



REPUBLIC OF ZAMBIA
MINISTRY OF LOCAL
GOVERNMENT

LUSAKA CITY COUNCIL

2020 **ANNUAL** **FINANCIAL** **STATEMENTS**

*Civic Centre,
Independence Avenue
P.O.Box 30077
10101 Lusaka, Zambia
www.lcc.gov.zm*

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	40-42

REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December, 2020 which disclose the sources, utilization and balances of cash for Lusaka City Council during the period under review.

Background

Lusaka City is situated 28010' east of the Greenwich Meridian and 15030' 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 centre of the Country. The latitudinal and longitudinal position of Lusaka District is 290 and 270 east and 150 and 170 south respectively.

REPORT OF THE COUNCIL

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:

REPORT OF THE COUNCIL

S/N	NAME	GENDER	POSITION	WARD
1	Miles Sampa	Male	Mayor	Not Applicable
2	Christopher Shakafuswa	Male	Deputy Mayor	Mpungu 23
3	Patrick M Salubusa	Male	Councilor	Kapwepwe Ward 2
4	Smart Mwitwa	Male	Councilor	Chakunkula Ward 3
5	Lackson Sakala	Male	Councilor	Harry Mwaanga NI
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 1
16	Kasongo Chomba	Male	Councilor	Kalingalinga Ward 1
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	Independence Ward
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	Mpungu 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 1
30	Jonas A Phiri	Male	Councilor	Kamulanga Ward 0
31	Douglas Tembo	Male	Councilor	Mulungushi Ward 1
32	Dorcas S Moyo	Female	Councilor	Chainda Ward 29
33	Kafuka Mutale	Male	Councilor	John Howard Ward
34	Teddy Mwaba	Male	Councilor	Justin Kabwe Ward

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:

REPORT OF THE COUNCIL

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, Mr David Dominic Silubanje 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

	2020 Kwacha	2019 Kwacha
Cash Receipts	270,382,122	272,550,759
Payments	268,778,655	273,554,700
Increase/(Decrease) in Cash and Cash Equivalents	<u>1,603,467</u>	<u>(1,003,941)</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.

REPORT OF THE COUNCIL

Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K5,235,900.

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

Intangible Assets

The council purchased intangible assets amounting to K1,875,559 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 K176,172,045.

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 K1,741,212 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:.....

Position: Town Clerk

Date:

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Lusaka City Council is responsible for preparing the financial statements for the year ended 31st December, 2020 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, 2020.

Signed on behalf of the Council by;

Name: Chilando Chitanga

Signature: [Signature]

Position: Mayor

Name: Benedict Kasumba

Signature: [Signature]

Position: Director of Finance

Name: Ryghton M. Mbandi

Signature: [Signature]

Position: Town Clerk



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: auditor@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, 2020 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 11 to 42.

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, 2020 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

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 Lusaka City Council in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



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

Emphasis of Matter

I draw attention to Note 1.1 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.

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 Cash Basis International Public Sector Accounting Standard, the Local Government Act No. 2 of 2019, the Public Finance Management Act No. 2 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 misstatement, 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 ISSAIs 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism 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.




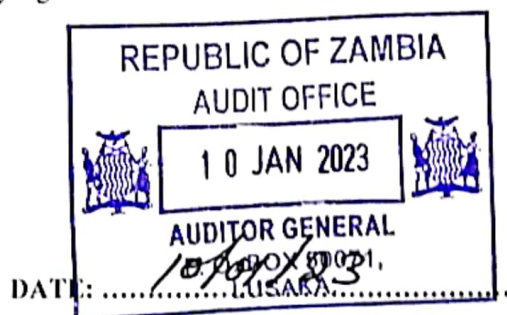
**REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL**

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.
- 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.

