



LUSAKA CITY COUNCIL

2021
ANNUAL
FINANCIAL
STATEMENTS

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REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the annual financial statements for the period ended 31st December, 2021 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 center 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-eight (38) elected Councillors from thirty – eight (38) 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 2021 to serve a five year term up to 2026. The Deputy Mayor was elected from among the Councillors in 2021 for the period of two and half years.

REPORT OF THE COUNCIL

The Councillors who held office after the August 2021 general election were:

S/N	NAME	GENDER	POSITION	WARD
1	Chitangala Chilando	F	Mayor	N/A
2	Nanyangwe Ketty	F	Deputy Mayor	Silwizya Ward 16
3	Chembe Davis	M	Councilor	Nkoloma Ward 1
4	Karma Jawara B.	M	Councilor	Chawama Ward 2
5	Phiri Ponsilio	M	Councilor	John Howard Ward 3
6	Mafuta Bright	M	Councilor	Lilayi Ward 4
7	Simataa Mainda	M	Councilor	Kamwala Ward 5
8	Chishala Bwalya	M	Councilor	Kabwata Ward 6
9	Chabo Kyalusanza M.	M	Councilor	Libala Ward 7
10	Mwenya Rauben	M	Councilor	Chilenje Ward 8
11	Sikuyuba Jackson	M	Councilor	Kamulanga Ward 9
12	Samboko Gerald	M	Councilor	Garden Park Ward 10
13	Ngoma Masautso	M	Councilor	Chinika Ward 11
14	Mwanza Aaron	M	Councilor	Harry Mwaanga Nkumbula Ward 12
15	Cheelo Leonard	M	Councilor	Kanyama Ward 13
16	Mumba Fred	M	Councilor	Makeni Villa Ward 14
17	Kaliko Evans	M	Councilor	Munkolo Ward 15
18	Madyenkuku Mubotu	M	Councilor	Independence Ward 17
19	Milonga Clement M.	M	Councilor	Lubwa Ward 18
20	Tembo Kosamu	M	Councilor	Kabulonga Ward 19
21	Phiri Luka	M	Councilor	Roma Ward 20
22	Tayali Pearce	M	Councilor	Mulungushi Ward 21
23	Banda Adrian	M	Councilor	Ngwerere Ward 22
24	Phiri Ruth	F	Councilor	Chaisa Ward 23
25	Mwenya M. Elijah	M	Councilor	Justine Kabwe Ward 24
26	Bwalya Bornface	M	Councilor	Raphael Chota Ward 25
27	Mwango Chileshe	M	Councilor	Mpulungu Ward 26
28	Katongo Joseph N.	M	Councilor	Kabanana Ward 27
29	Mukupa Lee K.	M	Councilor	Muchinga Ward 28
30	Salubusa Patrick	M	Councilor	Kapwepwe Ward 29
31	Mwewa Daniel C.	M	Councilor	Lima Ward 30
32	Kabole Chrispin	M	Councilor	Mwembeshi Ward 31
33	Chinyanta Annie B.	F	Councilor	Matero ward 32
34	Mpundu P. Nsama	M	Councilor	Chainda Ward 33
35	Chibeka Boniface	M	Councilor	Mtendere Ward 34
36	Chimwanga M. Shadrack	M	Councilor	Kalikiliki Ward 35
37	Nyoni Mukubesa	M	Councilor	Kalingalinga Ward 36
38	Chimuka Njomona	M	Councilor	Chakunkula Ward 37
39	Lubasi Milupi	M	Councilor	Munali Ward 38
40	Nawa Patricia	F	Councilor	Alderman
41	Nyendwa George	M	Councilor	Alderman

REPORT OF THE COUNCIL

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. Lungu Tasila	F	Chawama
2	Hon Lubinda Given/Mkandawire Levy	M/M	Kabwata
3	Hon. Chinkuli Monty	M	Kanyama
4	Hon. Haimbe Mulambo	M	Lusaka Central
5	Hon. Shakafuswa Christopher	M	Mandevu
6	Hon. Sampa Miles	M	Matero
7	Hon. Mposha Mike	M	Munali

Note: Hon Lubinda Given was Area Member of Parliament for Kabwata Constituency from January 2021 to May 2021 when Parliament was dissolved. Hon Mkandawire Levy became Area Member of Parliament from August 2021 to September 2021 when he died. Consequently, bye elections for Kabwata Constituency were scheduled for 3rd February, 2022.

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review, Ms Rosa Zulu was the District Commissioner for Lusaka District.

REPORT OF THE COUNCIL

The Councillors who held office before the dissolution of the council and parliament in May 2021 were:

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

The City also had seven (7) elected Members of Parliament for Lusaka Central, Munali, Kabwata, Kanyama, Chawama, Mandevu and Matero constituencies. The Members of Parliament that held office before dissolution of parliament in May 2021 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 were coordinated by the District Commissioner. Prior to August 2021 general elections, 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 Seven (7) Directors responsible for Finance, Planning, Engineering, Public Health, Human Resource and Administration, Legal Services and Housing and Social Services and five (5) units namely Valuation and Real Estate, 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

	2021 Kwacha	2020 Kwacha
Cash Receipts	361,225,380	270,382,122
Payments	368,011,917	268,778,655
Increase in Cash and Cash Equivalents	(6,786,537)	1,603,467

Key Policies Adopted During the Year

The Council adopted the following policies during the year:

- Commencement of the implementation of the Main Valuation Roll of 2020
- Implementation of E-Governance Services such as e-payments, e-bills, construction permit systems and others.

