on women and children rights.	Decrease of number of domestic violence cases against women ad children. Women and children rights enhanced.
5	To enhance and strength work morale	Provision of equipments and funds to departments.	Number of staff with working equipment
6	To sensitive registration and training women groups on entrepreneurship skills	Training on entrepreneurship skills. Support economic women groups.	Women trained in entrepreurship and  Women groups supported.
7	To improve services and reduce HIV/AIDS infection	<ul style="list-style-type: none"> <li>• Sensitization meetings to the community</li> <li>• Training of VCT councillors</li> <li>• To conduct mobile VCI services</li> <li>• To purchase HIV testing kits</li> <li>• To conduct supportive Supervision</li> </ul>	
8	To increase Number of pregnant women delivering at the health facilities.	<ul style="list-style-type: none"> <li>• Community sensitization</li> <li>• Conduct operation research on reasons why not delivering at Health facilities</li> <li>• Early referral of pregnant mothers to health facilities.</li> <li>• Ensure availability of Equipments and supplies</li> <li>• Conduct maternal audit</li> </ul>	Women delivering at Health facilities.
9	To raise Vaccination coverage to under 5 children against vaccine preventable diseases.	<ul style="list-style-type: none"> <li>• Ensure a well maintained cold chain system</li> <li>• Ensure that vaccination protocols and guidelines are adhered to</li> <li>• Community sensitization</li> <li>• To refill and distribute LP gas cylinders</li> <li>• To purchase LP gas cylinders</li> <li>• Training oh HSPs on proper maintenance of refrigerator</li> <li>• To conduct regular supportive</li> </ul>	Proportion of under fives vaccinated against vaccine preventable diseases

10	Identify and protect one disposal point of solid waste at Geita town, Collection and disposal of solid waste increased by the year 2020	<ul style="list-style-type: none"> <li>• Community involvement by conducting meeting</li> <li>• Solicit fund from donors (LVWATSAN)</li> <li>• To construct new improved solid waste disposal point</li> <li>• To purchase spades and heavy duty gloves</li> <li>• To purchase trolleys</li> <li>• To purchase 3 tractor</li> </ul>	Presence of disposal point, Collection and disposal of solid wastes increased
11	Hygiene of water sources improved	<ul style="list-style-type: none"> <li>• Community mobilization</li> <li>• Water treatment and protection</li> </ul>	Number of households getting safety and hygiene water
12	To increase own source revenue collection by June 2020	<ul style="list-style-type: none"> <li>• Implementation and enforcement of revenue collection procedures.</li> <li>• Identification of new sources and utilization of multi-source of revenue for the town council</li> </ul>	Increase of Budget each year Percentage of own source collection against budget
13	To increase Road networks in good condition increased by June 2020	To increase the Quality and quantity of roads in town councils	Reports on funds released for roads improvement Identified Physical road projects
14	Ensuring having strong and viable economically co-operative society which cater the needs of their member.	Improvement of Bussines and management skill in 20 primary co-operative societies	Impovement of co-operative society in their day to day activities.
15	Increased surveyed plots in UTM system by June 2020	<ul style="list-style-type: none"> <li>• Land use planning</li> <li>• Awareness creation and community mobilization</li> <li>• Town Planning Drawings in various areas in GTC</li> </ul>	Plots surveyed in various areas in Geita town
16	Management of Natural resources and Environment sustained by June, 2020	<ul style="list-style-type: none"> <li>• Community participation</li> <li>• Public education provision</li> <li>• Multi-stakeholder involvement and participation</li> </ul>	Size of forest areas declared as Forest reserves Type of forest species planted.
17	Master plan Geita Town prepared and approved by the appropriate authorities by June, 2020	<ul style="list-style-type: none"> <li>• Multi-stakeholder participation</li> <li>• Community mobilization</li> <li>• Awareness Rising and creation</li> <li>• Lobbying and advocacy to the District and the Ministry</li> </ul>	Quality of the draft report of the master plan produced
18	Statutory meetings performance in the Council by the June 2020	Involve ward leaders and other stakeholders in facilitating and verifying statutory meetings at Council, ward and village levels	Meetings conducted

THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

**COUNCILLORS' REPORT (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**19. CORPORATE GOVERNANCE**

The composition of councilors includes both nominated and elected members. There are clear demarcations of roles and functions of personnel. During the year the councilors has reviewed the quarterly and annual statement of revenue and expenditure basically the own source revenue collection performance, passed the budget for financial year 2017/2018, visit the implemented projects and advise on the projects and discussed the CAG reports raised during the year and way forward to reduce occurrence of audit query in the following financial year, follow-up of paying back youth and women loans given to groups, follow-up of education given to primary and secondary school that will enable them to pass their exams and issues on HIV/AIDS.

The council has the following committees entrusted with specific task of the Governing council:

***Finance and Administration Committee***

This committee includes 8 councilors and 19 heads of department and Sections. The chairperson of this committee is the Chairman of the council. The committee is held each month. The key issues discussed during the year includes, monthly statement of revenue and expenditure by checking the performance of own source revenue collection specifically on service levy collected from GGM and companies contracted with GGM was seen to be under collected and other sources, Internal audit reports, quarterly department implementation reports, Implementations of development projects, employees affairs, to receive government directives, to receive tender board reports and approval of suppliers/contractors.

***Economic, Health and Education Committee***

The members in this committee consist of 10 councilors and 8 heads of department and Sections. The committee is held quarterly. The key issues discussed include: education given to primary and secondary schools proportional to the national examination results should be strengthen and protections of the schools area by surrounding with wall,

***Urban Planning and Environmental Committee***

The committee comprises of 8 councilors and 7 heads of department and Sections. The committee is held quarterly. The Key issues discussed includes: visit the implemented projects to see the environmental effect and advise on the projects, give building permits on construction.

***HIV AIDS Committee***

The committee comprises of 7 councilors and 11 heads of department and Sections. The committee is held quarterly. The Key issues discussed include the protection of HIV/AIDS to youth and women through formation of Ward HIV/AIDS committees.

***Good Governance Committees***

Also, the Council has full effective: - **Audit Committee** which has the 5 Independent Members with duties of foreseeing financial matters According to the Circular No. 3/215/01 of November, 2007 issued by PO – RALG, each Local Government Authority including Geita Town Council has established an Audit Committee. Audit committee provide independent oversight of the internal and external audit work plans and results, assessing audit resources needs, and mediating the auditor's relationship with Geita TC. Audit Committee also ensure audit results are aired and any recommended improvements or corrective actions are implemented.

THE UNITED REPUBLIC OF TANZANIA  
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GEITA TOWN COUNCIL

COUNCILLORS' REPORT (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**Internal Audit Unit** is an independent Unit established in the Council with responsibility of adding value to activities running in the council through independent appraisal activity within the council and which controls activity functions by examining and evaluating the adequacy and effectiveness of internal controls in the council and value for money audits.

**Tender Board** whereby the functions of the tender board are to deliberate on the recommendations from the Procurement Management Unit and approve award of contracts; review all applications for variations, addenda or amendments to ongoing contracts; approve tendering and contract documents; approve procurement and disposal by tender procedures; and ensure that best practices in relation to procurement and disposal by tender are strictly adhered by Geita TC.