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. 
AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL



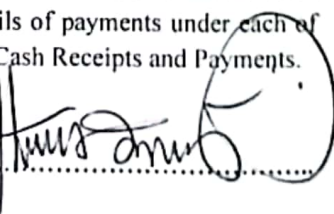
STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

		Kwacha	Kwacha
Receipts			
Local Taxes	2	77,809,072	73,079,241
Fees and Charges	3	75,819,053	110,160,468
Licences	4	4,484,048	2,257,505
Levies	5	37,330,183	29,969,901
Permits	6	18,045,106	16,030,682
Local Government Equalisation Fund	7	41,930,527	35,317,487
Constituency Development Fund	8	13,627,169	5,435,476
Other Grants	9	-	300,000
Borrowings	10	-	-
Commercial Venture	11	1,336,963	-
Other Receipts	12	-	-
Total Receipts		270,382,122	272,550,759
Payments			
Personal Emoluments	13	176,172,045	194,549,900
Use of goods and services	14	53,183,704	52,046,674
Financial Charges	15	4,381,455	3,865,233
Grants and Other Payments	16	132,680	-
Non-financial assets acquisition	17	7,111,459	7,511,219
Financial Assets	18	-	-
Loan Repayments	19	6,796,193	5,674,042
Other payments	20	21,001,119	9,907,633
Total Payments		268,778,655	273,554,700
Increase/(decrease) in Cash		1,603,467	(1,003,941)
Foreign Exchange Losses	21	-	-
Cash at beginning of the year		9,776,904	10,780,845
Cash at the end of the year	22	11,380,371	9,776,904

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 2020**

	Original budget Kwacha	Adjustments Kwacha	Final budget Kwacha	Actual amounts Kwacha	% Perform	Variance Kwacha	% Variance
RECEIPTS							
Local Taxes	112,173,025	(26,934,604)	85,238,421	77,809,072	91%	(7,429,349)	-9%
Fees and Charges	127,514,989	(35,683,485)	91,831,504	75,819,053	83%	(16,012,451)	-17%
Licenses	25,916,375	(9,029,642)	16,886,733	4,484,048	27%	(12,402,685)	-73%
Levies	49,533,144	-	49,533,144	37,330,183	75%	(12,202,961)	-25%
Permits	8,815,870	(113,937)	8,701,933	18,045,106	207%	9,343,173	107%
Local Government Equalization Fund	46,800,000	2,103,058	48,903,058	41,930,527	86%	(6,972,531)	-14%
Constituency Development Fund	11,200,000	-	11,200,000	13,627,169	122%	2,427,169	22%
Other Grants	-	-	-	-			
Borrowings	-	-	-	-			
Commercial Venture	13,200,000	(3,960,000)	9,240,000	1,336,963	14%	(7,903,037)	-86%
Other Receipts	-	-	-	-			
TOTAL RECEIPTS	395,153,403	(73,618,609)	321,534,794	270,382,122	84%	-51,152,671.88	-16%
PAYMENTS							
Personal Emoluments	209,133,592	(17,989,999)	191,143,593	176,172,045	92%	14,971,548	8%
Use of goods and services	145,517,821	(45,533,441)	99,984,380	53,183,704	53%	46,800,676	47%
Financial Charges	1,200,000	-	1,200,000	4,381,455	365%	(3,181,455)	-265%
Grants and Other payments	254,112	-	254,112	132,680	52%	121,432	48%
Non-financial assets acquisition	20,243,528	(3,295,168.00)	16,948,360	7,111,459	42%	9,836,901	58%
Financial Assets	-	-	-	-			
Loan Repayments	-	-	-	6,796,193		(6,796,193)	
Other Payments	18,804,350	(6,800,001)	12,004,349	21,001,119	2	(8,996,770)	-75%
TOTAL PAYMENTS	395,153,403	(73,618,609)	321,534,794	268,778,655	84%	52,756,139	16%
INCREASE /DECREASE IN CASH	-	-	-	1,603,467			

