



LUSAKA CITY COUNCIL

2019

**ANNUAL
FINANCIAL
STATEMENTS**

TABLE OF CONTENTS	PAGE
Report of the Council	2-6
Statement of Responsibilities for Annual Financial Statements	7
Independent Auditor's Report	8-10
Statement of Cash Receipts and Payments	11
Statement of Comparison of Budget and Actual Amounts	12
Statement of Cash Receipts and Payments for Local Government Equalisation Fund	13
Statement of Cash Receipts and Payments for Constituency Development Fund	14
Summary of Significant Accounting Policies	15-21
Notes to the Financial Statements	22-39
Appendices	40-41

REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December, 2019 which disclose the sources, utilization and balances of cash for Lusaka City Council during the period under review.

Background

Lusaka City is situated 28.3228° east of the Greenwich Meridian and 15.3875° south of the Equator. The district has a surface area of 360 square kilometres. It is bordered by four districts namely; Chibombo to the North, Chongwe to the East, Kafue to the Southeast and Chilanga to the Southwest and West respectively. The City of Lusaka derives its name from a headman who was called "Lusaaka" and according to history settled in a swampy area now Olympia Park many years ago.

"Lusaaka" was a headman for the Soli-speaking people who are one of the seventy three (73) tribes found in Zambia. The Soli village which now makes central part of Lusaka was discovered in the early 1960's during the construction of the National Assembly Building. What has remained of the old village settlement is the Chakeluka Archaeological Site, declared as a national monument under Statutory Instrument No. 37 of 1972.

In the early 1900, a series of the private townships were developed on the north east on farms subdivided for the housing purposes, these include Villa Elisabetta (Farm 110A), Emmasdale (Farm 284A) and Thorn Park (Farm 90A) owned by Marrapodi. In 1916 the Village Management Board (VMB) boundary was extended to include Villa and Fairview.

In 1935 the colonial government decided to move the capital of Northern Rhodesia from Livingstone town located on the periphery of Northern Rhodesia to a more centrally located area. And from the shortlist, Lusaka was chosen.

Lusaka was planned for a population of 20, 000 white Europeans in 1935. The African population was housed into two compounds - old Kabwata and old Kamwala. The dominant notion was that the town dwelling was a temporary phase for the Africans and housing provision assumed that the majority would be made up of men without families, hence the one-roomed huts at old Kabwata, now Kabwata Cultural Village. This resulted in planning authorities to establish African housing areas.

Old Chilenje was built in 1945; the city boundary extended to take many peri-urban settlements. These included Kabulonga, Twin Palm, Roma and Chelstone; all developed townships in their own right with management boards.

In other more distant locations like Barlaston Park, Foxdale, Chamba Valley and Makeni sub-divided to provide plots for small holdings, the idea was intended to allow residents engage in small scale farming. This increased the city from 36 to 139 square kilometres. As a result, the population increased to 262,425 by 1970, 538,469 by 1980 and 1,103,413 by the year 2000.

Location

The Council is located in Lusaka District in Lusaka Province of Zambia, on Independence Avenue. The District is the Capital City of the Republic of Zambia and is the commercial center of the Country. The latitudinal and longitudinal position of Lusaka District is 28.3228° East and 15.3875° south.

Lusaka District has a total area of 360 square kilometres (km²). The Census of Population undertaken by the Central Statistics Office in 2010 revealed that the population of Lusaka District had reached 1,747,152. The district shares district boundaries with Chongwe in the east, Mumbwa in the West, Chisamba in the north and Chilanga district in the south. The central position of the city has made it to be one of the most important economic hub of Zambia as it provides the market for the absorption of the agriculture produce from all provinces.

The address of the registered office of Lusaka City Council (LCC) is as follows:

The Civic Centre

Independence Avenue, Lusaka,

P O Box 30077

LUSAKA.

Composition of the Council

Lusaka City Council is a body corporate established under Article 152 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and Section 6 of the Local Government Act No. 2 of 2019. As a Local Authority, the City Council administers the Lusaka District.

The Council is composed of an elected Mayor, Thirty-three (33) elected Councillors from thirty – three (33) wards, and two (2) Aldermen as provided for under Article 153 (2)(c) of the Constitution of Zambia (Amendment) Act No. 2 of 2016. The current Council was elected to office in 2016 to serve a five year term up to 2021. The Deputy Mayor was elected from among the Councillors in 2019 for the period of two and half years.

The Councillors who held office during the year were:

S/N	NAME	GENDER	POSITION	WARD
1	Miles Sampa	Male	Mayor	Not Applicable
2	Christopher Shakafuswa	Male	Deputy Mayor	Mpulungu 23
3	Patrick M Salubusa	Male	Councilor	Kapwepwe Ward 25
4	Smart Mwitwa	Male	Councilor	Chakunkula Ward 32
5	Lackson Sakala	Male	Councilor	Harry Mwaanga Nkumbula Ward 11
6	Ruth Phiri	Female	Councilor	Chaisa Ward 20
7	Moses Bwalya	Male	Councilor	Kamwala Ward 09
8	Patrick Mwape	Male	Councilor	Chilenje Ward 08
9	Chitangala Chilando	Male	Councilor	Roma 17
10	Sylvester Mulenga	Male	Councilor	Munali Ward 33
11	Brighton Bilumba	Male	Councilor	Kanyama Ward 10
12	Bupe V Mulenga	Male	Councilor	Munkolo Ward 12
13	Longa G Chiboboka	Male	Councilor	Kabwata Ward 06
14	Stanley Kachibe	Male	Councilor	Libala Ward 07
15	Patrick Mwansa	Male	Councilor	Kanbulonga Ward 16
16	Kasongo Chomba	Male	Councilor	Kalingalinga Ward 31
17	Francis E Bwalya	Male	Councilor	Lima Ward 26
18	Annie B Chinganta	Female	Councilor	Matero Ward 28
19	Tarcisious Ndolesha	Male	Councilor	Silwizya Ward 13
20	Watson C Mtonga	Male	Councilor	Mtendere Ward 30
21	George Daka	Male	Councilor	Independece Ward 14
22	Leonard Sikombe	Male	Councilor	Chawama Ward 02
23	Tasila E Lungu	Female	Councilor	Nkoloma Ward 01
24	Muhammad D Mutete	Male	Councilor	Lilayi Ward 04
25	Humphery Kapapula	Male	Councilor	Lubwa Ward 15
26	Adrian Banda	Male	Councilor	Mpulungu Ward 19
27	Elijah Makungu	Male	Councilor	Muchinga Ward 24
28	Joseph M Tamba	Male	Councilor	Rahael Chota 22
29	Kelvin Kaunda	Male	Councilor	Mwembeshi Ward 27
30	Jonas A Phiri	Male	Councilor	Kamulanga Ward 09
31	Douglas Tembo	Male	Councilor	Mulungushi Ward 18
32	Dorcas S Moyo	Female	Councilor	Chainda Ward 29
33	Kafula Mutale	Male	Councilor	John Howard Ward 03
34	Teddy Mwaba	Male	Councilor	Justin Kabwe Ward 21

The City also has seven (7) elected Members of Parliament for Lusaka Central, Munali, Kabwata, Kanyama, Chawama, Mandevu and Matero constituencies. The Members of Parliament that held office during the year were:

S/N	NAME	GENDER	CONSTITUENCY
1	Hon. Lubinda Given	M	Kabwata
2	Hon. Kapata Jean	F	Mandevu
3	Hon. Mwanakatwe Margaret	F	Lusaka Central
4	Hon. Phiri Elizabeth	F	Kanyama
5	Hon. Luo Nkandu	F	Munali
6	Hon. Sichalwe Lawrence John	M	Chawama
7	Hon. Kaziya Lloyd	M	Matero

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review, Captain Davies Mulenga was the District Commissioner for Lusaka District.

