**NOTES TO THE ACCOUNTS**

**ACCOUNTING POLICIES**

**1.1 General Statement**

The financial statements is prepared in accordance with generally accepted accounting principles

In preparing the financial statements takes cognizance of the Local Government Act 936, 2016.Public Financial Management Act (PFM ACT 2016 ACT 921) relevant portions of the Public Financial Management Regulation 2019, have been applied to the preparation of these financial statements

* 1. **Basis of Preparation**

The Annual Financial Statement has been prepared on modified cash basis of accounting where income is recognized when cash is received and expenditure is recognized when incurred

The Financial Statements are presented in Ghana Cedis and all values are rounded to the nearest Ghana pesewas

* 1. **Policy Statement of Accrual accounting basis Policy**

The adoption of Accrual accounting policy was heighted in the Public Financial management PFM 2016, Act 921

An implementation plan for the adoption of accrual basis is currently under developed

* 1. **Revenue**

Ga East Municipal Assembly (GEMA) reports revenue in the period in which they are received and lodged into the operational accounts.

Revenue for the year includes Internallay Generated Fund (IGF) and Grants amounted to Ghs **14,139,712.54**  representing approximately 77% of budgeted figure of GHs  **18,446,338.61**

**Internally Generated Fund**

Revenue amounting to GHS **6,123,685.51** representing 117 % of the budgeted amount of GH**S 5,221,634.00**

**1.5 Grants** received are recognized when the money are credited to the Accounts of the Ga East Municipal Assembly (GEMA) and expenses when disbursed. Specifically grants are treated as marching revenue during disbursement, while under disbursed balances are treated as deferred inflows.

Grants received for the year was GHS **8,016,027.03** representing 61% of the budgeted amount of GHs **13,224,704.61**

DACF grant of GHS 2,382,218.22 is gross amount. However, an amount of GHS 525,197.95 was deducted from sources by the District Common Fund Administrator

**1.6 Expenditure**

The reported expenditure on the financial statement is recognized when goods and services are received and paid for.

**Assets**

Fixed Assets acquired during the year are written off in the expenditure statement

**Current Asset**

Cash & cash equivalent amounting to GHS 817,682.07 is restricted to cash on hand and balances on bank accounts as at year ending 31st December,2019

**Advances (Staffs &Others)**

Advance comprises of Staff advance of an amount GHs 51,942.49, Revolving Fund for Small Scale Business Centre GHS30, 000.00 and MP Revolving Fund to traders in the municipality GHS 250,000.00