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 2020**

		2020	2019
		Kwacha	Kwacha
RECEIPTS			
Funding	7(a)	41,930,527	35,317,487
TOTAL RECEIPTS		<u>41,930,527</u>	<u>35,317,487</u>
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		17,043,255	25,689,505
Terminal Benefits		757,133	-
Utility bills		200,017	-
Service Provision		9,468,191	436,556
Goods and Services - Administrative Costs		4,458,836	1,244,260
Other Costs		-	-
Sub-Total		<u>31,927,432</u>	<u>27,370,321</u>
Capital Expenditure Payments:	7(c)		
Infrastructure Development		1,213,890	3,909,162
Rehabilitation Works		526,260	140,527
Service delivery (Capital)		1,001,190	896,356
Asset Acquisition		4,720,482	3,001,121
Sub-Total		<u>7,461,823</u>	<u>7,947,165</u>
TOTAL PAYMENTS		<u>39,389,255</u>	<u>35,317,487</u>
Increase (decrease) in cash		<u>2,541,272</u>	<u>-</u>
Cash at the beginning of the year		<u>-</u>	<u>-</u>
Cash at the end of the year		<u><u>2,541,272</u></u>	<u><u>-</u></u>

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31ST DECEMBER 2020**

		2020	2019
		Kwacha	Kwacha
RECEIPTS			
Funding	S(a)	13,250,000	5,178,326
Other sources	S(b)	377,169	257,150
TOTAL RECEIPTS		13,627,169	5,435,476
PAYMENTS			
Infrastructure Development	S(c)	6,188,848	3,929,473
Rehabilitation Works	S(d)	144,251	494,625
Asset Acquisition	S(e)	119,754	-
Administrative Costs	S(f)	174,905	59,243
TOTAL PAYMENTS		6,627,759	4,483,341
Increase/(decrease) in Cash		6,999,411	952,135
Cash at beginning of the year		12,409,875	11,457,740
Cash at the end of the year		19,409,286	12,409,875

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 30/12/2022 by the ordinary/ special 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 ^a
- (c) Percentage of shareholding in the entity
- (d) Receipts in form of dividends and other returns on the investments

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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	2020	2019
	Kwacha	Kwacha
Residential Rates	35,300,101	29,483,017
Industrial / Commercial Rates	39,311,429	41,288,108
Mining Rates	-	-
Personal Levy	3,197,542	2,308,116
Total	77,809,072	73,079,241

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.

	2020	2019
	Kwacha	Kwacha
Fees and Charges	66,712,347	109,951,640
Development Charges	9,106,705	208,827
Total	75,819,053	110,160,468

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

Consent Fees	109,849	-
Survey Fees/Beacon Identification/Placem	193,388	37,386
Building Inspection Fees	1,032,613	1,392,975
Plan Scrutiny	10,844,646	6,183,680
Change Of Premise Use	248,617	646,552
Container/Ntemba Fees	242,733	357,166
Rentals /Leases Of Council Properties	5,106,775	6,122,691
Application Fees(Plots,Forms)	68,311	74,455
Sketch Plan Billboards	29,773	49,180
Search Fees	202,217	90,358
Market Fees	6,154,456	25,108,949
Parking Fees	5,581,609	-
Bus Station Fees	1,089,681	19,382,883
Registration of Suppliers	267,485	-
Hire Of Halls	233,880	582,341
Hire Of Grounds And Stadia	-	45,300
Hoarding Fees	47,025	114,332
Grave Reservation	94,315	463,755
Body Remains Exhumation Fees	74,083	2,657
Body Remains Inspection Fees	42,066	9,972
Boundary location (Tombstone) Fees	919	8,432
Course Fees	528,730	425,671
Vacuum Tanker Service	138,225	117,951
Refuse Disposal	6,377,077	7,706,633
Exhibitions For Commercial And Non-Corr	-	14,618
Library Membership Fees	15,475	132,835
Rentals From Parks	-	933,694
Notice Of Marriage	2,848,493	2,328,549
Abattoir/Meat Inspection Fees	17,675	109,415
Communication Mast Levy	967,775	1,121,325
Land Record	52,644	195
Sales At Parks	-	5,785
Billboards And Banners	8,929,189	8,464,376
Lease of Council Transport	11,000	-
Penalties	366,364	-
Ground Rent Site Rent	5,895,889	8,766,473
Change Of Ownership/plot	97,898	80,820
Other Fees And Charges	8,801,471	19,070,235
Total	66,712,347	109,951,640

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges:

Charges Type	2020	2020
	Kwacha	Kwacha
Service Charges - Residential Plots	9,106,705	208,827
Service charges - Industrial plots	-	-
Total	9,106,705	208,827