REPORT OF THE COUNCIL

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 K10,869,216.

Some pieces of land were disposed off at a total market value of K24,231,612 during the year under review.

Intangible Assets

The council purchased intangible assets amounting to K944,492 during the year.

Employees

The average number of employees during the year was 1,185. The total amount spent on employees' remuneration and welfare during the year was K198,347,001.

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 K3,520,735 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, 2021 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 10 to 12.

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 period ended 31st December, 2021.

Signed on behalf of the Council by;

Name: CHILANDO CHITANGALA

Signature: [Signature]

Position: Mayer

Name: JAMES JENB

Signature: [Signature]

Position: Director of Finance

Name: Brighton M. Mbainbai

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, 2021 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 13 to 43.

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, 2021 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.



REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

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. 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.
- 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. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL

17/07/2023
DATE:.....

LUSAKA CITY COUNCIL
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2021

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2021

Details	NOTE	2021 Kwacha	2020 Kwacha
Receipts			
Local taxes	2	87,638,102	77,809,072
Fees and Charges	3	77,102,688	75,819,053
Licences	4	3,392,653	4,484,048
Levies	5	45,380,698	37,330,183
Permits	6	25,475,099	18,045,106
Local Government Equalisation Fund	7	42,742,397	41,930,527
Constituency Development Fund	8	11,709,221	13,627,169
Other Grants	9	349,942	-
Borrowings	10	-	-
Commercial Venture	11	3,230,000	1,336,963
Other Receipts	12	64,204,581	-
Total Receipts		361,225,380	270,382,122
Payments			
Personal Emoluments	13	198,347,001	176,172,045
Use of goods and services	14	104,730,796	53,183,704
Financial Charges	15	3,246,379	4,381,455
Social benefits	16	-	132,680
Non-financial assets acquisition	17	10,869,216	7,111,459
Financial Assets	18	-	-
Loan Repayments	19	7,911,457	6,796,193
Other payments	20	42,907,068	21,001,119
Total Payments		368,011,917	268,778,655
Increase/(decrease) in Cash		(6,786,537)	1,603,467
Foreign Exchange Losses	21	-	-
Cash at beginning of the year	22	11,380,371	9,776,904
Cash at the end of the year		4,593,834	11,380,371

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:.....

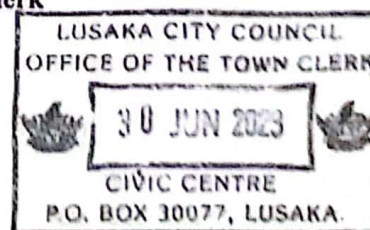
Position: Mayor

Signature:.....

Position: Director of Finance

Signature:.....

Position: Town Clerk



LUSAKA CITY COUNCIL
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
PERIOD ENDED 31ST DECEMBER, 2021

	Original budget Kwacha	Adjustments Kwacha	Final budget Kwacha	Actual amounts Kwacha	% Perform	Variance Kwacha	% Variance
RECEIPTS							
Local taxes	89,125,342	-	89,125,342	87,638,102	98%	(1,487,240)	-2%
Fees and Charges	99,161,526	-	99,161,526	77,102,688	78%	(22,058,838)	-22%
Licenses	23,973,330	-	23,973,330	3,392,653	14%	(20,580,677)	-86%
Levies	51,141,174	-	51,141,174	45,380,698	89%	(5,760,476)	-11%
Permits	12,859,574	-	12,859,574	25,475,099	196%	12,615,525	96%
Local Government Equalization Fund	48,903,058	-	48,903,058	42,742,397	87%	(6,160,661)	-13%
Constituency Development Fund	11,200,000	-	11,200,000	11,709,221	105%	509,221	5%
Other Grants	-	-	-	349,942	-	-	-
Borrowings	-	-	-	-	-	-	-
Commercial Venture	11,400,000	-	11,400,000	3,230,000	28%	(8,170,000)	-72%
Other Receipts	-	-	-	64,204,581	-	-	-
TOTAL RECEIPTS	347,764,004	-	347,764,004	361,225,380	104%	13,794,863	4%
PAYMENTS							
Personnel Emoluments	190,035,609	-	190,035,609	198,347,001	105%	(8,644,880)	-5%
Use of goods and services	121,567,187	-	121,567,187	104,730,796	82	21,961,076	18
Financial Charges	-	-	-	3,246,379	-	(3,246,379)	-
Social benefits	-	-	-	-	-	-	-
Non-financial assets acquisition	16,076,070	-	16,076,070	10,869,216	68	5,206,854	32
Financial Assets	-	-	-	-	-	-	-
Current liabilities (payable within one year)	18,237,138	-	18,237,138	42,907,068	235%	(29,794,615)	-135%
Long term liabilities (payable for more than one year)	1,848,000	-	1,848,000	7,911,457	428%	(6,063,457)	-328%
TOTAL PAYMENTS	347,764,004	-	347,764,004	368,011,917	106%	(20,581,400)	-6%
INCREASE /DECREASE IN CASH	0	0	0	(6,786,537)			