**Workers Council** has the mandate of dealing with workers affairs and passing of the budget.

**Recruitment Board** with the function of dealing with matters relating to benefits of employees in terms of promotion and also has mandate to employ new staff whenever permission granted. The

**Disipline Committee** serve the public interest by overseeing the regulation of the practice of Councilors and Management it holds a hearing to consider allegations of professional misconduct or incompetence against a member or employee of the Council and determines the penalty to be imposed, if any. Discipline Committee issue written decisions and reasons for each case they hear.

THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

COUNCILLOR'S REPORT (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**20. RISK MANAGEMENT AND INTERNAL CONTROLS**

The Council accepts final responsibility for the risk management and internal control systems of the Authority. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding the effectiveness and efficiency of operations in:

- The safeguarding of the Council's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The Council assessed the internal control systems throughout the financial year ended **30 JUNE 2017** and is of the opinion that they met acceptable criteria.

**21. CROSSCUTTING ISSUES**

**Environment**

GEITA TOWN COUNCIL also involve in Environment issues in collaboration with private sector, non-governmental Organizations (NGOs) and other stakeholders sensitized and raised public awareness on policies and issues of conservation and management of environment in the TOWN. This step enabled the council to access knowledge and information on environment conservation and cleanliness through seminars, workshops and training.

GEITA TOWN COUNCIL is also a member of Lake Victoria Region Local Authority Corporation (LVRLAC) which deals with the plans for sustainable conservation and management of Lake Victoria.

**Gender**

On the other hand GEITA TOWN COUNCIL made the efforts to promote gender equality in the TOWN area; this is done through empowered by being provided with investment credits through the Women Development Fund. The council provided training in various skills to women at different levels in order to address the gender gaps.

According to the year **2012**, the Population and Housing Census, revealed that women are **97,600** or **51** percent of the total population of **192,707**.

**HIV/AIDS**

The priority of the Council is to provide the medical care and training for **HIV/AIDS** patients, counseling and voluntary blood test; blood safety; diagnosing and treating sexually transmitted diseases; monitoring of **HIV/AIDS** patients, providing **HIV/AIDS** health education, conducting research on **HIV/AIDS**; as well as preventing mother to child **HIV/AIDS** transmission.

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PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

COUNCILLOR'S REPORT (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

The following measures have been taken in year **2016/2017**: Home based care service providers currently in Geita Town Council there 38 providers and 2 supervisors who are working in 4 Wards (Kalangalala, Mtakuja, Kasamwa and Bung'wangoko) out of 7 wards; they are conducting counseling, education and communication on **HIV/AIDS** transmission by tracking lost follow up client, Home visiting, adherence of treatment, to attend CTC to provide health education And submission of monthly report.

Community Home-based Care (**CHBC**) is a critical component of continuum of prevention, care, support, and treatment for **PLHIV**. In addition to providing support for **PLHIV** and their families, **CHBC** includes community wide prevention and mobilization effort on HIV/AIDS, as well as effort to reduce stigma and discrimination. **PLHA** are empowered to be open about their status, through **CHBC** they are counseled to reduce risky behaviors and encouraged to seek care and treatment.

The numbers of organization offering support services for **PLHIV** in our Council are **5**, the number of sites offering **ART** in Geita Town Council are **2** ( Nyankumbu Health Centre and Kasamwa Health Centre), But other 5 health facilities are providing Option B+ services.

he integration of home counseling and testing into existing **CHBC** programs is successful and is an efficient way to scale-up counseling and testing in targeted communities by utilizing existing volunteer **CHBCPs** and trained Home-based Counseling and Testing (**HBCT**) providers with established networks for referral and care and support.

**HIV/AIDS** infection is decreasing in our **TOWN**. For example statistics from women attending ante natal clinic showed a decrease in prevalence of HIV infection from 8.1 percent in **2011** to **6.7** percent in **2012**.

**22. AUDITORS**

The Controller and Auditor-General (CAG) is the statutory auditor for the Council pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of **1977** (revised 2000), Section **9 – 12** of the Public Audit **Act, 2008**, Section **45** of the Local Government Finances **Act, 1982** (revised 2000) and Public Finance Act No 6 of 2001 (revised 2004).



Hon. Bugomola L. Kiganga

Town Chairman

Date: 29.09.2017

**TOWN CHAIRPERSON**  
**GEITA TOWN COUNCIL**



Modest J. Apolinary

Town Director

Date: 29.09.2017

**TOWN DIRECTOR**  
**GEITA TOWN COUNCIL**

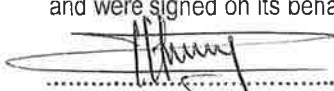


THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

		2017	2016
	<u>Notes</u>	<u>TZS</u>	<u>TZS</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	24	7,362,548,858	5,829,601,451
Receivables and prepayments	25	2,054,703,860	1,029,698,539
Inventories	26	208,650,842	96,562,796
		<u>9,625,903,561</u>	<u>6,955,862,786</u>
<b>Non-current assets</b>			
Other financial assets	27	36,000,000	36,000,000
Property, plant and equipment	29	23,079,467,604	18,456,925,101
Intangible assets	30	2,400,000	4,800,000
		<u>23,117,867,604</u>	<u>18,497,725,101</u>
<b>TOTAL ASSETS</b>		<u>32,743,771,165</u>	<u>25,453,587,887</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	35	909,847,894	233,684,521
Employee benefits	38	1,322,480,483	697,199,985
Deferred income (Recurrent Grant)	11	955,797,878	615,284,682
		<u>3,188,126,255</u>	<u>1,546,169,188</u>
<b>Non-current liabilities</b>			
Deferred income (Capital Grant)	41	22,260,419,317	16,338,990,639
		<u>22,260,419,317</u>	<u>16,338,990,639</u>
<b>TOTAL LIABILITIES</b>		<u>25,448,545,573</u>	<u>17,885,159,827</u>
<b>NET ASSETS</b>		<u>7,295,225,592</u>	<u>7,568,428,060</u>
<b>NET ASSETS</b>			
Accumulated surplus/(deficit)		192,153,932	465,356,400
Revaluation surplus		7,103,071,660	7,103,071,660
<b>TOTAL NET ASSETS</b>		<u>7,295,225,592</u>	<u>7,568,428,060</u>


The financial statements were authorised for issue by the Full Council on 22nd September 2017 and were signed on its behalf by:

  
Modest J. Apolinary  
COUNCIL DIRECTOR

Date 29.09.2017

**TOWN DIRECTOR**  
**GEITA TOWN COUNCIL**

notes on page 19 to 49 form part of these financial statement

  
Hon. Bugomola L. Kiganga  
COUNCIL CHAIRMAN

Date 29.09.2017

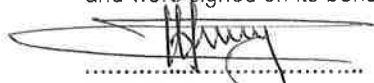
**TOWN CHAIRPERSON**  
**GEITA TOWN COUNCIL**

THE UNITED REPUBLIC OF TANZANIA  
 PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
 GEITA TOWN COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 TZS	2016 TZS
<b>Revenue</b>			
Local taxes	9	3,826,839,652	3,400,251,679
Fees, fines, penalties and licenses	10	629,830,426	385,310,634
Amortisation of recurrent grants	11	21,802,071,265	21,850,806,495
Revenue from exchange transactions	13	430,147,835	58,424,028
Other own source revenue	16	337,268,225	224,024,367
Amortisation of capital grant	41	1,637,729,345	834,832,726
		<b>28,663,886,748</b>	<b>26,753,649,929</b>
<b>Expenses</b>			
Wages, salaries and employee benefits	17	18,287,383,566	18,292,071,095
Supplies and consumables used	18	3,972,425,185	2,950,944,321
Maintenance expenses	19	619,040,428	514,244,854
Grants and other transfer payments	20	4,420,510,691	4,337,390,173
Depreciation of property, plant and equipment	29	1,635,329,345	832,432,726
Amortisation of intangible assets	30	2,400,000	2,400,000
		<b>28,937,089,216</b>	<b>26,929,483,170</b>
<b>Surplus/(deficit) during the year</b>		<b>(273,202,468)</b>	<b>(175,833,241)</b>