4. Licenses

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

Licence Type	2020	2019
	Kwacha	Kwacha
Occupancy licence	318,767	363,117
Liquor licence	2,087,232	973,536
Firearm and ammunition licence	1,886,234	451,223
Petroleum licence	76,990	330,922
Dog licence	114,825	138,707
Total	4,484,048	2,257,505

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2020	2019
	Kwacha	Kwacha
Pole Levy	9,100	3,254,272
Business Levy	37,321,083	26,715,629
Total	37,330,183	29,969,901

NOTES TO THE FINANCIAL STATEMENTS

6. Permits

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

Type of Permit	2020	2019
	Kwacha	Kwacha
Health Permit	3,194,618	6,698,279
Herbalist permits	581	2,423
Transportation of meat products	2,229,107	441,206
Burial Permits and Grave sites	291,441	540,487
Fire Certificates	9,222,662	8,311,040
Extension of business hours permits	50,637	10,790
Public permits (social gatherings, etc)	290,431	26,457
Other Permits		
a) Opaque beer Permits	345,134	-
b) Transportation of milk products	56,063	-
c) Transportation of Opaque beer	936,184	-
d) Nursery, Pre - School permits	1,428,248	-
Total	18,045,106	16,030,682

7. Local Government Equalisation Fund

a. Funding

	2020	2019
	Kwacha	Kwacha
1st Funding	4,072,269	3,494,139
2nd Funding	4,072,269	3,845,444
3rd Funding	3,636,217	3,845,444
4th Funding	4,072,269	3,843,610
5th Funding	3,972,269	4,143,610
6th Funding	4,072,269	-
7th Funding	8,108,487	4,000,351
8th Funding	-	4,000,351
9th Funding	6,600,000	4,072,269
10th Funding	3,324,476	4,072,269
Total	41,930,527	35,317,487

b. Operational Expenditure

The Council applied amounts totalling K31,927,432 of LGEF receipts towards meeting operational expenses representing 76% 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.

NOTES TO THE FINANCIAL STATEMENTS

c. Capital Expenditure

The Council applied amounts totalling K7,461,823 of LGEF receipts towards meeting capital expenditure representing 18% 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.

8. Constituency Development Fund

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

a) CDF Funding

	2020	2019
Constituency	Kwacha	Kwacha
Chawama	1,600,000	1,000,000
Kabwata	3,650,000	1,000,000
Kanyama	1,600,000	-
Lusaka Central	1,600,000	1,178,326
Mandevu	1,600,000	1,000,000
Matero	1,600,000	-
Munali	1,600,000	1,000,000
Total Funding	<u>13,250,000</u>	<u>5,178,326</u>

b) Other CDF Sources of Funding

	2020	2019
Constituency	Kwacha	Kwacha
Chawama	59,171	46,106
Kabwata	52,878	25,858
Kanyama	56,433	53,847
Lusaka Central	52,106	31,539
Mandevu	49,080	22,831
Matero	55,188	61,776
Munali	52,313	15,193
Total Funding	<u>377,169</u>	<u>257,150</u>

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

NOTES TO THE FINANCIAL STATEMENTS

e) Infrastructure Development

	2020	2019
Constituency	Kwacha	Kwacha
Chawama	593,714	682,551
Kabwata	406,536	467,338
Kanyama	1,342,138	-
Lusaka Central	1,918,704	1,471,295
Mandevu	415,104	537,942
Matero	1,130,570	-
Munali	382,081	770,347
Total infrastructure development cost	<u>6,188,848</u>	<u>3,929,473</u>

Infrastructure development cost included construction of Kuku Health Post, John Howard Market, Libala drainages, Richard Kachingwe Police Post, Rockfield Clinic, Sekelela Market, Linda Football Ground, Kanyama Water Project, Twashuka Primary School, Mandevu Police Post, Kabanana Police Post, Chaisa Police Post, Kalundu Police Post, George Compound Police Post, Matero East Police Post, Kapwepwe Health Post, Mtendere Police post, Mtendere East Clinic & boreholes at Mtendere Police Post, Chitukuko & Kaunda Square Primary Schools

d) Rehabilitation Works

	2020	2019
Constituency	Kwacha	Kwacha
Kanyama	-	494,625
Matero	117,665	-
Munali	26,586	-
Total Rehabilitation payments	<u>144,251</u>	<u>494,625</u>