The Council Secretariat

The Secretariat of Lusaka City Council is headed by the Town Clerk. The Town Clerk and the rest of the Secretariat are appointed by the Local Government Service Commission.

The Town Clerk is assisted by Eight (8) Directors responsible for Finance, Planning, Engineering, Public Health, Human Resource and Administration, Valuation and Real Estate, Legal Services, and Housing and Social Services and four (4) units namely Procurement, District Planning Office, Information Technology (IT) and Internal Audit.

Functions of the Council

The main function of the Council is the delivery of local public goods and services to the people in the District and discharge all or any of the functions set out in Article 147 (2) (c) of the Constitution of Zambia (Amendments) Act No. 2 of 2016 and First Schedule of the Local Government Act No. 2 of 2019 which include, among others, power to make By-Laws, power to make regulations, imposition of levies, fees and charges and to formulate local policies to promote, guide and regulate development in the district through various relevant departments of the Council.

Financial Results

	2019 Kwacha	2018 Kwacha
Cash Receipts	272,550,760	278,322,181
Payments	273,554,700	267,576,026
Increase in Cash and Cash Equivalents	<u>(1,003,940)</u>	<u>10,746,155</u>

Key Policies Adopted During the Year

The Council adopted the following policies during the year:

- Commencement of the preparation for the Main Valuation Roll

- Implementation of E-Governance Services such as e-payments, e-bills, construction permit systems and others.

Related Party Transactions

There were no related party transactions during the financial year.

Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K169, 651.

No property, plant and equipment were disposed of during the year.

Intangible Assets

The council purchased intangible assets amounting to K435, 136 during the year.

Employees

The average number of employees during the year was 3, 809. The total amount spent on employees' remuneration and welfare during the year was K194, 549,900.

Health and Safety of Employees

The Council is aware of its responsibilities regarding the safety and health of employees as prescribed in the Occupational, Health and Safety Act No. 36 of 2010 and took appropriate measures to safeguard their safety and health.

Recreation

The Council during the financial year incurred K3, 382,586 towards sponsoring various sporting activities.

Corporate Social Responsibility

The Council did not make donations during the year towards the support of various socially responsible causes.

Auditors

In line with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and Section 44(2) of the Local Government Act No. 2 of 2019, the Council is audited by the Auditor-General.

By order of the Council.

Signature: 

Name: CHILANDO CHITANDA GWILA

Position: Mayor

Date: 5th April 2022

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Lusaka City Council is responsible for preparing the financial statements for the year ended 31st December, 2019 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) of October 2019 and then applied them consistently, making judgment and estimates that were reasonable and prudent.

The Council is also responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Auditor-General has audited the financial statements and his report is shown on pages 8 to 10.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Cash Basis IPSAS, the requirements of the Local Government Act No. 2 of 2019, the Public Finance Management Act No.1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019.

The Council, further, accepts responsibility:

- for the maintenance of accounting records that may be relied upon in the preparation of financial statements,
- for designing, implementing and maintaining systems of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Council to indicate that the Lusaka City Council will not remain a going concern for at least twelve months from the date of this statement.

In the opinion of the Council, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the City Council for the financial year ended 31st December, 2019.

Signed on behalf of the Council on 5th April 2022 by;

Name: CHILANDO CHITANGALA

Name: ALEX MWANSA

Signature: [Signature]

Signature: [Signature]

Position: Mayor

Position: Town Clerk

Name: Besion KAJORA

Signature: [Signature]

Position: Director of Finance



**REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL**

INDEPENDENT AUDITORS REPORT

**STAND No. 7951
HAILE SELASSIE AVENUE
LONGACRES
P.O BOX 50071
LUSAKA, ZAMBIA**

**E-mail: auditorg@ago.gov.zm
Website: www.ago.gov.zm
Telephone: +260252611/252771**

To: The Minister – Ministry of Local Government and Rural Development

Report on the Audit of the Financial Statements of Lusaka City Council

Opinion

I have audited the financial statements of the Lusaka City Council for the financial year ended 31st December, 2019 which comprise the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) and a summary of significant accounting policies and other explanatory information on pages 15 to 38.

In my opinion, the accompanying financial statements of Lusaka City Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December, 2019 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

Emphasis of Matter

I draw attention to Note 1.2 to the financial statements which describe the roadmap of the Council to adoption of Accrual Basis Financial Reporting Framework as a result of which the Council has not produced Accrual Basis – type of financial statements required by the Local Government Act, 2019.

My opinion is not qualified in respect of this matter.



**REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL**

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

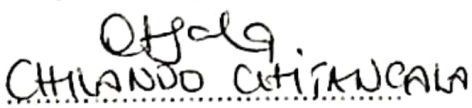

Dr. Dick Chellah Sichembe
AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL

DATE: 26/07/22

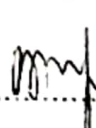
STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	2019 Kwacha	2018 Kwacha
RECEIPTS			
Local taxes	2	73,079,241	71,367,268
Fees and Charges	3	110,160,468	113,522,414
Licences	4	2,257,505	2,563,339
Levies	5	29,969,901	25,611,015
Permits	6	16,030,682	12,003,975
Local Government Equalisation Fund	7	35,317,487	41,604,203
Constituency Development Fund	8	5,435,476	10,857,967
Other Grants	9	300,000	792,000
Borrowings	10	-	-
Commercial Venture	11	-	-
Other Receipts	12	-	-
TOTAL RECEIPTS		272,550,760	278,322,181
PAYMENTS			
Personal Emoluments	13	194,549,900	157,496,056
Use of Goods and Services	14	52,046,674	52,663,070
Financial Charges	15	3,865,233	2,880,187
Social Benefits	16	-	325,571
Non-Financial Assets Acquisition	17	7,511,219	11,219,179
Financial Assets	18	-	-
Loan Repayments	19	5,674,042	3,797,647
Other Payments	20	9,907,633	39,194,316
TOTAL PAYMENTS		273,554,700	267,576,026
Increase/(decrease) in Cash		(1,003,940)	10,746,155
Foreign Exchange Losses	21	-	-
Cash at beginning of the year	22	10,780,845	34,690
Cash at the end of the year	22	9,776,905	10,780,845


Incorporated in the payments recognised in this Statement are those for Local Government Equalisation and Constituency Development Funds. However, the details of payments under each of these Funds are presented separately in each Fund's own Statements of Cash Receipts and Payments.