The financial statements were authorised for issue by the Full Council on 22nd September 2017  
 and were signed on its behalf by:



Modest J. Apolinary  
 COUNCIL DIRECTOR

Date 29.09.2017

**TOWN DIRECTOR**  
**GEITA TOWN COUNCIL**

notes on page 19 to 49 form part of these financial statement



Hon. Bugomola L. Kiganga  
 COUNCIL CHAIRMAN

Date 29.09.2017

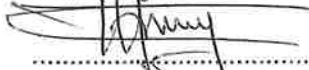
**TOWN CHAIRPERSON**  
**GEITA TOWN COUNCIL**

THE UNITED REPUBLIC OF TANZANIA  
 PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
 GEITA TOWN COUNCIL

STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated surplus/deficit TZS	Revaluation surplus/ (deficit) TZS	Total TZS
At 01 July 2015	641,189,641	-	641,189,641
Surplus/(deficit) for the year	(175,833,241)	-	(175,833,241)
Transfer to and from surplus/deficit	-	7,103,071,660	7,103,071,660
<b>At 30th June 2016</b>	<b>465,356,400</b>	<b>7,103,071,660</b>	<b>7,568,428,060</b>
At 01 July 2016	465,356,400	7,103,071,660	7,568,428,060
Surplus/(deficit) for the year	(273,202,468)	-	(273,202,468)
<b>At 30th June 2017</b>	<b>192,153,932</b>	<b>7,103,071,660</b>	<b>7,295,225,592</b>

The financial statements were authorised for issue by the Full Council on 22nd September 2017 and were signed on its behalf by



Modest J. Apolinary  
 COUNCIL DIRECTOR  
 Date: 29.09.2017

**TOWN DIRECTOR**  
**GEITA TOWN COUNCIL**

notes on page 15 to 45 form part of these financial statement



Hon. Bugomola L. Kiganga  
 COUNCIL CHAIRMAN  
 Date: 29.09.2017

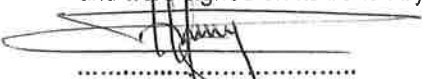
**TOWN CHAIRPERSON**  
**GEITA TOWN COUNCIL**

THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017


	2017	2016
Note	TZS	TZS
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Taxes and levies	9 3,826,839,652	3,199,703,250
Fees, fines, penalties and licenses	10 629,830,426	385,310,634
Exchequers/transfers/subsidies from/(to) other Government entities	11 21,920,037,461	22,055,305,685
Revenue from exchange transactions	13 430,147,835	58,424,028
Other income	16 337,268,225	224,024,367
<b>Payments</b>		
Employee costs	17 (18,287,383,566)	(18,292,071,095)
Payments to suppliers	18 (3,588,158,624)	(3,114,851,959)
Maintenance expenses	19 (616,409,487)	(514,244,854)
Grants/subsidies/other transfer payments to Non-Government entities	20 (4,420,510,691)	(4,337,390,173)
<b>Net cash from operating activities</b>	<b>231,661,231</b>	<b>(335,790,118)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant, and equipment & investment property	29 (6,257,871,848)	(4,055,722,931)
<b>Net cash from investing activities</b>	<b>(6,257,871,848)</b>	<b>(4,055,722,931)</b>
<b>Cash flows from financing activities</b>		
Development grants received	54 7,559,158,024	6,301,354,267
<b>Net cash used in financing activities</b>	<b>7,559,158,024</b>	<b>6,301,354,267</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,532,947,407</b>	<b>1,909,841,219</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,829,601,451</b>	<b>3,919,760,232</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,362,548,858</b>	<b>5,829,601,451</b>

The financial statements were authorised for issue by the Full Council on 22nd September 2017 and were signed on its behalf by:

  
.....  
Modest J. Apolinary  
COUNCIL DIRECTOR  
Date 29.09.2017

**TOWN DIRECTOR**  
**GEITA TOWN COUNCIL**

notes on page 10 to 13 form part of these financial statement

  
.....  
Hon. Bugomola L. Kiganga  
COUNCIL CHAIRMAN  
Date 29.09.2017

**TOWN CHAIRPERSON**  
**GEITA TOWN COUNCIL**

THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
GEITA TOWN COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Original Budget {A}		Adjustments {B}		Final Budget {A+B}		Actual Amount on Comparable Basis {C}		Difference: Final Budget Vs Actual	
		TZS'	TZS '000	TZS '000	TZS'	TZS'	TZS'	TZS'	TZS'	TZS'	
<b>Cash flows from operating activities</b>											
<i>Receipts</i>											
Taxes and levies	9	3,261,867,000	-	-	3,261,867,000	3,826,839,652	(564,972,652)				
Fees, fines, penalties and licenses	10	695,525,000	-	-	695,525,000	629,830,426	65,694,574				
Exchequers/transfers/subsidies from/(to) other Government entit	11	25,625,922,397	195,967,414	-	25,821,889,811	21,920,037,461	3,901,852,350				
Revenue from exchange transactions	13	1,105,600,000	-	-	1,105,600,000	430,147,835	675,452,165				
Other income	16	27,520,000	-	-	27,520,000	337,268,225	(309,748,225)				
<i>Payments</i>											
Employee costs	17	(21,435,939,699)	-	-	(21,435,939,699)	(18,287,383,566)	(3,148,556,133)				
Payments to suppliers	18	(3,910,274,090)	(195,967,414)	-	(4,106,241,504)	(3,588,158,624)	(518,082,880)				
Maintenance expenses	19	(865,887,881)	-	-	(865,887,881)	(616,409,487)	(249,478,394)				
Grants/subsidies/other transfer payments to Non-Government er	20	(4,504,332,728)	-	-	(4,504,332,728)	(4,420,510,691)	(83,822,037)				
<b>Net cash from operating activities</b>		-	-	-	-	<b>231,661,231</b>	<b>(231,661,231)</b>				
<b>Cash flows from investing activities</b>											
Acquisition of property, plant, and equipment & investment prope	29	(17,925,764,612)	(4,980,337,198)	-	(22,906,101,810)	(6,257,871,848)	(16,648,229,961)				
<b>Net cash from investing activities</b>		<b>(17,925,764,612)</b>	<b>(4,980,337,198)</b>	-	<b>(22,906,101,810)</b>	<b>(6,257,871,848)</b>	<b>(16,648,229,961)</b>				
<b>Cash flows from financing activities</b>											
Development grants received	54	17,925,764,612	4,980,337,198	-	22,906,101,810	7,559,158,024	15,346,943,786				
<b>Net cash used in financing activities</b>		<b>17,925,764,612</b>	<b>4,980,337,198</b>	-	<b>22,906,101,810</b>	<b>7,559,158,024</b>	<b>15,346,943,786</b>				
<b>Net increase in cash and cash equivalents</b>		-	-	-	-	<b>1,532,947,407</b>	<b>(1,532,947,407)</b>				
<b>Cash and cash equivalents at beginning of year</b>		-	-	-	-	<b>5,829,601,451</b>	-				
<b>Cash and cash equivalents at end of year</b>	24	-	-	-	-	<b>7,362,548,858</b>	<b>(1,532,947,407)</b>				

THE UNITED REPUBLIC OF TANZANIA  
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GEITA TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**1. COUNCIL INFORMATION**

Geita is a Council established under Act 7 and 8 Section 5 of the Local Government (Urban /TOWN Authorities) Act, 1982 under the Ministerial establishment order No. 280 dated 24 August 2012 and certification of establishment no 185 issued by Clerk of the National Assembly on 5<sup>th</sup> September 2012.