Total Rehabilitation costs included rehabilitations of Matero Radio Station, Matero Resource Centre & Kalikiliki Market

e) Asset Acquisition

	2020	2019
Constituency	Kwacha	Kwacha
Mandevu	29,754	-
Matero	90,000	-
Total Asset acquisition cost	<u>119,754</u>	<u>-</u>

Total Asset acquisition cost consisted of procurement of block making machine for Mandevu Constituency and school desks for Matero Constituency.

NOTES TO THE FINANCIAL STATEMENTS

f) Administrative Costs

	2020	2019
	Kwacha	Kwacha
Constituency		
Chawama	26,065	11,211
Kabwata	13,575	650
Kanyama	15,235	7,410
Lusaka Central	11,085	10,735
Mandevu	62,905	510
Matero	8,820	17,723
Munali	37,220	11,003
Total administrative costs	174,905	59,243

9. Other grants

During the year, the Council received the following grants.

Revenue Source	2020	2019
	Kwacha	Kwacha
Grants in Lieu of Rates	-	300,000
Other	-	-
Total	-	300,000

10. Borrowings

The Council had no borrowing during the year.

Details	2020	2019
	Kwacha	Kwacha
Construction of mini civic centres	-	1,564,864
Procurement of Computer Software	-	435,136
Total	-	2,000,000

At 31st December, 2020 the Council had made loan repayments amounting to K4, 581, 965, K1,566,373 and K647,855 leaving balances of K2,836,246, K43,727 and K875,626 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.

NOTES TO THE FINANCIAL STATEMENTS

11. Council Commercial Venture

Council had seven (7) semi – autonomous institutions that operated as commercial ventures during the year, namely:-

- i) Intercity Bus Terminus
- ii) City Market
- iii) Kulima Tower Bus Station
- iv) New Soweto Market
- v) Michael Chilufya Sata Market
- vi) Dzithandizeni Training School
- vii) Lusaka City Clothing Factory

	2020 Kwacha	2019 Kwacha
Receipts		
Restaurant Sales Receipts	-	-
Lodging receipts	-	-
Food and beverages sales receipts	-	-
Others	40,746,636	-
	<u>40,746,636</u>	<u>-</u>
Payments		
Restaurant purchases	-	-
Beer and beverages	-	-
Wages	27,152,436	-
Others	12,257,238	-
	<u>39,409,673</u>	<u>39,409,673</u>
Surplus/(deficit)	<u>1,336,963</u>	<u>-</u>

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:

Details	2020 Kwacha	2019 Kwacha
Salaries - Div I	10,004,482	19,870,909
Salaries - Div II	26,348,701	49,566,559
Salaries - Div III	29,991,051	15,051,549
Salaries - Part Time	-	255,362
Wages - Division IV	62,573,156	86,589,112
Cash In Lieu of Leave - Div I	-	67,647
Cash In Lieu of Leave - Div II	-	52,031
Cash In Lieu of Leave - Div III	-	221,659
Cash In Lieu of Leave - Div IV	-	63,702
Overtime - Div III	-	49,877
Overtime - Div IV	1,319	203,900
Meal Allowances	-	-
Travelling on Leave/Holiday Allowan	-	4,776,038
Entertainment Allowance	-	5,000
Transport Allowance	9,298,562	9,973,818
Housing Allowance	18,597,122	153,184
Contract Gratuity	-	2,640,248
Education Allowance	18,597,122	-
Other Allowances	-	290,579
Medical Costs	-	1,137,801
NAPSA	-	1,644,416
LASF	-	71,797
ZCTU	27,483	166,352
ZULAWU	416,192	705,655
Others	316,856	992,708
Total	176,172,045	194,549,900