Signature: 

Position: Mayor

Signature: 

Position: Town Clerk

Signature: 

Position: Director of Finance

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2019**

	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	% Performance	Variance Kwacha	% Variance
RECEIPTS							
Local taxes	97,702,322	-	97,702,322	73,079,241	75%	(24,623,081)	-25%
Fees and Charges	207,126,396	-	207,126,396	110,160,468	53%	(96,965,928)	-47%
Licences	3,831,500	-	3,831,500	2,257,505	59%	(1,573,995)	-41%
Levies	29,911,767	-	29,911,767	29,969,901	100%	58,134	0%
Permits	29,027,478	-	29,027,478	16,030,682	55%	(12,996,796)	-45%
Local Government Equalisation Fund	46,800,000	-	46,800,000	35,317,487	75%	(11,482,513)	-25%
Constituency Development Fund	11,200,000	-	11,200,000	5,435,476	49%	(5,764,524)	-51%
Other Grants	-	-	-	300,000	0%	300,000	0%
Borrowings	-	-	-	-	0%	-	0%
Commercial Venture	-	-	-	-	0%	-	0%
Other Receipts	20,916,065	-	20,916,065	-	0%	(20,916,065)	-100%
TOTAL RECEIPTS	446,515,528	-	446,515,528	272,550,760	61%	(173,964,768)	-39%
PAYMENTS							
Personal Emoluments	188,584,170	-	188,584,170	194,549,900	103%	(5,965,730)	-3%
Use of Goods and Services	179,040,131	-	179,040,131	52,046,674	29%	(126,993,458)	-71%
Financial Charges	1,418,406	-	1,418,406	3,865,233	273%	(2,446,827)	-173%
Social Benefits	372,043	-	372,043	-	0%	372,043	0%
Non-Financial Assets Acquisition	45,390,003	-	45,390,003	7,511,219	17%	(37,878,784)	-83%
Financial Assets	-	-	-	-	0%	-	0%
Loan Repayments	1,275,183	-	1,275,183	5,674,042	445%	4,398,859	345%
Other Payments	30,435,592	-	30,435,592	9,907,633	33%	(20,527,959)	-67%
TOTAL PAYMENTS	446,515,528	-	446,515,528	273,554,700	61%	140,702,628	32%
Excess/(Decrease in Cash)	-	-	-	(1,003,940)		(33,262,140)	

The composition of budget adjustments and explanations of major variances are provided in Note 23.

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT
EQUALISATION FUND (LGEF) FOR THE YEAR ENDED 31ST DECEMBER 2019**

		2019 Kwacha	2018 Kwacha
RECEIPTS			
Funding		<u>35,317,487</u>	<u>41,604,203</u>
TOTAL RECEIPTS	7(a)	<u><u>35,317,487</u></u>	<u><u>41,604,203</u></u>
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		25,689,505	32,145,001
Waste and refuse collection			75,308
Hire of plant and equipment		50,000	702,000
Survey of properties		116,556	
Maintenance of street lights			41,700
Water treatment chemicals		56,260	
Valuation of properties		270,000	
Legal costs			319,353
Other costs		1,188,000	
Sub-Total		<u>27,370,322</u>	<u>33,283,362</u>
Capital Expenditure Payments:	7(c)		
Infrastructure Development		3,909,161	1,516,524
Rehabilitation Works		140,527	597,776
Service Delivery (Capital)		896,356	
Asset Acquisition (motor vehicles)		3,001,121	5,460,695
Computer software		-	745,846
Sub-Total		<u>7,947,165</u>	<u>8,320,841</u>
TOTAL PAYMENTS		<u><u>35,317,487</u></u>	<u><u>41,604,203</u></u>
Increase/(decrease) in cash		-	-
Cash at the beginning of the year		-	-
Cash at the end of the year		-	-

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31ST DECEMBER 2019**

		2019	2018
		Kwacha	Kwacha
RECEIPTS			
Funding	8(a)	5,178,326	10,652,357
Other sources	8(b)	257,150	205,408
TOTAL RECEIPTS		<u>5,435,476</u>	<u>10,857,765</u>
PAYMENTS			
Infrastructure Development	8(c)	3,929,473	272,169
Rehabilitation Works	8(d)	494,625	460,530
Asset Acquisition	8(e)	-	50,000
Administrative Costs	8(f)	59,242	44,454
TOTAL PAYMENTS		<u>4,483,340</u>	<u>827,153</u>
Increase/(decrease) in Cash		<u>952,136</u>	<u>10,030,612</u>
Cash at the beginning of the year		<u>11,457,740</u>	<u>1,427,128</u>
Cash at the end of the year		<u>12,409,876</u>	<u>11,457,740</u>

Note 8 explains the composition and other details relating to the various elements included in this Statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of the Preparation of the Financial Statements

The Financial Statements have been prepared in accordance with Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*, issued by the International Public Sector Accounting Standards Board (IPSASB) and Local Authorities Accounting Policies (LAAPs).

These financial statements have been prepared in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

The accounting policies have been applied consistently throughout the period.

1.1 Migration to Accrual Basis Financial Reporting

Lusaka City Council is required, under the Local Government Act No. 2 of 2019 to produce a Statement of Comprehensive Income and a Statement of Financial Position. The production of these statements entails adoption and application of Accrual Basis of Accounting in financial reporting. However, the Act does not specify which particular accrual basis of accounting to use.

In applying Cash Basis of Accounting, the Council followed guidance listed below:

(a) Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.

This standard provides that public sector entities adopting Accrual Basis for the first time may apply Cash Basis IPSAS provisions as an intermediate step to assist them in the transition to Accrual Basis IPSASs. In this vein, the Council has produced these financial statements under Cash Basis IPSAS as part of its transition to Accrual Basis of Accounting.

(b) Accounting Pronouncement: 2018/3 – Applicability of International Public Sector Accounting Standards (IPSASs).

This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act, 2008 requires the adoption of Accrual Basis of Accounting by public entities by 31st December, 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1st January, 2022.