The Council is under the supervision of the Ministry of Local Government under the PRESIDENT'S Office. The running of the Council is vested on the council of 20 members who are either elected or nominated in accordance with section 19 of the act. The day to day running of the affairs is on the Council Director.

The head office of the council is located at Geita town.

The TOWN is a Grade 6 Council. The area of the Council is 1080.3 kilometer square. According to the recent census, the Council population is 192,707 being women 97,600 and 95,107 being men. The Council is divided into 2 divisions and 13 wards consisting of 13 villages and 65 mitaa.

**2. PRINCIPAL ACTIVITIES**

The primary activities of the Council is to provide people with sustainable services through implementation of national policies and guidelines effecting good governance and enhancing peoples participation at all stages of decision making towards improving standards of living

**3. AUTHORISATION OF FINANCIAL STATEMENTS**

The Financial statements for the year ended 30<sup>th</sup> June 2017 were authorized and approved for issue on 22<sup>nd</sup> Sept 2017 by the Full Council held on 22<sup>nd</sup> Sept 2017 after being reviewed by Audit Committee held on 20<sup>th</sup> Sept 2017. The Management is mandated by Full Council to amend financial Statement after approval whenever the need to do so arises.

**4. BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for investment properties, land and buildings, financial instruments and available-for-sale investments that have been measured at fair value. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest Shilling. The cash flows statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

**Statement of compliance**

The financial statements of the Council have been prepared in accordance with International Public Sector Standards (IPSAS) and comply with the Local Government Finances Act, 1982 as amended in 2000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Council has adopted the following IPSAS in preparation of its Financial Statements.

- ✚ IPSAS 1 - Presentation of Financial Statements
- ✚ IPSAS 2 - Cash Flow Statements
- ✚ IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- ✚ IPSAS 4 - The Effects of Changes in Foreign Exchange Rates
- ✚ IPSAS 5 - Borrowing Costs
- ✚ IPSAS 6 - Consolidated and Separate Financial Statements
- ✚ IPSAS 12 - Inventories
- ✚ IPSAS 13 - Leases
- ✚ IPSAS 14 - Events after the Reporting Date
- ✚ IPSAS 16 - Investment Property
- ✚ IPSAS 17 - Property, Plant and Equipment
- ✚ IPSAS 18 - Segment Reporting
- ✚ IPSAS 19 - Provisions, Contingent Liabilities and Contingent Assets
- ✚ IPSAS 20 - Related Party Disclosures
- ✚ IPSAS 21 - Impairment of Non-Cash-Generating Assets
- ✚ IPSAS 22 - Disclosure of Financial Information about the General Government Sector
- ✚ IPSAS 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers)
- ✚ IPSAS 24 - Presentation of Budget Information in Financial Statements
- ✚ IPSAS 25 - Employee Benefits
- ✚ IPSAS 26 - Impairment of Cash-Generating Assets
- ✚ IPSAS 31 - Intangible Assets
- ✚ IPSAS 32 - Service Concession Arrangements: Grantor

The Council didn't use the following IPSAS in preparation of its Financial Statements.

- ✚ IPSAS 7 - Investments in Associates
- ✚ IPSAS 8 - Interests in Joint Ventures
- ✚ IPSAS 9 - Revenue from Exchange Transactions
- ✚ IPSAS 10 - Financial Reporting in Hyperinflationary Economies
- ✚ IPSAS 11 - Construction Contracts
- ✚ IPSAS 15 - Financial Instruments: Disclosure and Presentation - superseded by IPSAS 28 and IPSAS 30
- ✚ IPSAS 27 - Agriculture
- ✚ IPSAS 28 - Financial Instruments: Presentation
- ✚ IPSAS 29 - Financial Instruments: Recognition and Measurement
- ✚ IPSAS 30 - Financial Instruments: Disclosures

The Entity has adopted the following new IPSAS as of 1 July 2014. The impact of this adoption has been disclosed in respective sections in these financial statements.

- ✚ The IPSASB issued IPSAS 32 in October 2011 to address a lack of guidance on how public sector entities should account for service concession arrangements from a grantor's perspective. The standard applies the principles in IFRIC 12 Service Concession Arrangements for determining whether the grantor or the operator should recognize the asset used in a service concession arrangement. This standard is effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. The standard has no impact in the financial statements of the Authority.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted, which are consistent with those of previous years, are shown below.

**Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements of the Council are measured using the currency of the primary economic environment in which the Council operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Council's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

**Cash and cash equivalents**

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, and is measured at amortised cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Employment benefits**

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognised on accrual basis.

The Council operates a defined contribution plans. Employees are members of PSPF/LAPF. The Council contributes 15% of basic salary for each employee and the employee contribute 5% of the basic salary. Additionally, the Council operate insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF), both the employer and employee contribute 3% of gross salary.



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue from exchange transactions**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. *Revenue is reduced for estimated customer returns, rebates and other similar allowances.* The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- ✦ the Council has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ✦ the Council retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ✦ the amount of revenue can be measured reliably;
- ✦ it is probable that the economic benefits associated with the transaction will flow to the entity; and
- ✦ the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- ✦ installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the statement of financial position date;
- ✦ servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- ✦ revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.
- ✦ Income from providing financial guarantee is recognised in statement of financial performance over the guarantee period on a straight line basis.

*Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

*Dividend income*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

*Royalties*

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

*Rental income*

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue from non-exchange transactions**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Government grants*

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Council should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to statement of financial performance on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in the statement of financial performance in the period in which they become receivable.

*Other transfers*

Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

Services-in-kind are not recognised as revenue, but are disclosed in the financial statements.

*Local taxes and levies*

Taxes and levies are recognised when the taxable event occurs and the asset recognition criteria are met.

**Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the statement of financial performance for the period in which they arise.

