

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON  
THE FINANCIAL STATEMENTS OF MUSOMA MUNICIPAL  
COUNCIL FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014

The Controller and Auditor General,  
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Dar es Salaam, Tanzania.

March, 2015

AR/LG 66/2013/2014

whether due to fraud or error. In making the risk assessment, I considered internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditure of public monies have been properly authorized.

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 auditee has complied with the provisions of the Law and its Regulations.

I believe that, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Unqualified Opinion**

In my opinion, the Financial Statements present fairly, in all material respects, the Financial Position of Musoma Municipal Council as at 30<sup>th</sup> June, 2014, its Financial Performance and its Cash Flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) under accrual basis of accounting and Part IV of the Local Government Finances Act No.9 of 1982.

#### **Emphasis of Matter**

Without qualifying my opinion, I draw the attention of the users of this report on the following matters:

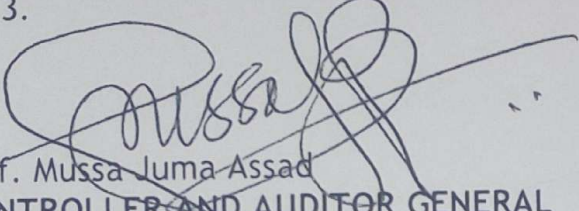
#### **Litigation claims (Pending court cases against the Council) TZS.853,266,248**

During the year under review Musoma Municipal Council had various pending court cases worth TZS.853,266,248 all of them are civil in nature and are disclosed in a Note 41 of the financial statements. The Council is at risk of having Contingent Liabilities resulting from the above cases. Further, if the cases will be ruled not in favour of the Council might have future financial implications.

## 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, Musoma Municipal 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**

National Audit Office,  
Dar es salaam.

March, 2015

**Copy:** Chief Secretary,  
State House,  
P.O. Box 9120,  
**DAR ES SALAAM.**

Permanent Secretary and Paymaster General,  
Ministry of Finance,  
P.O. Box 9111,  
**DAR ES SALAAM.**

Permanent Secretary,  
PMO-RALG,  
P.O. Box 9123,  
**DODOMA.**

Regional Commissioner,  
Musoma Region,  
P. O. Box.299  
**MUSOMA.**



THE UNITED REPUBLIC OF TANZANIA  
PRIME MINISTER'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
MUSOMA MUNICIPAL COUNCIL

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014

	Notes	2014 TZS	2013 TZS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	21	1,852,509,083	958,106,000
Receivables and prepayments	22	385,568,635	4,769,000
Inventories	23	60,454,893	65,873,000
		<u>2,298,532,612</u>	<u>1,028,748,000</u>
<b>Non-current assets</b>			
Property, plant and equipment	24	12,246,303,569	12,271,148,000
Intangible assets			
Other financial assets	25	26,744,000	26,744,000
		<u>12,273,047,569</u>	<u>12,297,892,000</u>
Non-current assets held for sale			
<b>TOTAL ASSETS</b>		<u>14,571,580,181</u>	<u>13,326,640,000</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	26	1,594,502,979	1,402,942,000
Short - term borrowings	27	-	16,146,000
Employee benefit Provisions	29	189,659,403	-
Deferred income (Grant)	10	527,751,192	186,348,000
		<u>2,311,913,575</u>	<u>1,605,436,000</u>
<b>Non-current liabilities</b>			
Long - term borrowings	28	568,937,934	552,792,000
Provisions			
Deferred income (Grant)	30	13,520,710,537	13,042,252,000
		<u>14,089,648,471</u>	<u>13,595,044,000</u>
<b>TOTAL LIABILITIES</b>		<u>16,401,562,046</u>	<u>15,200,480,000</u>
<b>NET ASSETS</b>		<u>(1,829,981,865)</u>	<u>(1,873,840,000)</u>
<b>NET ASSETS</b>			
Accumulated surplus/(deficit)		(1,829,981,865)	(1,873,840,000)
<b>TOTAL NET ASSETS</b>		<u>(1,829,981,865)</u>	<u>(1,873,840,000)</u>

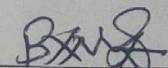
The notes on pages 19 to 63 form part of these financial statements.