(c) Treasury and Financial Management Circular No 10 of 2019 issued by the Secretary to the Treasury pursuant to the Public Financial Management Act, No. 1 of 2018. The Treasury and Financial Management Circular provides as follows:

i. That in order to have a standard financial reporting framework, all Local Authorities should adopt the International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting as a first step in migration to IPSASs Accrual Basis of Accounting.

ii. Local Authorities shall use Part 2 of Cash Basis IPSAS which requires extra disclosures called 'Encouraged Additional Disclosures' in Cash Basis financial statements for the years ending 31st December 2019 up to 2021.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1st January, 2022 by following the guidelines provided in IPSAS 33 – “First Time Adoption of Accrual Basis IPSASs”.
- iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1st January, 2022 and should end on 31st December, 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

Based on these guidelines, the Council has not yet commenced production of Accrual Basis financial statements required by the Local Government Act, 2019. However, the Council has adopted Part 2 Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting* to help it transition its financial reporting to Accrual Basis IPSASs.

1.2 Reporting Entity

The Financial Statements are prepared for Lusaka City Council (LCC). The financial statements encompass the Council as specified in the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No.2 of 2019, and the Public Finance Management Act No.1 of 2018. It also includes projects and activities of the Constituency Development Fund and the Local Government Equalization Fund in the district.

1.3 Authorization Date

The financial statements were authorized for issue on 5th April 2022 by the ordinary Council.

1.4 Revenue

Revenue is recognized when cash is received. It is generated from various sources as explained below:

a. Local Taxes

Article 161 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 authorises Lusaka City Council as a Local Authority to levy, impose, recover and retain local taxes. Further, the Local Government Act No. 2 of 2019 section 25(1) prescribes, subject to the Constitution and the Business Regulatory Act of 2014, a system of local taxes, which Local Authorities can raise by passing by-laws, imposing levies on:

- leviable persons owning or occupying property or premises situated within the area of the District;
- leviable persons carrying on a business, trade or occupation within the area of the District; or
- The purchase or sale of a commodity within the area of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Fees and Charges

Section 27 (1) of the Local Government Act No.2 of 2019 empowers Local Authorities, subject to the Business Regulatory Act, 2014, to impose fees or charges payable to the Council:

- For any license or permit issued under any regulation or by-law made under the Act. These may include health permits, fire certificate licences, burial permits and extension of business hours permits;
- For any service or facility provided or goods or documents supplied by the local authority in pursuance of or in connection with the performance of any function of the local authority. These may include survey fees, consent fees, building inspection fees, waste collection fees and parking fees.

1.5 Expenditure

Expenditure is recognized when payment is made for expenses incurred. The Council incurs expenditure relating to the discharge of its functions which includes expenses relating to personal emoluments, use of goods and services, social benefits and acquisition of non-financial assets.

Items of a capital nature are expensed at the time of payment and such transactions are depicted in the appropriate class and heading in the financial statements. Since capital expenditure is expensed when incurred, neither depreciation nor amortization is charged on non-current assets.

1.6 Reporting on Gross Basis

Transactions are reported on gross basis without netting off similar classes of receipts and payments. However, transactions may be reported on net basis when they relate to transactions the Council administers on behalf of other entities recognised in the Financial Statements

1.7 Cash in hand at the Beginning and the End of the Year

Cash at the beginning and end of the year consist of cash on hand, demand deposits and cash equivalents held at such dates.

Cash on hand refers to notes and coins held by the Council at the reporting date and it includes petty cash and cash collections not yet deposited into bank accounts. Demand deposits consist of reconciled balances held in the Council's bank accounts which it can use on demand. Cash equivalents, on the other hand, refer to short term high liquid investments that can easily be converted to known amounts of cash and are subject to insignificant risk of change in values.

The Council recognises all short term high liquid investments having maturities of three months or less as cash equivalents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.8 Local Government Equalization Fund

Article 163(2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 provides that Parliament shall annually appropriate monies to the Local Government Equalization Fund which shall be disbursed by the Ministry responsible for finance to Local Authorities. Receipts under LGEF supplement revenue generated by the Council. The Council uses at least 20% of the funds received from the equalization fund, in any financial year, to finance capital expenditure and the balance to meet operational expenses.

1.9 Constituency Development Fund

The Constituency Development Fund (CDF) was established under Article 162(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016.

The fund was set up to finance micro-community projects for poverty reduction in communities and it is financed by monies appropriated by Parliament.

The administration of CDF is regulated by the Constituency Development Fund Act No. 11 of 2018. The Council maintains separate bank accounts for each constituency. Transfers are made from CDF into constituency bank accounts from which payments are made to finance approved CDF projects.

1.10 Other Grants

These include grants in lieu of rates and support from Cooperating Partners. Grants in lieu of rates are paid by the Government to the Council to cover property rates of Government properties in the district. Support from Cooperating Partners may consist of cash receipts under bilateral and multilateral agreements.

1.11 Presentation Currency

The presentation currency is Zambian Kwacha.

1.12 Foreign Currencies

Transactions in other currencies are converted into Zambian Kwacha using the ruling Bank exchange rates at the time of payment. Balances expressed in foreign currencies at the year-end are translated into Kwacha at the ruling rate then. The resulting difference from the conversion and translation are charged to the Statement of Cash Receipts and Payments.

1.13 Borrowings

Borrowings comprise actual cash inflows received from financial institutions, bilateral and multilateral institutions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.14 Budgets and Actual Amounts

A final budget includes all adjustments (supplementary and re-allocations) made to the original approved budget during the year. Supplementary budgets consist of additional provisions beyond what was originally approved while re-allocations are approved budget variations.

The approved budget is developed on the same accounting and classification basis, and for the same period as for the financial statements. All material differences between final budgets and actual amounts are explained in the notes to the annual financial statements. Budget differences of 20% and above are considered material.

1.15 Encouraged Disclosures of Accrual Type of Items

During the year, the Council adopted Part 2 of Cash Basis IPSAS which provides extra Accrual Basis type of disclosures called Encouraged Additional Disclosures as follows:

i. Property, Plant and Equipment

These are assets that have useful economic lives or service potential of more than one year. They are recorded and disclosed at either cost or valuation. Valuations are conducted by the Government Valuation Department and the Council's own Valuation staff. Where valuation has been undertaken, the applicable valuation bases are as follows:

- Land Current Value
- Buildings Cost or Market Value
- Plant and Equipment Cost

ii. Investments in Other Entities

The Council discloses the following details about its investments in other entities:

- (a) Name of the entity
- (b) Principal activity of the entity
- (c) Percentage of shareholding in the entity

Receipts in form of dividends and other returns on the investments

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

iii. Administered Transactions

Administered transactions are cash flows resulting from transactions administered by the Council as an agent of Central Government and any of its agencies. All cash collected in this manner is deposited into an account of the Central Government or its appropriate agent and such accounts are not controlled by the Council. The Council deems as part of cash under its control any collections made and administered by the Council on behalf of the Central Government but are allowed to be deposited in any of its bank accounts prior to its transfer to the Central Government or any of its agents.

iv. Related Party Transactions

A related party is one that has the ability to control the Council or exercise significant influence over the Council in making financial and operating decisions. The related party entity is also any entity that is subject to common control with the Council.