**Non-current assets held for sale**

Non-current assets and disposal group are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the useful life of the assets. The Council depreciates fully an asset on the year of purchase. The annual rates of depreciation which have been consistently applied are:

Description	Years
<b>Administration assets</b>	
Leasehold land	Over the lease term
Buildings	25
Plant and machinery	10
Furniture, fixture and equipments	10
Motor vehicles	
▪ Heavy duty (5 tons and above)	5
▪ Light duty (below 5 tons)	10
Motor cycle	7
Computer hardware	5
<b>Infrastructural assets</b>	
Leasehold land	Over the lease term
Roads	
▪ Gravel roads and culverts/drifts	4
▪ Tarmac roads and culverts/drifts	10
▪ Earth roads (initial cost) and culverts/drifts	
Bridges	
▪ Wooden bridges	2
▪ Concrete bridges	15
▪ Steel bridges	30
Buildings	25
Shallow wells	15
Boreholes	15
Sewerage systems	15
Water systems	15
Drainage systems	15
Agriculture and livestock extension system	25
Plant and machinery	10
Furniture, fixture and equipments	10
Motor vehicles	
▪ Heavy duty (5 tons and above)	5
▪ Light duty (below 5 tons)	8
Motor cycle	7
Computer hardware	5

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

The carrying values of cash – generating property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

The following recognition criteria are used for roads:

Description	Years
Road formation	20
Routine maintenance (expensed)	N/A
Spot maintenance*	
Periodic maintenance	
▪ Gravel roads	4
▪ Tarmac roads	10

\*Spot maintenance are evaluated on individual basis to determine whether they meet the recognition criteria for an asset, or need to be expensed.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Intangible assets**

Intangible assets (consisting of computer software) acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful life is approximately 5 years.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of financial performance. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus/deficit when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in surplus/deficit when the liabilities are derecognised as well as through the amortisation process.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Provisions**

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus/deficit net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. They include relationship with subsidiaries, associates, joint ventures and key Management personnel. For XYZ Council key management include; Mayor, deputy mayor, council members, directors, heads of departments and Units and their close relatives. Some of the Council's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Business combinations**

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Council in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IPSAS are recognised at their fair values at the acquisition date, except for non-current assets (or disposal group) that are classified as held for sale in accordance with *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Council's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of financial performance.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**Goodwill**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Council's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the surplus/deficit on disposal.

The Council's policy for goodwill arising on the acquisition of an associate is described under 'Associates' below.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Associates**

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Council's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Council's interest in that associate (which includes any long-term interests that, in substance, form part of the Council's net investment in the associate) are not recognised, unless the Council has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Council's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Council's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in surplus/deficit.

Where a Council entity transacts with an associate of the Council, profits and losses are eliminated to the extent of the Council's interest in the relevant associate.

**Interests in joint ventures**

A joint venture is a contractual arrangement whereby the Council and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Where an Council undertakes its activities under joint venture arrangements directly, the Council's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Council's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Council and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Council reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under Non-current Assets Held for Sale and Discontinued Operations. The Council's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Any goodwill arising on the acquisition of the Council's interest in a jointly controlled entity is accounted for in accordance with the Council's accounting policy for goodwill arising on the acquisition of a subsidiary. Where the Council transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Council's interest in the joint venture.



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Impairment of non-financial assets**

The Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of financial performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of financial performance. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**Inventories**

Inventories held for sale are stated at the lower of cost or net realizable value. Inventories held for distribution at no charge or for a nominal charge are stated at the lower of cost and current replacement cost. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- ✦ *Raw materials* – purchase cost on first in first out basis.
- ✦ *Stationeries and other consumables* – cost is determined on first in first out basis.
- ✦ *Finished goods and work in progress* – cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Council as lessor*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

*The Council as lessee*

Assets held under finance leases are recognised as assets of the Council at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Council's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**Investments and other financial assets**

Financial assets within the scope of IPSAS 15 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Council determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Council commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investments and other financial assets (Continued)**

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Council has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains and losses are recognised in surplus/deficit when the investments are derecognized or impaired, as well as through the amortisation process.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in surplus/deficit when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

*Available-for-sale financial investments*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognised directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in surplus/deficit.

*Fair value*

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

*Amortized cost*

Held-to-maturity investments and loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Impairment of financial assets**

The Council assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

*Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in surplus/deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in surplus/deficit.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Council will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

*Available-for-sale financial investments*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in surplus/deficit, is transferred from equity to surplus/deficit. Reversals in respect of equity instruments classified as available-for-sale are not recognised in surplus/deficit. Reversals of impairment losses on debt instruments are reversed through surplus/deficit, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in surplus/deficit.

**Derecognition of financial assets and liabilities**

*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Council retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Council has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Derecognition of financial assets and liabilities (Continued)**

Where the Council has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Council's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Council could be required to repay.

*Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of financial performance.

**Taxes**

The Municipal/District Councils are exempt from tax on the surplus/deficit for the year.

*Value added tax*

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation Council, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation Council is included as part of receivables or payables in the statement of financial position.

**Events after reporting date**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

**7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgments**

In the process of applying the Council's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

*Determination of the useful lives of property, plant and equipment*

Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipments.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment of non-financial assets*

The Council assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**8. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

- ✚ IPSAS 33 – First-time Adoption of Accrual Basis International Public Sector Accounting Standards
- ✚ IPSAS 34 – Separate Financial Statements
- ✚ IPSAS 35 – Consolidated Financial Statements
- ✚ IPSAS 36 – Investments in Associates and Joint Ventures
- ✚ IPSAS 37 – Joint Arrangements
- ✚ IPSAS 38 – Disclosure of Interests in Other Entities.

All the above standards are effective for accounting period beginning on or after 01 January 2017. The standards have no impact in the financial statements of the Entity.

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	2017	2016
	TZS	TZS
<b>9 LOCAL TAXES</b>		
Property tax	2,057,874	8,628,885
Land rent	14,236,793	216,031,733
Produce cess	58,163,090	54,733,060
Service levy	3,634,283,479	3,117,447,811
Other levies on business activity	118,098,416	3,410,190
	<b>3,826,839,652</b>	<b>3,400,251,679</b>
<b>10 FEES, FINES, PENALTIES AND LICENSES</b>		
Market fees and charges	167,935,050	68,925,040
Licenses and permits on business activities	179,957,605	166,134,128
Permits on construction activities	7,926,200	8,841,080
Licenses on extraction of forest products	14,905,659	10,533,704
Sanitation fees and health charges	49,717,550	553,000
Licenses on Extraction of Fishing production	3,646,462	2,020,398
Specific service fees	205,741,900	128,303,284
	<b>629,830,426</b>	<b>385,310,634</b>
<b>11 RECURRENT GRANTS</b>		
Balance at the beginning of the year	615,284,682	410,785,492
<b><u>Received during the year</u></b>		
Government Grant		
Personnel emoluments	17,397,831,563	17,146,049,813
Other charges	545,994,635	1,192,939,160
Health basket	335,396,000	216,449,000
EGPAF	7,716,783	9,862,740
Global Fund	4,596,000	5,320,000
IMA - NUTRITION	65,268,000	-
AGPAHI	16,600,000	-
UNICEF	93,984,840	-
LGDG(CDB&CBG)	50,206,380	-
Capitation	567,253,530	38,536,751
Road Fund	567,938,945	266,008,695
TASAF Head Office	1,216,624,485	1,327,266,000
WORLD BANK - ULGSP	452,164,411	1,030,950,371
NWSSP & Sanitation	45,787,647	45,659,897
NMSF/TACAIDS	-	62,016,300
MSD	222,547,000	68,910,400
ELIMU BURE	552,674,243	645,336,557
<b>Total Recurrent Grants</b>	<b>22,142,584,461</b>	<b>22,055,305,685</b>
<b>Recurrent Grants Available</b>	<b>22,757,869,143</b>	<b>22,466,091,177</b>
Amortisation for the year	21,802,071,265	21,850,806,495
<b>Balance at the end of the year</b>	<b>955,797,878</b>	<b>615,284,682</b>

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 FOR THE YEAR ENDED 30 JUNE 2017