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	2020	2019
	Kwacha	Kwacha
Office Running Costs	4,778,256	4,487,348
Building, Repair and Maintenance Costs	2,853,515	5,266,740
Plant, Machinery, Vehicle Running and Maintenance Cost	8,493,957	9,520,389
Other Administrative operating costs	1,209,411	1,887,230
Requisites	3,792,123	3,178,152
Services	26,321,153	19,634,241
Travel expenses	1,896,994	4,094,037
Training	804,557	1,776,772
Legal costs	3,033,737	2,201,765
Total	53,183,704	52,046,674

15. Financial Charges

	2020	2019
	Kwacha	Kwacha
a) Interest on Internal Debt	4,381,455	3,865,233
b) Interest on External Debt	-	-
c) Other Interest	-	-
Total	4,381,455	3,865,233

The Council paid amounts totalling K4, 381, 455 in financial charges.

NOTES TO THE FINANCIAL STATEMENTS

16. Grants and Other Payments

Grants and other payments include payments towards grants-aided institutions, grants to Non-governmental organisations, grants to households and other grants. During the year, the Council made the following payments:

Details	2020	2019
	Kwacha	Kwacha
Doors-Dzithandizeni Trust school	50,000	-
Komboni Ambassadors	1,000	-
Christian FM Radio Programme	15,000	-
Interdenomination Praise Teams	8,000	-
Examination Materials-Dzithandizeni Trust School	58,680	-
Total	132,680	-

17. Non-Financial Asset Acquisition

During the period under review, the council acquired assets totalling K7,111,459 as shown in the tables below:

a) Tangible Fixed Assets

	2020	2019
	Kwacha	Kwacha
Buildings and structures	1,256,778	2,974,300
Plant, machinery and equipment	658,503	169,651
Office equipment	1,600,392	1,266,860
Other assets	115,274	274,528
Vehicles and motor cycles	1,597,453	2,060,608
Specialized vehicles	7,500	-
Other inventories	-	330,136
Total	5,235,900	7,076,083

b) Intangible Fixed Assets

	2019	2018
	2020	2019
	Kwacha	Kwacha
Intangible fixed assets	1,875,559	435,136
Total	1,875,559	435,136

18. Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS

19. Loan Repayments

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

Details	2020 Kwacha	2019 Kwacha
Repayment of Indo Zambia Bank Loan	5,229,820	4,153,080
Repayment of Indo Zambia Bank Refinancing Loan	1,566,373	1,520,962
Total	6,796,193	5,674,042

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.

	2020 Kwacha	2019 Kwacha
Suppliers of Goods and Services	106,786	-
Pay As You Earn (PAYE)	-	193,344
Local Authorities Superannuation Fund	9,033	1,001
Other Deductions from Employees (Third party)	704,059	406,057
Electricity Bills Accrued	-	35,000
Water Bills Accrued	5,000	49,213
Salary Arrears	11,525,767	115,621
Others	457,254	-
Total	21,001,119	9,907,633

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 and demand deposits:

	2020 Kwacha	2019 Kwacha
Cash on hand	-	133,797
Demand Deposits	11,380,371	9,643,107
Total	11,380,371	9,776,904

NOTES TO THE FINANCIAL STATEMENTS

a. Cash on hand

The Council's Cash amounts consisted of the following.