Related parties include:

- (a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council;
- (b) Associates being entities over which the Council has significant influence
- (c) Individuals that have significant influence over the Council, and close members of the family of any such individual;
- (d) Key management personnel, and close members of the family of key management personnel; and
- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The key management personnel of the Council are:

- (a) the Mayor/Chairperson, elected councillors, Co-opted members of the Audit and Procurement Committees, chiefs who are part of the council representing other chiefs in the district, and
- (b) The Principal Officers and Chief Officers.

Spouses, children and grandchildren, grandparents, brothers, sisters, parents in law, brothers in law, and sisters in law of key management personnel are related parties to the Local Authority.

The Council discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements. Such transactions may include remuneration, loans and contracts awarded to key management personnel and their close relatives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v.External Assistance

External assistance comprises loans and grants from multilateral and bilateral agencies provided under agreements specifying the purposes for which the assistance will be utilized.

Lusaka City Council discloses total external assistance received in cash during the period, total external assistance paid by the agencies for the benefit of the council, external assistance received in form of loans and grants, their classifications, purposes for which it was received and undrawn balances.

vi.Payments to Third Parties

Third party payments also known as direct payments are those that are made by third parties to construct or acquire property, plant and equipment and or pay for services on behalf of Lusaka City Council. These do not constitute cash receipts and payments by the Council. They include payments for goods and services made by multilateral and bilateral aid agencies and non-governmental organizations and are included in the disclosures of external assistance.

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

During the year, the Council generated local tax cash receipts as follows:

Local Tax Type	2019	2018
	Kwacha	Kwacha
Residential Rates	29,483,017	28,356,675
Industrial / Commercial Rates	41,288,108	40,583,568
Mining Rates	-	-
Personal Levy	2,308,116	2,427,025
TOTAL	73,079,241	71,367,268

The Council relied on the Valuation Roll updated for the period 2013 – 2018 to determine the property rates receivable.

3. Fees and Charges

The Council generated cash receipts in form of fees and charges arising from offering various services as follows.

	2019	2018
	Kwacha	Kwacha
Fees and charges	109,951,641	113,348,890
Land Development Charges	208,827	173,524
Total	110,160,468	113,522,414

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

Fees and Charges Type	2019	2018
	Kwacha	Kwacha
Consent Fees	-	-
Survey Fees/Beacon Identification/Placemer	37,386	20,331
Building Inspection Fees	1,392,975	682,784
Plan Scrutiny	6,183,680	4,714,305
Change Of Premise Use	646,552	867,098
Container/Ntemba Fees	357,166	334,872
Rentals /Leases Of Council Properties	6,122,691	4,790,294
Application Fees(Plots,Forms)	74,455	65,389
Sketch Plan Billboards	49,180	35,885
Search Fees	90,358	98,472
Market Fees	25,108,949	23,665,740
Bus Station Fees	19,382,883	19,385,762
Hire Of Halls	582,341	552,685
Hire Of Grounds And Stadia	45,300	108,300
Hoarding Fees	114,332	103,505
Grave Reservation	463,755	353,165
Body Remains Exhumation Fees	2,657	7,015
Body Remains Inspection Fees	9,972	-
Boundary location (Tombstone) Fees	8,432	2,835
Course Fees	425,671	357,030
Vacuum Tanker Service	117,951	128,280
Refuse Disposal	7,706,633	7,690,524
Exhibitions For Commercial And Non-Come	14,618	23,395
Library Membership Fees	132,835	111,301
Rentals From Parks	933,694	11,402
Notice Of Marriage	2,328,549	2,185,902
Abbatoir/Meat Inspection Fees	109,415	551,017
Communication Mast Levy	1,121,325	1,384,989
Land Record	195	59,375
Sales At Parks	5,785	22,992
Billboards And Banners	8,464,376	12,431,605
Ground Rent/Site Rent	8,766,473	9,964,710
Change Of Ownership/plot	80,820	91,667
Other Fees And Charges	19,070,236	22,546,264
TOTAL	109,951,641	113,348,890

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges:

Charges Type	2019	2018
	Kwacha	Kwacha
Service charges - Residential plots	208,827	173,524
Service charges - Industrial plots	-	-
Premium plots - Residential	-	-
Premium plots - Commercial	-	-
Lease charges	-	-
Other	-	-
TOTAL	208,827	173,524

4. Licenses

A total generated cash receipts from issuance of various licenses as follows:

Licence Type	2019	2018
	Kwacha	Kwacha
Liquor licence	973,536	319,185
Firearm and ammunition licence	451,223	428,065
Dog licence	138,707	166,761
Manufacturer's licence	-	-
Retail licence	-	-
Ocupancy licence	363,117	427,917
Hawkers licence	-	-
Petroleum licence	330,922	1,221,411
Resturant licence	-	-
Scrap Metal	-	-
Wholesale licence	-	-
Milk levy	-	-
TOTAL	2,257,505	2,563,339

NOTES TO THE FINANCIAL STATEMENTS

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2019	2018
	Kwacha	Kwacha
Pole Levy	3,254,272	-
Business levy	26,715,629	25,611,015
Fish levy	-	-
TOTAL	29,969,901	25,611,015

6. Permits

The Council generated cash receipts from issuing various permits as follows:

Type of Permit	2019	2018
	Kwacha	Kwacha
Fire Certificate	8,311,040	6,206,627
Health Permits	6,698,279	5,099,463
Permit for opaque beer	-	-
Burial permits and grave sites	540,487	669,241
Transportation of meat products	441,206	-
Extension of business hours permits	10,790	8,640
Public Permit	26,457	-
Operations Permit	-	-
Storage Permit	-	-
Temporary Occupancy Permit	-	-
Other perrrmits	2,423	20,004
TOTAL	16,030,682	12,003,975

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalisation Fund

a. Funding

	2019	2018
	Kwacha	Kwacha
1st Funding- January	3,494,139	3,922,363
2nd Funding- February	-	3,922,363
3rd Funding- March	3,845,444	3,922,363
4th Funding- April	3,845,444	3,861,606
5th Funding- May	3,843,610	3,922,363
6th Funding- June	4,143,610	99,000
7th Funding- July	-	-
8th Funding- August	4,000,351	3,922,363
9th Funding- September	4,000,351	3,715,497
10th Funding- October	4,072,269	3,856,606
11th Funding- November	-	3,456,606
12th Funding- December	4,072,269	7,003,073
TOTAL	35,317,487	41,604,203

b. Operational Expenditure

The Council applied amounts totalling K27,370,322 of LGEF receipts towards meeting operational expenses representing 77% of the total LGEF funding for the reporting period. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

c. Capital Expenditure

The Council applied amounts totalling K7,947,165 of LGEF receipts towards meeting capital expenditure representing 23% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