These financial statements were authorised by the management meeting for issue on 19th September, 2014 and were signed on its behalf by:

Name: Alex. M. Kisurura

Title: Mayor

Signature

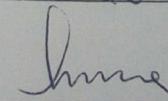


**MAYOR  
MUNICIPAL COUNCIL  
MUSOMA**

Name: Ahmad S Sawa

Title: Director

Signature



**MUNICIPAL DIRECTOR  
MUSOMA MUNICIPAL COUNCIL**

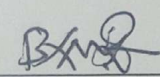
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PRIME MINISTER'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
MUSOMA MUNICIPAL COUNCIL

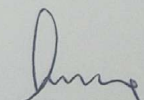
STATEMENT OF FINANCIAL PERFORMANCE - BY NATURE  
FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
	<u>Notes</u>	<u>TZS</u>	<u>TZS</u>
<b>Revenue</b>			
Local taxes	9	307,283,521	367,687,000
Recurrent grants	10	15,721,118,473	13,918,842,000
Fees, fines, penalties and licenses	11	954,643,982	377,260,000
Revenue from exchange transactions	13	158,931	
Other own revenue	14	30,506,231	225,026,000
Amortisation of capital grant	30	869,978,324	749,800,000
		<u>17,883,689,462</u>	<u>15,638,615,000</u>
<b>Expenses</b>			
Wages, salaries and employee benefits	15	13,523,991,170	11,276,239,000
Supplies and consumables used	16	2,275,978,126	3,056,523,000
Maintenance expenses	17	747,625,038	270,161,000
Grants and other transfer payments	18	401,314,150	259,741,000
Finance costs	19	-	-
Depreciation of property, plant and equipment	24	869,978,324	749,800,000
		<u>17,818,886,808</u>	<u>15,612,464,000</u>
<b>Surplus/(deficit) during the year</b>		<u>64,802,654</u>	<u>26,151,000</u>

The notes on pages 19 to 64 form part of these financial statements.

These financial statements were authorised by the management meeting for issue on 19th September, 2014 and were signed on its behalf by:

Name: Alex. M. Kisurura                      Title: Mayor                      Signature                       **MAYOR  
MUNICIPAL COUNCIL  
MUSOMA**

Name: Ahmad S Sawa                      Title: Director                      Signature                       **MUNICIPAL DIRECTOR  
MUSOMA MUNICIPAL COUNCIL**

THE UNITED REPUBLIC OF TANZANIA  
PRIME MINISTER'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
MUSOMA MUNICIPAL COUNCIL

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
	<u>Note</u>	TZS	TZS
<b>Cash flows from operating activities</b>			
Surplus/(deficit) before taxation		64,802,654	25,891,000
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	24	869,978,324	749,800,000
Amortisation of capital grant	24	(869,978,324)	(749,800,000)
Impairment of other financial assets		-	-
Recognition of outstanding amount from LGLB		-	-
Interest expense		-	-
<b>Changes in working capital items:</b>			
Increase in receivables and prepayments	22	(380,799,635)	41,626,000
Increase /decrease in inventories	23	5,418,107	(16,982,000)
Decrease in deferred revenue grant	10	341,403,192	(8,676,000)
Increase/(Decrease) in payables	26	706,477,575	(273,976,000)
<b>Cash generated from operations</b>		<u>737,301,892</u>	<u>(232,117,000)</u>
Interest paid		-	-
<b>Net cash from operating activities</b>		<u>737,301,892</u>	<u>(232,117,000)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	24	(4,375,732,434)	(1,768,386,000)
<b>Net cash from investing activities</b>		<u>(4,375,732,434)</u>	<u>(1,768,386,000)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Development grants received	34	1,348,436,861	1,571,948,000
<b>Net cash used in financing activities</b>		<u>1,348,436,861</u>	<u>1,571,948,000</u>
<b>Net increase in cash and cash equivalents</b>	21	894,403,083	(220,009,000)
<b>Cash and cash equivalents at beginning of period</b>	21	958,106,000	1,178,115,000
<b>Cash and cash equivalents at end of period</b>	21	<u>1,852,509,083</u>	<u>958,106,000</u>

The notes on pages 19 to 64 form part of these financial statements