	2020 Kwacha	2019 Kwacha
Cash collections un-deposited	-	133,739
Petty Cash	-	58
Total	-	133,797

b. Demand Deposits – Bank Balances

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

NOTES TO THE FINANCIAL STATEMENTS

Bank Account Name	Account No.	2020	2019
Atlas Mara	3015413441016	29,659	153,965
Barclays Bank	.0171349125.	- 689,054 -	2,722,169
First Alliance Bank	.0050600103008.	-	26,709
FNB - E - Wallet	0062560364904	12,634	3,727
FNB - Swipe	0062495364764	13,760	12,418
Indo Zambia Bank	.0132030000194.	52,839	600,366
Indo Zambia Bank - Operations	2080131481401	- 9,827,135	-
NATSAVE Operations		-	-
NATSAVE Revenue	2080130315401	-	-
Stanbic	9130001669536	-	27,123
Stanbic-LUSWI	9130001787245	228,007	-
Zanaco Bank - Electoral Commission o	0611285300110	133,208	-
Zanco Bank - Grants	1316574500188	9,354	24,512
Zanco Bank - General Revenue Fund	.0020733500123.	31,378	4,281
Zanaco - Rates and Revenue	.0020801500153.	32,874	13,192
Zanco Bank - Loans	0581630500122	4,792	-
Zanco Bank - Salaries & Wages	.0020570500111.	1,751,719	20,608
Indo Bank - Markets Revenue	.0053020000009.	-	91,932
Zanaco - Markets Projects Unit	1052318300167	1,594 -	576
Indo Bank - Michael Chilufya Sata	.00530000015.	-	46,146
Zanaco - Waste Management Unit	.0519510500150.	33,829	14,598
Chawama Constituency Development F	0002045300171	2,835,244	1,800,366
Kabwata Constituency Development F	0020750300119	4,552,531	1,269,764
Kanyama Constituency Development F	0020743300153	2,230,318	1,931,259
Lusaka Central Constituency Developm	0207463001800	2,783,736	1,393,383
Mandevu Constituency Development F	0020747300189	2,298,719	1,157,402
Matero Constituency Development Fun	0020748500101	2,200,441	1,894,108
Munali Constituency Development Fun	0020742300144	2,506,297	1,299,871
City Market Manager's account	.0496950300168.	-	329,132
Intercity Management Committee acco	.0070841437008.	-	17,966
Intercity Revenue Transit account	.0070582340008.	-	146,036
Lusaka City Council	0020551500134	43	-
Lusaka City Council	0020733000369	-	-
Lusaka City Council	0020801000201	-	-
Lusaka City Council Roads	0244345500172	11,153	-
Lusaka City Council Project Account	0584323500109	17,773	-
Land Development Account-LCC	0020834500159	1,630	-
FNB UNAIDS - Dollar account	0062560365001	83,683	28,692
FNB - Dollar account	0062582803592	39,344	58,297
Total		11,380,371	9,643,107

NOTES TO THE FINANCIAL STATEMENTS

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government 4th February, 2020.

b. Budget Variances

- **Licenses**

Council planned to collect K16,886,733 from Licenses but only collected K4,484,048 resulting in a variance of 73%. Due to the implementation of Public Health guidelines, council could not issue licenses to bars and night clubs during the year due to the outbreak of the Covid-19 pandemic.

- **Permits**

Council planned to collect K8,701,933 from Permits but collected K18,047,106 resulting in a variance of 107%. More funds were collected than anticipated due to the implementation of cashless and online processing of applications for permits.

- **Commercial Ventures**

Council expected to receive K9,240,000 as contributions from commercial ventures but only received K1,336,963 resulting in a variance of 86%. The council reclassified the semi-autonomous business units into commercial ventures. This was aimed at increasing efficiency in the way the units operate as well as promoting competition amongst the business units.

- **Use of Goods and Services**

The Council planned to spend K99,984,380 on the Use of Goods and Services but managed to spend K53,183,704 resulting in a variance of 47%. Council could not fund all the planned activities because not enough money was generated during the financial year due to the effects of the Covid-19 pandemic.

- **Financial Charges**

The Council planned to spend K1,200,000 on Financial Charges but managed to spend K4,381,455 in a variance of 265%. This was due to high interest rates during the financial year.

- **Non – Financial Assets Acquisition**

The Council planned to spend K16,948,360 on the acquisition of Non-Financial Assets but managed to spend K7,111,459 resulting in a variance of 58%. Council could not fund all the planned acquisitions because not enough money was generated during the financial year.

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.