NOTES TO THE FINANCIAL STATEMENTS

8. Constituency Development Fund

The various elements constituting Statement of Cash Receipts and Payments for CDF are analysed as follows:

a) CDF Funding

	2019	2018
Constituency	Kwacha	Kwacha
Chawama	1,000,000.00	1,411,345.00
Kabwata	1,000,000.00	694,554.00
Kanyama	-	3,330,811.00
Lusaka Central	1,178,326.00	1,411,970.00
Mandevu	1,000,000.00	705,625.00
Matero	-	1,889,390.00
Munali	1,000,000.00	1,208,662.00
Total Funding	5,178,326	10,652,357

b) Other CDF Sources of Funding

	2019	2018
Constituency	Kwacha	Kwacha
Chawama	46,105.78	42,840.64
Kabwata	25,858.28	21,116.39
Kanyama	53,846.92	31,225.70
Lusaka Central	31,538.69	42,135.44
Mandevu	22,831.06	20,904.03
Matero	61,776.21	10,781.56
Munali	15,192.90	36,404.44
Total Funding	257,150	205,408

Other CDF sources of funding consisted interest earned on the amounts held in CDF bank accounts

c) Infrastructure Development

	2019	2018
Constituency	Kwacha	Kwacha
Chawama	682,550.60	-
Kabwata	467,338.19	-
Kanyama	-	11,439.57
Lusaka Central	1,471,294.84	57,571.40
Mandevu	537,942.12	-
Matero	-	34,734.50
Munali	770,347.35	168,423.30
Total Infrastructure development payments	3,929,473	272,169

NOTES TO THE FINANCIAL STATEMENTS

Infrastructure development cost included construction of Kuku Health Post, John Howard Market, State Lodge Primary School, Richard Kachingwe Police Post, Nyumba Yanga Police Post, Burma Primary School Library, Chazanga Clinic, Mandevu Mini Civic Centre, Kabanana Police Post & Mtendere Police post.

d) Rehabilitation Works

	2019	2018
Constituency	Kwacha	Kwacha
Kanyama	494,625.00	460,530.05
Total Rehabilitation payments	494,625	460,530

Total Rehabilitation costs included rehabilitations of roads in Kanyama Constituency.

e) Asset Acquisition

There were no asset acquisition payments in the year 2019

f) Administrative Costs

	2019	2018
Constituency	Kwacha	Kwacha
Chawama	11,211.00	6,109.00
Kabwata	650.00	550.00
Kanyama	7,410.14	10,570.00
Lusaka Central	10,735.00	5,520.00
Mandevu	510.00	565.00
Matero	17,723.14	10,570.00
Munali	11,003.00	10,570.00
Total administrative costs	59,242	44,454

9. Other grants

During the year, the Council received the following grants.

Revenue Source	2019	2018
	Kwacha	Kwacha
Grants in Lieu of Rates	300,000	792,000
Other	-	-
TOTAL	300,000	792,000

NOTES TO THE FINANCIAL STATEMENTS

10. Borrowings

The Council had no borrowing during the year.

Details	2019 Kwacha	2018 Kwacha
Purchase of Motor Vehicles	-	14,000,000
Refinancing of Indo Bank loans	-	4,500,000
Construction of mini civic centre	1,564,864	-
Procurement of computer software	435,136	-
TOTAL	2,000,000	18,500,000

At 31st December, 2019 the Council had made loan repayments amounting to K4,153,080, K1,520,962 and K476,519 leaving balances of K7,418,211, K1,610, 100 and K1,523,481 respectively.

The loan was acquired under the following terms:

- Loan tenure is 5 years from 2019
- Simple interest is charged at rate of 20% per annum
- The loan security was that the Council was to move all of its project and grant receiving bank accounts to Indo Zambia Bank as a lending bank. The loan security was that the Council was to move all of its project and grant receiving bank accounts to ZANACO as a lending bank.

11. Council Commercial Venture

Council did not operate any commercial ventures during the year

12. Other Receipts

Council did not receive any amounts in form of other receipts during the year.

NOTES TO THE FINANCIAL STATEMENTS

13. Personal Emoluments

Personal Emoluments consist of actual amounts of salaries and wages paid to staff of the Council. The Council had categories of staff that were paid as follows

Grade	2019 Kwacha	2018 Kwacha
Management Scale	-	-
Salaries Division 1	19,870,909	20,181,188
Salaries Division 2	49,566,559	51,265,384
Salaries Division 3	15,051,549	11,616,527
Wages- Division 4	86,589,112	64,924,804
Salaries -Part Time	255,362	817,795.00
Cash in lieu of leave - Div I	67,647	5,000.00
Cash in lieu of leave - Div II	52,031	52,694.00
Cash in lieu of leave - Div III	221,659	522,602.49
Cash in lieu of leave - Div IV	63,702	-
Overtime - Div III	49,877	-
Overtime - Div IV	203,900	414,751.52
Meal allowance	-	2,000,618.70
Travelling on leave/holiday allowance	4,776,038	97,318.12
Entertainment allowance	5,000	5,500.00
Transport allowance	9,973,818	-
Housing allowance	153,184	-
Contract gratuity	2,640,245	2,379,796.01
Other allowances:	290,579	147,990.47
Medical costs	1,137,801	960,505.06
NAPSA	1,644,416	666,440.85
LASF	71,797	-
ZCTU	166,352	-
ZULAWU	705,655	175,793
Others	992,708	1,261,346.77
Total	194,549,900	157,496,056

NOTES TO THE FINANCIAL STATEMENTS

14. Use of Goods and Services

Use of Good and services consist of expenditure incurred on administrative activities

Expenditure Type	2019	2018
	Kwacha	Kwacha
Office Running Costs	4,487,348	5,303,425
Building, Repair and Maintenance Costs	5,266,740	6,737,923
Plant, Machinery, Vehicle Running and Maintenance Cost	9,520,389	9,906,225
Other Administrative operating costs	1,887,230	3,387,172
Requisites	3,178,152	6,845,547
Services	19,634,241	11,533,879
Travel expenses	4,094,037	5,907,491
Training	1,776,772	1,004,885
Legal costs	2,201,765	2,036,523
TOTAL	52,046,674	52,663,070

15. Financial Charges

	2019	2018
	Kwacha	Kwacha
Interest on Internal Debt	3,865,233	2,880,187
Interest on External Debt	-	-
Other Interest	-	-
TOTAL	3,865,233	2,880,187

The Council paid amounts totalling K3,865,233 in financial charges.

16. Social Benefits

Social benefits include payments towards death on duty, burial, and other benefits. During the year, the Council did not make any payments towards social benefit.

NOTES TO THE FINANCIAL STATEMENTS

17. Non-Financial Asset Acquisition

Acquisition of assets involved the following payments:

	2019	2018
	Kwacha	Kwacha
Buildings and structures	2,974,300	2,129,957
Plant, machinery and equipment	169,651	2,804,994
Office equipment	1,266,860	1,313,024
Other assets	274,528	689,771
Vehicles and motor cycles	2,060,608	3,261,204
Specialized vehicles	-	-
Intangible fixed assets	435,136	745,846
Other inventories	330,136	274,382
TOTAL	7,511,219	11,219,179

18. Financial Assets

Council did not acquire any financial assets during the year under review.