	<u>2017</u>	<u>2016</u>
	TZS	TZS
<b>13 REVENUE FROM EXCHANGE TRANSACTIONS</b>		
Hire/rent of council plant, vehicles and other assets	430,147,835	58,424,028
	<u><b>430,147,835</b></u>	<u><b>58,424,028</b></u>
<b>16 OTHER OWN REVENUE</b>		
Other revenues	337,268,225	224,024,367
	<u><b>337,268,225</b></u>	<u><b>224,024,367</b></u>
<b>17 WAGES, SALARIES AND EMPLOYEE BENEFITS</b>		
Basic salaries - pensionable posts	17,397,831,563	17,188,749,820
Basic salaries - non pensionable posts	228,044,183	149,629,310
Employment allowances	661,507,821	953,691,965
	<u><b>18,287,383,566</b></u>	<u><b>18,292,071,095</b></u>
<b>18 SUPPLIES AND CONSUMABLES USED</b>		
Communication and information, supplies and services	21,421,666	16,448,047
Educational material, supplies and services	1,597,295,149	1,353,662,172
Hospitality	90,875,135	132,358,202
Medical supplies and services	46,912,149	78,760,899
Office supplies and services	565,066,962	421,381,524
Training expenses	66,463,500	295,764,345
Travel and subsistence	455,403,125	480,241,240
Utilities	12,583,103	12,873,399
Other goods and services	1,116,404,397	159,454,493
	<u><b>3,972,425,185</b></u>	<u><b>2,950,944,321</b></u>
<b>19 MAINTENANCE EXPENSES</b>		
Physical infrastructure	179,726,958	225,532,508
Technical equipment	1,906,000	21,639,677
Vehicles and mobile equipment	178,787,709	103,397,911
Stationary plant, machinery and fixed equipment	37,374,999	14,037,770
Fuel and oils	221,244,762	149,636,988
	<u><b>619,040,428</b></u>	<u><b>514,244,854</b></u>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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	2017	2016
	TZS	TZS
<b>20 GRANTS AND OTHER TRANSFER PAYMENTS</b>		
Households and individuals	1,692,814,485	1,379,593,891
Transfer development Projects	2,540,358,435	2,721,341,255
Contribution to other Authorities	88,079,166	40,875,000
Councilors allowance	99,258,605	195,580,027
	<b>4,420,510,691</b>	<b>4,337,390,173</b>
<b>24 CASH AND CASH EQUIVALENTS</b>		
Own source Collection Account	44,641,320	41,357,437
Cash and cash equivalent from LLG - OWN SOURCE	-	183,100,510
<b>Total Own Source</b>	<b>44,641,320</b>	<b>224,457,947</b>
Personal Emolment Account	27,997,484	2,791,078
Other Charges Account	6,381,075	67,264
Education Sector Account	540,514	100,101
Health Sector Account	6,045,197	1,712,753
Development Account - Reccurent Nature	378,304,011	51,147,963
Road Fund Account - Recurrent Nature	-	81,151,849
Cash and cash equivalent from LLG - RECCURENT	536,529,597	478,313,674
<b>Total Recurrent Grants</b>	<b>955,797,878</b>	<b>615,284,682</b>
Development Account - Capital Nature	5,707,093,614	4,519,810,628
Road Fund Account - Capital Nature	572,156,103	447,745,105
NRWSSP Account	2,373,656	12,781,465
<b>Total Development Grants</b>	<b>6,281,623,373</b>	<b>4,980,337,198</b>
Miscellenous Deposit Account	80,486,287	9,521,625
<b>Total Other Income</b>	<b>80,486,287</b>	<b>9,521,625</b>
	<b>7,362,548,858</b>	<b>5,829,601,451</b>
<b>25 RECEIVABLES AND PREPAYMENTS</b>		
MSD	149,432,500	39,273,900
Community loans to Women and Youth	346,097,300	19,770,000
Sundry debtors	49,626,000	49,626,000
Staff advances and imprest	-	23,280,224
Other receivables - Central Government	1,322,480,483	697,199,985
30% Retention - (Ministry of Land)	187,067,577	200,548,429
	<b>2,054,703,860</b>	<b>1,029,698,539</b>
Age analysis of staff and other receivables is as shown below:		
Not impaired & overdue 1 - 60 days	1,471,912,984	759,754,110
Not impaired & overdue 61 -360 days	346,097,300	19,770,000
Not impaired & overdue > 360 days	49,626,000	49,626,000
	<b>1,867,636,284</b>	<b>829,150,110</b>

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 FOR THE YEAR ENDED 30 JUNE 2017

	<u>2017</u>	<u>2016</u>
	TZS	TZS
<b>26 INVENTORIES</b>		
Drugs and equipment	157,479,451	77,628,751
Diesel	2,630,941	-
School Food	4,645,850	3,345,845
Stationery	43,797,100	9,440,500
Labaratory Equipments	-	470,200
Cleaning Materials	97,500	5,677,500
	<u>208,650,842</u>	<u>96,562,796</u>

**27 OTHER FINANCIAL ASSETS**

**Non Current**

Investment in Local Government Loans Board (LGLB)	36,000,000	36,000,000
	<u>36,000,000</u>	<u>36,000,000</u>

The required Minimum Contribution Reserve (MCR) to LGLB is TZS 36,000,000.00

The amount outstanding at 30 June 2017 is 35,454,811.05 which will be paid up to June 201

**35 PAYABLES**

Trade payables	793,906,796	188,162,896
Other Deposits	80,486,287	9,521,625
Amounts due to Local Government Loan Board	35,454,811	36,000,000
	<u>909,847,894</u>	<u>233,684,521</u>

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

**38 EMPLOYEES BENEFITS**

Accrued pay	1,322,480,483	697,199,985
	<u>1,322,480,483</u>	<u>697,199,985</u>

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	<u>2017</u>	<u>2016</u>
	TZS	TZS
<b>41 DEFERRED INCOME</b>		
<b>Capital grant</b>		
This relates to items of property, plant and equipment received from various donors and the Government		
<b>Cost</b>		
At the beginning of the year	14,179,378,245	10,123,655,314
Additions	6,257,871,848	4,055,722,931
At the end of the year	<u>20,437,250,093</u>	<u>14,179,378,245</u>
<b>Accumulated amortisation</b>		
At the beginning of the year	2,820,724,804	1,985,892,078
Charge during the year	1,637,729,345	834,832,726
At the end of the year	<u>4,458,454,149</u>	<u>2,820,724,804</u>
<b>Balance the year end</b>	<u>15,978,795,944</u>	<u>11,358,653,441</u>
Add Unapplied Capital	6,281,623,373	4,980,337,198
<b>Deferred income (Capital Grant)</b>	<u>22,260,419,317</u>	<u>16,338,990,639</u>

**42 RELATED PARTY TRANSACTIONS**

**Key management personnel**

Key management constitute Chairman, Councillors, and the Council Management Team (CMT). CMT consists of the Town Director, Heads of Department and the following Sections:- Internal Auditor, Council Lawyer, Head of Procurement Management Unit, Bee Keeping and Election.