	Kwacha	Kwacha
Consultancy, Studies, Fees, Technical Assistance	209,050	544,585
Audit Fees	20,274	4,350
Accounts and Audit Services Expenses	-	9,900
Printing	187,295	-
Advertising and Publicity	667,510	469,854
Technical Equipment Repair and Maintenance	30,200	24,278
Transportation	448,395	-
Traditional Ceremonies	3,385	1,276
Official Entertainment	-	48,535
Public Functions and Ceremonies	320,492	320,270
Shows and Exhibits	45,060	761,637
State Functions	40,490	568,306
Accommodation	104,612	-
Boards, Councils and Committees' Expenses	1,299,714	1,041,345
Hire of Motor Vehicles	139,973	356,518
Insurance - Technical Equipment	-	3,680
Relief, Repatriation and Burial of Destitutes	77,649	4,050
Staff Welfare and Recreation	1,741,212	3,382,586
Land Demarcation and Survey	-	69,466
Development and Maintenance of Cemeteries	-	88,275
Valuation of properties	2,353,487	-
Labour Day Expenses and Awards	191,840	146,375
Provision of fire services	168,617	-
Hire of Plant and Equipment	2,310,361	1,099,737
Creation and Maintenance of Parks	10,000	97,175
Cycle maintenance - Regravelling and Resealing	-	62,945
Waste and Refuse Collection	5,520,082	3,868,361
Maintenance of Street Lighting	324,010	97,205
In and Outdoor Spraying and Disinfection	1,691,465	-
Conferences, Seminars and Workshops	430,376	50,100
Bank Charges	431,021	455,022
Institutions, Homes Running Costs	-	94,934
Water Facility Supply	8,178	-
Sanitation Supply	594,769	4,000
Other Services (Install Boom gates on access roads)	91,036	65,576
Total	19,460,553	13,740,341

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 K565,537,882.

	Land	Land and Buildings	Plant and Machinery	Motor vehicles	Total
	K	K	K	K	K
Opening balance	-	525,320,198	5,898,117	32,063,611	563,281,927
Additions	-	-	658,503	1,597,453	2,255,956
Revaluation	-	-	-	-	-
Re - classification	-	-	-	-	-
Disposal	-	-	-	-	-
Closing balance	-	525,320,198	6,556,620	33,661,064	565,537,882

26. Investments in Other Entities

The Council held shares in the following entities:

Name of Entity	Activity	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	2020 Kwacha	2019 Kwacha
Total suppliers of goods & services	1,465,584.00	1,527,370
Overdraft	9,609,041.00	9,429,502
Bank loans	8,642,129.31	15,438,322
Other loans	-	5,949,848
Litigation costs/judgements	8,133,829.89	11,068,864
Utilities (water, electricity & telephones)	7,908,138.00	8,008,138
Long Service Bonus	23,607,633	34,843,457
Leave & Travel Benefits	204,394.29	413,500
Salaries/Wages/Allowances	-	23,276,559
Terminal Benefits	17,474,297.80	18,965,338
Gratuity	-	1,080,947
Others (Misc. staff related costs)	58,147	10,400
LASF	41,251,417.39	40,079,053
NAPSA	749,003,659.41	745,349,508
ZRA (PAYE)	127,293,590	186,199,221
ZRA (Value Added Tax)	24,428,303.00	24,428,303
ZRA (Withholding Tax)	33,200.00	33,200
ZCTU	765,397.50	827,333
ZULAWU	-	330,648
FIRESUZ	-	29,428
Funeral Scheme	2,867,002.41	1,432,001
Medical Insurance	1,246,698.28	906,778
Workers' Compensation Fund	4,709,924.00	4,709,924
Others	955,775.00	208,997
Total	1,029,658,161	1,134,546,639

APPENDICES

APPENDIX B – List of Receivables

Details	2020 Kwacha	2019 Kwacha
Rates	82,680,247	97685242
Ground Rent	211,224,654	154545376
Billboards	24,585,614	33226632
Rent	56,628,301	26428574
Solid waste	8,545,630	18073981
Total	<u>383,664,446</u>	<u>329,959,805</u>

APPENDIX C – List of Assets Acquired in the Year

2020

- | | |
|---|---|
| 1 | Electrical and Electronic Equipment |
| 2 | Loose Tools |
| 3 | Other Machinery and Equipment |
| 4 | Computers, Peripherals & Equipment |
| 5 | Communication Equipment |
| 6 | Telephone, Fax, Telex, Radio |
| 7 | Refrigerator, TV, VCR, Camera, Air cons |
| 8 | Other Office Equipment |
| 9 | Office Furniture |