19. Loan Repayments

The following amounts were paid towards settlements of principal amounts of loans held by the Council:

	2019	2018
	Kwacha	Kwacha
Repayment of Indo Zambia Bank Loan	4,153,080	2,428,709
Repayment of Indo Zambia Bank Refinancing Loan	1,520,962	1,368,938
TOTAL	5,674,042	3,797,647

NOTES TO THE FINANCIAL STATEMENTS

20. Other Payments

These relate to sundry items such as Local Authorities Superannuation Fund, Other Deductions from Employees (Third party), Terminal Benefits, Long Service Bonus, Leave Travel Benefits, Other creditors.

	2019 Kwacha	2018 Kwacha
Pay as you Earn (PAYE)	193,344	-
Local Authorities Superannuation Fund (LASF)	1,001	-
Other Deductions from employees (Third Party)	406,057	-
Electricity Bills Accrued	35,000	-
Water Bills Accrued	49,213	-
Bank Overdraft	476,519	-
Terminal Benefits	4,687,477	-
Long Service bouns	3,060,837	-
Leave Travel Benefits	882,564	-
Salary Advances	115,621	-
Staff and Stutory Creditors	-	3,762,437
Terminal Benefits	-	35431879
	<u>9,907,633</u>	<u>39,194,316</u>

21. Foreign Exchange Losses

These arise from transactions made in other currencies and determined by reconciling opening cash to closing cash balances

22. Cash Balances

The Council's Cash amounts consisted of cash on hand, demand deposits and cash equivalents.

	2019 Kwacha	2018 Kwacha
Cash on hand (22(a))	133,797	207,338
Demand Deposits (22(b))	9,643,107	10,573,507
Cash equivalents 22(c)	-	-
	<u>9,776,904</u>	<u>10,780,845</u>

a. Cash on hand

The Council's Cash amounts consisted of cash on hand, demand deposits and cash equivalents.

	2019 Kwacha	2018 Kwacha
Cash collections un-deposited	133,739	207,295
Petty Cash	58	43
TOTAL	<u>133,797</u>	<u>207,338</u>

NOTES TO THE FINANCIAL STATEMENTS

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2019:

Account Name	Account No	2019 Kwacha	2018 Kwacha
Atlas Mara	3015413441016	153,965	137,552
Barclays Bank	171349125	-2,722,169	-2,837,803
First Alliance Bank	.0050600103008.	26,709	1,130
FNB - E - Wallet	0062560364904	3,727	34,678
FNB - Swipe	0062495364764	12,418	643
Indo Zambia Bank	0013203000019	600,366	-
NATSAVE Operations		0	452,044
NATSAVE Revenue	2080130315401	0	151,440
Stanbic	9130001669536	27,123	27,123
Zanco Bank - Grants	1316574500188	24,512	65,835
Zanco Bank - General Revenue Fund	.0020733500123.	4,281	176,147.00
Zanaco - Rates and Revenue	.0020801500153.	13,192	292,253.00
Zanco Bank - Loans	0581630500122	-	-2,031
Zanco Bank - Salaries & Wages	.0020570500111.	20,608	304,177
Indo Bank - Markets Revenue	.0053020000009.	91,932	345,136
Zanaco - Markets Projects Unit	1052318300167	-576	59,796
Indo Bank - Michael Chilufya Sata	0005302000015	46,146	180,662
Zanaco - Waste Management Unit	.0519510500150.	14,598	28,315
Chawama Constituency Development Fun	0002045300171	1,800,366	1,448,022
Kabwata Constituency Development Fund	0020750300119	1,269,764	715,070
Kanyama Constituency Development Fun	0020743300153	1,931,259	2,379,447
Lusaka Central Constituency Developmen	0207463001800	1,393,383	1,417,759
Mandevu Constituency Development Fun	0020747300189	1,157,402	675,914.00
Matero Constituency Development Fund	0020748500101	1,894,108	1,854,818.00
Munali Constituency Development Fund	0020742300144	1,299,871	1,066,029
City Market Manager's account	.0496950300168.	329,132	462,120
Intercity Management Committee account	.0070841437008.	17,966	478,577
Intercity Revenue Transit account	.0070582340008.	146,036	585,517
FNB UNAIDS - Dollar account	62560365001	28,692	24,068
FNB - Dollar account	62582803592	58,297	49,069
TOTAL		9,643,107	10,573,507

NOTES TO THE FINANCIAL STATEMENTS

c. Cash Equivalents

The Council did not hold any treasury bills at the end of the year.

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government 31st December 2018 and there were no subsequent approved adjustments to the budgets.

b. Budget Variances

• Local Taxes

Council planned to collect K97,702,322 in Local Taxes but only collected K73,079,241 resulting in an adverse variance of 25%. The Council could not reach its anticipated target even when the Valuation Roll was extended. The Council has since embarked on a renewal exercise for the Valuation Roll which should be able to generate significant income.

• Fees and Charges

Council planned to collect K207,126,396 in Fees and Charges but only collected K110,160,468 resulting in an adverse variance of 47%. Lack of transport and community sensitization contributed to poor performance in this area. The Council has intensified community sensitization efforts and has since procured some motor vehicles in a bid to improve performance.

• Licenses

Council planned to collect K3, 831,500 from Licenses but only collected K2, 257,505 resulting in an adverse variance of 41%. The adverse variance is as a result of the License validity period as contained in the Liquor Licensing Act that provides for a License to be valid for three (3) years.

• Permits

Council planned to collect K29,027,478 from Permits but only collected K16,030,682 resulting in an adverse variance of 45%. Insignificant enforcement measures coupled with lack of transport and community sensitization caused the Council not to perform well. The Council has since formed a task force to enforce compliance in this area.

• Local Government Equalization Fund

Council expected to receive K46,800,000 as Local Government Equalization Funds but only received K35,317,487 resulting in an adverse variance of 25%.

• Constituency Development Funds

Council expected to receive K11,200,000 as Constituency Development Funds but only received K5,435,476 resulting in a variance of 51%.

NOTES TO THE FINANCIAL STATEMENTS

- **Use of Goods and Services**

The Council planned to spend K179,040,131 on the Use of Goods and Services but managed to spend K52,046,674 resulting in a variance of 71%. Council could not fund all the planned activities because not enough money was generated during the financial year.

- **Financial Charges**

The Council planned to spend K1,418,406 on the Financial Charges but managed to spend K3,865,233 in a variance of 173%. This was due to high interest rates during the financial year.

- **Non – Financial Assets Acquisition**

The Council planned to spend K45,390,003 on the acquisition of Non-Financial Assets but managed to spend K7,511,219 resulting in a variance of 83%. Council could not fund all the planned acquisitions because not enough money was generated during the financial year.