**Key management personnel compensation**

<b>Salaries &amp; other short-term benefits</b>	<b>Number of individuals</b>		
Chairman	1	26,600,000	26,600,000
Councillors	17	168,980,027	168,980,027
Council Management Team	19	843,600,000	843,600,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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29 PROPERTY, PLANT AND EQUIPMENT

	Cost / Valuation			Cost / Revaluation			Impairment			Carrying value 30 June
	01 July	Additions	Transfers	Valuation	Balance 30 June	Balance 01 July	Depreciation charge	Balance 30 June		
<b>2017</b>										
<b>Administration assets</b>										
Buildings	7,112,150,916	2,870,219,867	-	-	9,982,370,783	1,269,217,426	399,294,831	1,668,512,257	8,313,858,526	
Land	7,103,071,660	-	-	-	7,103,071,660	-	-	-	7,103,071,660	
Furniture Fittings and Equipment	1,077,875,724	769,112,217	-	-	1,846,987,941	535,155,748	184,698,794	719,854,542	1,127,133,399	
Motor Vehicles	676,292,970	-	-	-	676,292,970	317,362,391	86,294,797	403,657,188	272,635,782	
Motor cycles	70,000,000	-	-	-	70,000,000	36,999,991	9,999,997	46,999,988	23,000,012	
Plant, machinery and equipments	1,687,342,058	305,298,441	-	-	1,992,640,499	287,760,049	199,264,050	487,024,099	1,505,616,400	
Work in progress - Buildings	-	733,935,802	-	-	733,935,802	-	-	-	733,935,802	
	<b>17,726,733,328</b>	<b>4,678,566,327</b>	-	-	<b>22,405,299,655</b>	<b>2,446,495,604</b>	<b>879,552,469</b>	<b>3,326,048,074</b>	<b>19,079,251,581</b>	
<b>Infrastructural assets</b>										
Water system & Wells	363,341,420	123,684,038	-	-	487,025,458	35,638,975	32,468,364	68,107,339	418,918,118	
Road network	1,474,966,411	1,455,621,484	1,705,408,746	-	4,635,996,641	331,390,224	723,308,512	1,054,698,736	3,581,297,905	
Work in progress	1,705,408,746	-	(1,705,408,746)	-	-	-	-	-	-	
	<b>3,543,716,577</b>	<b>1,579,305,521</b>	-	-	<b>5,123,022,098</b>	<b>367,029,199</b>	<b>755,776,876</b>	<b>1,122,806,075</b>	<b>4,000,216,023</b>	
<b>Total</b>	<b>21,270,449,905</b>	<b>6,257,871,848</b>	-	-	<b>27,528,321,753</b>	<b>2,813,524,804</b>	<b>1,635,329,345</b>	<b>4,448,854,149</b>	<b>23,079,467,604</b>	

Note:

1. Furniture Fittings and Equipment comprises Value of Computer Equipments as per Fixed asset Register
2. Value of Water system & Wells comprises Value of Agriculture Network as per Fixed asset Register
2. Value of Vehicles comprises Value of all vehicles as per Fixed asset Register

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29 PROPERTY, PLANT AND EQUIPMENT

	Cost / Valuation			Cost / Revaluation			Impairment		
	01 July	Additions	Transfers	Valuation	Balance 30 June	Balance 01 July	Depreciation charge	Balance 30 June	Carrying value 30 June
<b>2016</b>									
<b>Administration assets</b>									
Buildings	6,452,841,353	659,309,563	-	-	7,112,150,916	984,731,389	284,486,037	1,269,217,426	5,842,933,490
Land	-	-	-	7,103,071,660	7,103,071,660	-	-	-	7,103,071,660
Furniture Fittings and Equipment	914,848,377	128,920,200	-	-	1,043,768,577	417,136,031	104,376,858	521,512,889	522,255,688
Motor Vehicle ( Light duty (below 5 tons)	489,637,970	-	-	-	489,637,970	156,405,594	48,963,797	205,369,391	284,268,579
Motor Vehicle (Heavy duty (5 tons and above)	186,655,000	-	-	-	186,655,000	74,662,000	37,331,000	111,993,000	74,662,000
Motor cycles	70,000,000	-	-	-	70,000,000	26,999,994	9,999,997	36,999,991	33,000,009
Computer equipments	34,107,147	-	-	-	34,107,147	6,821,429	6,821,429	13,642,859	20,464,288
Plant, machinery and equipments	608,642,058	1,078,700,000	-	-	1,687,342,058	119,025,843	168,734,206	287,760,049	1,399,562,009
	<b>8,756,731,905</b>	<b>1,866,929,763</b>	-	<b>7,103,071,660</b>	<b>17,726,733,328</b>	<b>1,785,782,281</b>	<b>660,713,324</b>	<b>2,446,495,604</b>	<b>15,280,237,723</b>
<b>Infrastructural assets</b>									
Water system & Wells	165,003,212	192,088,208	-	-	357,101,420	11,000,214	23,806,761	34,806,975	322,294,445
Road network	1,183,680,197	291,286,214	-	-	1,474,966,411	183,893,583	147,496,641	331,390,224	1,143,576,187
Agriculture and livestock extension system	6,240,000	-	-	-	6,240,000	416,000	416,000	832,000	5,408,000
Work in progress	-	1,705,408,746	-	-	1,705,408,746	-	-	-	1,705,408,746
	<b>1,354,923,409</b>	<b>2,188,793,168</b>	-	-	<b>3,543,716,577</b>	<b>195,309,797</b>	<b>171,719,402</b>	<b>367,029,199</b>	<b>3,176,687,378</b>
<b>Total</b>	<b>10,111,655,314</b>	<b>4,055,722,931</b>	-	<b>7,103,071,660</b>	<b>21,270,449,905</b>	<b>1,981,092,078</b>	<b>832,432,726</b>	<b>2,813,524,804</b>	<b>18,456,925,101</b>

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30 INTANGIBLE ASSETS

	Cost / Revaluation		Accumulated depreciation and Accumulated impairment			Carrying value 30 June
	Cost / Revaluation 01 July	Balance 30 June Additions	Balance 01 July	Amortisation charge	Balance 30 June	
<u>2017</u>						
Software - administration	12,000,000	-	7,200,000	2,400,000	9,600,000	2,400,000
<b>Total</b>	<b>12,000,000</b>	<b>-</b>	<b>7,200,000</b>	<b>2,400,000</b>	<b>9,600,000</b>	<b>2,400,000</b>
	Cost / Revaluation		Accumulated depreciation and Accumulated impairment			Carrying value 30 June
	Cost / Revaluation 01 July	Balance 30 June Additions	Balance 01 July	Amortisation charge	Balance 30 June	
<u>2016</u>						
Software - administration	12,000,000	-	4,800,000	2,400,000	7,200,000	4,800,000
<b>Total</b>	<b>12,000,000</b>	<b>-</b>	<b>4,800,000</b>	<b>2,400,000</b>	<b>7,200,000</b>	<b>4,800,000</b>

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44 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Geita Town Council has a series of policies to manage the risks associated with financial instruments. Geita Town Council is risk averse and seeks to minimise exposure from its treasury activities. Geita Town Council has an established Council subcommittee to manage risks and approved investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

**Market risk**

**Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Geita Town Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity (available for sale). This price risk arises due to market movements in listed securities. This price risk is managed by diversification of Geita Town Council's investment portfolio in accordance with the limits set out in Geita Town Council's Investment policy.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Geita Town Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

44 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to Geita Town Council, causing Geita Town Council to incur a loss. Geita Town Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Geita Town Council has powers under the Local Government Finance Act 1982 (LGFA) to recover outstanding debts from ratepayers.

Geita Town Council invests funds only in deposits with registered banks and any investment which are authorised investments under the Trustees Investments Act, 1967 (sec. 38 LGFA 1982 as amended).