- **Loan Repayments**

The Council planned to spend K1,275,183 on the Loan Repayments but managed to spend K5,674,042 resulting in a variance of 345%. This was a result of an under provision of the loan repayments.

- **Other Payments**

A Council planned to spend K29,914,277 on Other Payments but managed to spend a sum of K9,907,633 resulting in an a variance of 67%. Council could not raise enough funds to liquidate all domestic and staff credits.

NOTES TO THE FINANCIAL STATEMENTS

24. Provision of Services

The City Council incurs expenditure to offering services it is mandated to provide to the residents of the District.

Type of Services	2019 Kwacha	2018 Kwacha
Consultancy, Studies, Fees, Technical Assistance	544,585	53,722
Audit Fees	4,350	450
Accounts and Audit Services Expenses	9,900	20,525
Advertising and Publicity	469,854	260,839
Technical Equipment Repair and Maintenance	24,278	17,394
Traditional Ceremonies	1,276	50,695
Official Entertainment	48,535	15,615
Public Functions and Ceremonies	320,270	115,471
Shows and Exhibits	761,637	483,452
State Functions	568,306	798,316
Boards, Councils and Committees' Expenses	1,041,345	1,196,998
Hire of Motor Vehicles	356,518	-
Insurance - Technical Equipment	3,680	-
Relief, Repatriation and Burial of Destitutes	4,050	12,150
Staff Welfare and Recreation	3,382,586	1,411,876
Land Demarcation and Survey	69,466	-
Development and Maintenance of Cemeteries	88,275	-
Labour Day Expenses and Awards	146,375	478,648
Hire of Plant and Equipment	1,099,737	1,832,500
Creation and Maintenance of Parks	97,175	-
Water Treatment and Reticulation	-	6,529
Cycle maintenance - Regravelling and Resealing	62,945	418,144
Waste and Refuse Collection	3,868,361	3,058,529
Maintenance of Street Lighting	97,205	41,700
Conferences, Seminars and Workshops	50,100	52,347
Bank Charges	455,022	1,190,258
Institutions, Homes Running Costs	94,934	-
Sanitation Supply	4,000	-
Nurseries and Kindergardens	-	4,516
Other Services	65,576	13,206
SUB TOTAL	13,740,341	11,533,879

Note: The above amounts have been included in the various payments recognized in the Statement of Cash Receipts and Payments.

NOTES TO THE FINANCIAL STATEMENTS

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K16,405,666.

	Land Kwacha	Land and Buildings Kwacha	Plant & Machinery Kwacha	Motor vehicles Kwacha	TOTAL Kwacha
Opening balance	-	522,858,445	5,728,467	30,003,003	558,589,915
Additions	-	2,502,753	169,651	2,060,608	4,733,012
Revaluation	-	-	-	-	-
Re-classification	-	-	-	-	-
Disposal	-	-	-	-	-
Closing balance	-	525,361,198	5,898,118	32,063,611	563,322,927

26. Investments in Other Entities

The Council held shares in the following entities:

Name of Entity	Principal Activity	Percentage Shareholding
Lusaka Water Supply and Sewerage Company	Water supply and sewerage services	43%

The Council did not receive any dividends from its investments during the period under review.

27. Administered Transactions

The Council did not administer any tax collection on behalf of Zambia Revenue Authority.

28. Related Party Disclosures

The following disclosures are made in the financial statements of Lusaka City Council:

a. Fringe benefits Disclosures

The Mayor was provided with a personal-to-holder car, an office and personal secretary.

b. Remuneration of the Councillors

The aggregate remuneration of members of the Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from Lusaka City Council are:

Aggregate Remuneration	K1, 188, 000
Number of persons	33

None of the councillors acquired loans from the Council during the period under review nor had any outstanding loans.

NOTES TO THE FINANCIAL STATEMENTS

c. Remuneration of Senior Management

The aggregate remuneration of members of the Senior Management and the number of individuals determined on a full-time equivalent basis receiving remuneration from the Local Authority are:

Aggregate Remuneration K19, 938, 556

Number of persons 27

None of the members of senior management acquired loans from the Council during the period under review nor had any outstanding loans

29. External Assistance

The council did not receive any external assistance during the year under review

30. Third Party Payments

Lusaka City Council did not benefit from payments made by third parties during the year under review.

APPENDICES

The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

APPENDIX A – List of Payables

Details	2019 Kwacha	2018 Kwacha
Total suppliers of goods & services	1,527,370.00	17,335,984
Overdraft	9,429,502.00	14,048,529
Bank loans	15,438,322.00	15,788,987
Other loans	5,949,848.00	4,027,153
Litigation costs/judgements	11,068,864.00	8,236,211
Utilities (water, electricity & telephones)	8,008,138.00	5,356,129
Contractors (works done but not paid for)	-	-
Long Service Bonus	34,843,457.00	45,928,243
Leave & Travel Benefits	413,500.00	-
Salaries/Wages/Allowances	23,276,559.00	-
Settling Allowances	-	-
Councillors' arrears	-	-
Terminal Benefits	18,965,338.00	24,881,417
Gratuity	1,080,947.00	-
Unpaid Subsistence/Transport claims	-	-
Others (Misc. staff related costs)	10,400.00	-
LASF	40,079,053.00	34,007,288
NAPSA	745,349,508.00	637,177,108
ZRA (Pay As You Earn)	186,199,221.00	99,032,544
ZRA (Value Added Tax)	24,428,303.00	-
ZRA (Withholding Tax)	33,200.00	-
ZCTU	827,333.00	-
ZULAWU	330,648.00	853,737
FIRESUZ	29,428.00	-
OTHERS	-	-
Funeral Scheme	1,432,001.00	201,215
Madison Insurance	554,359.00	686,554
Workers' Compensation Fund	4,709,924.00	4,507,435
Health Insurance	352,419.00	-
Others	208,997.00	161,824
SUB TOTAL	1,134,546,639.00	912,230,358

APPENDICES

APPENDIX B – List of Receivables

	2019 Kwacha	2018 Kwacha
Rates	97,685,242	155650737
Ground Rent	154,545,376	127092236
Billboards	33,226,632	20602708
Rent	26,428,574	26036276
Solid waste	18,073,981	
TOTAL	329,959,805	329,381,957

APPENDIX C – List of Assets Acquired in the Year

- 1 Residential buildings
- 2 Office buildings
- 3 Fixtures and fittings
- 4 Industrial buildings
- 5 Air conditioning equipment
- 6 Electrical and Electronic equipment
- 7 Loose tools
- 8 Other machinery and equipment
- 9 Computers, Peripherals & Equipment
- 10 Communication Equipment
- 11 Telephone, Fax, Telex, Radio
- 12 Refrigerator, TV, VCR, Camera, Air cons
- 13 Office furniture
- 14 Motor vehicles ≤ 3500KG
- 15 Motor Vehicle - 3500kg=>16000kg