The credit risk analysis of the Council's financial assets is as shown below:

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	1 to 3 years
<b>2014/2015</b>					
Cash and cash equivalents					
Receivables and prepayments					
Other financial assets					

	<u>2017</u>	<u>2016</u>
<b>Maximum exposure to credit risk</b>	TZS '000	TZS '000
Cash and cash equivalents	7,362,549	5,829,601
Receivables and prepayments	2,054,704	1,029,699
Other financial assets	36,000	36,000
	<u>9,453,253</u>	<u>6,895,300</u>

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FOR THE YEAR ENDED 30 JUNE 2017

44 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

**Credit risk (Continued)**

	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Categories of financial instruments</b>					
		<u>At FV through Surplus/Deficit</u>	<u>Held to Maturity</u>	<u>Loans and Receivables</u>	<u>Available for Sale</u>
				<u>Available for Sale</u>	<u>Available for Sale</u>
<b>Financial Assets</b>					
<b>2016/2017</b>					
Cash and cash equivalents	-	-	-	-	-
Receivables and prepayments	-	-	-	-	-
Other financial assets	-	-	-	-	-
	-	-	-	-	-
<b>2015/2016</b>					
Cash and cash equivalents	-	-	-	-	-
Receivables and prepayments	-	-	-	-	-
Other financial assets	-	-	-	-	-
	-	-	-	-	-
			<u>At FV through Surplus/Deficit</u>	<u>Other financial liabilities</u>	<u>Other financial liabilities</u>
<b>Financial Liabilities</b>					
<b>2016/2017</b>					
Financial Assets			-	-	-
Cash and cash equivalents			-	-	-
Receivables and prepayments			-	-	-
Other financial assets			-	-	-
			-	-	-
<b>2015/2016</b>					
Financial Assets			-	-	-
Cash and cash equivalents			-	-	-
Receivables and prepayments			-	-	-
Other financial assets			-	-	-
			-	-	-

44 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

**Credit risk (Continued)**

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 3</u>
<u>Fair value of financial instruments</u>	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>2016/2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	-	-
Receivables and prepayments	-	-	-	-	-
Other financial assets	-	-	-	-	-
	-	-	-	-	-
<b>Financial Liabilities</b>					
Payables	-	-	-	-	-
	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2017

44 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

**Liquidity risk**

Liquidity risk is the risk that Geita Town Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Geita Town Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Geita Town Council maintains a target level of investments that must mature within the next 12 months.

Geita Town Council manages its borrowings in accordance with its funding and financial policies, which is managed by a Finance Committee of the sub committee of the Council.

The liquidity of the various financial instruments possessed by the Council are as follows:

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	1 to 3 years
<b>2016/2017</b>					
Trade and other payables					
<b>2015/2016</b>					
Trade and other payables					

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017**

**46. EMPLOYEES**

The number of employees at the end of the year was **1,817 (2016/ 2017)**.

**47. COMPARATIVE FIGURES**

Previous year's balances have been regrouped whenever appropriate for comparison purposes.

**48. ASSETS PLEDGED AS SECURITY FOR LIABILITIES**

None of the Council's assets has been pledged as security for liabilities.

**49. EVENTS AFTER THE REPORTING DATE**

There are no significant known event that has impacted on the result for the year and financial position of the Council after the reporting date.

**50. CAPITAL MANAGEMENT**

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated surplus/deficit and other reserves.

Equity is represented by net assets.

The objective of managing these items is to achieve sustainable equity, which is a principle promoted in the Act and applied by the Council. Sustainability of equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

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FOR THE YEAR ENDED 30 JUNE 2017

**51. COMMITMENTS AND CONTINGENCIES**

**Capital commitment**

As at 30 JUNE 2017, the Council had no capital commitments under various contracts.

**Legal claims**

There are Contingent liabilities relates to 3 pending civil court cases proceedings against Geita Town Council on land matters and 7 pending civil cases claiming a total of TZS. 153,069,927 in compensation and damages for breach of contracts. Land Case no. 21/2011 amounting to 55,000,000.00 and Rent Case no. 14/2013 totaling to 56,680,000.00.

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VOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2017

54 CAPITAL EXPENDITURE AND ITS FINANCING - GRANTS

No.	Source of fund	Category of asset	Name of project	Budget	Balance c/f	Actual revenue received	Total capital receipt	Actual expenditure	%age completion	Unapplied capital
1	CDG	Building	Construction of Buildings	508,478,900	-	293,032,620	293,032,620	293,032,620	100	-
2	CDCF	Building	Materials for Building	44,932,000	36,041,760	44,932,000	80,973,760	79,850,000	99	1,123,760
3	OTHER DEV. GRANTS	Building	Construction of Buildings	500,000,000	526,925,562	500,000,000	1,026,925,562	504,065,850	49	522,859,712
4	ROAD FUND	Road network	Roads	1,023,183,012	447,745,105	860,385,151	1,308,130,256	735,974,154	56	572,156,103
5	NWSSP	Water Network	Water Wells	670,891,881	12,307,568	20,000,000	32,307,568	29,933,912	93	2,373,656
6	WORLD BANK - ULGSP	Public Building	Modern Abattoir in Mpom	4,253,000,000	-	3,516,381,445	3,516,381,445	229,869,952	7	3,286,511,493
7	WORLD BANK - ULGSP	Road network	Roads	2,687,106,000	2,185,128,576	920,286,032	3,105,414,607	719,647,330	23	2,385,767,277
8	SEDP	Building	Improvement of Infrastruc	261,704,000	161,876,071	-	161,876,071	161,876,071	100	-
	<b>Sub Total</b>			<b>9,949,295,793</b>	<b>3,370,024,641</b>	<b>6,155,017,248</b>	<b>9,525,041,890</b>	<b>2,754,249,889</b>		<b>6,770,792,001</b>

Note: Opening Balance of CDG was added to Opening Balance of Other Development grants.

54 CAPITAL EXPENDITURE AND ITS FINANCING - OWN SOURCE

No.	Source of fund	Category of asset	Name of project	Budget	Balance c/f	Actual revenue received	Total capital receipt	Actual expenditure	%age completion	Unapplied capital
1	Own Source Development	Computers and Photocopiers	OS Dev Projects	22,209,000	-	22,209,000	22,209,000	22,209,000	100	-
2	Own Source Development	Printers and Scanners	OS Dev Projects	1,000,000	-	1,000,000	1,000,000	1,000,000	100	-
3	Own Source Development	GPS	OS Dev Projects	31,010,999	-	31,010,999	31,010,999	31,010,999	100	-
4	Own Source Development	Furniture and Fittings	OS Dev Projects	560,980,222	-	39,270,510	39,270,510	562,130,222	1,431	(522,859,712)
5	Own Source Development	Desks, Shelves, Tables and Machinery	OS Dev Projects	152,761,996	-	152,761,996	152,761,996	152,761,996	100	-
6	Own Source Development	Machinery	OS Dev Projects	305,298,441	-	305,298,441	305,298,441	305,298,441	100	-
7	Own Source Development	Water Wells and Schemes	OS Dev Projects	93,750,126	-	93,750,126	93,750,126	93,750,126	100	-
8	Own Source Development	Public Buildings	OS Dev Projects	6,809,458,035	1,610,312,557	758,839,703	2,369,152,260	2,335,461,176	99	33,691,084
	<b>Sub Total</b>			<b>7,976,468,819</b>	<b>1,610,312,557</b>	<b>1,404,140,775</b>	<b>3,014,453,332</b>	<b>3,503,621,960</b>		<b>(489,168,628)</b>
	<b>Grand Total</b>			<b>17,925,764,612</b>	<b>4,980,337,198</b>	<b>7,559,158,024</b>	<b>12,539,495,222</b>	<b>6,257,871,848</b>		<b>6,281,623,373</b>