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 PERIOD ENDED 31ST DECEMBER, 2021**

Details	2021	2020
Receipts	Kwacha	Kwacha
Funding	7(a) <u>42,742,397</u>	<u>41,930,527</u>
Total Receipts	<u>42,742,397</u>	<u>41,930,527</u>
Payments		
Operational Expenditure Payments:	7(b)	
Salaries and Wages	21,446,183	17,043,255
Terminal Benefits	642,982	757,133
Utility bills	904,147	200,017
Service Provision	6,146,529	7,263,000
Goods and Services - Administrative Costs	1,291,262	6,664,028
Other Costs	3,808,553	-
Sub-Total	<u>34,239,655</u>	<u>31,927,432</u>
Capital Expenditure Payments:	7(c)	
Infrastructure Development	433,952	1,213,890
Rehabilitation Works	697,410	526,260
Service delivery (Capital)	229,128	1,001,190
Asset Acquisition	7,142,251	4,720,482
Sub-Total	<u>8,502,742</u>	<u>7,461,823</u>
Total Payments	<u>42,742,397</u>	<u>39,389,255</u>
Increase/(decrease) in cash	<u>-</u>	<u>2,541,272</u>

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR THE PERIOD ENDED 31ST DECEMBER, 2021**

		2021	2020
		Kwacha	Kwacha
RECEIPTS			
Funding	8(a)	11,200,000	13,250,000
Other sources	8(b)	509,221	377,169
TOTAL RECEIPTS		11,709,221	13,627,169
PAYMENTS			
Infrastructure Development	8(c)	9,130,189	6,188,848
Rehabilitation Works	8(d)	311,827	144,251
Asset Acquisition	8(e)	656,100	119,754
Administrative Costs	8(f)	271,003	174,905
TOTAL PAYMENTS		10,369,119	6,627,759
Increase/(decrease) in Cash		1,340,102	6,999,411
Cash at beginning of the year		19,409,286	12,409,875
Cash at the end of the year		20,749,388	19,409,286

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 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
- (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:

Details	2021	2020
	Kwacha	Kwacha
Local Tax Type		
Residential Rates	42,042,667	35,300,101
Industrial / Commercial Rates	42,628,407	39,311,429
Personal Levy	2,967,028	3,197,542
Total	87,638,102	77,809,072

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.

	2021	2020
	Kwacha	Kwacha
Fees and Charges	68,362,227	66,712,347
Development Charges	8,740,461	9,106,705
Total	77,102,688	75,819,053

a. Fees and charges

The Council generated the following fees:

NOTES TO THE FINANCIAL STATEMENTS

Details	2021	2020
	Kwacha	Kwacha
Consent Fees	186,788	109,849
Survey Fees/Beacon Identification/Placem	79,799	193,388
Building Inspection Fees	1,731,933	1,032,613
Plan Scrutiny	10,020,731	10,844,646
Change Of Premise Use	250,024	248,617
Container/Ntemba Fees	260,463	242,733
Rentals /Leases Of Council Properties	6,590,087	5,106,775
Application Fees(Plots,Forms)	829,912	68,311
Sketch Plan Billboards	37,350	29,773
Search Fees	59,497	202,217
Notice Board Adverts	29,426	-
Market Fees	6,271,823	6,154,456
Parking Fees	4,811,771	5,581,609
Bus Station Fees	962,297	1,089,681
Affidavit Fees	51,228	-
Registration of Suppliers	61,798	267,485
Hire Of Halls	294,170	233,880
Hire Of Grounds And Stadia	4,100	-
Hoarding Fees	100,421	47,025
Grave Reservation	-	94,315
Body Remains Exhumation Fees	27,861	74,083
Body Remains Inspection Fees	20,427	42,066
Boundary location (Tombstone) Fees	13,796	919
Course Fees	44,316	528,730
Vacuum Tanker Service	-	138,225
Refuse Disposal	2,318,578	6,377,077
Library Membership Fees	-	15,475
Rentals From Parks	694	-
Notice Of Marriage	2,736,299	2,848,493
Abattoir/Meat Inspection Fees	7,830	17,675
Communication Mast Levy	1,197,800	967,775
Breakdown of vehicles	-	-
Land Record	-	52,644
Sales At Parks	-	-
Billboards And Banners	10,499,909	8,929,189
Lease of Council Transport	-	11,000
Penalties	213,170	366,364
Ground Rent/Site Rent	8,990,529	5,895,889
Change Of Ownership/plot	210,726	97,898
Other Fees And Charges	9,446,676	8,801,471
Total	68,362,227	66,712,347

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges:

Charges Type	2021	2020
	Kwacha	Kwacha
Service Charges - Residential Plots	8,740,461	9,106,705
Total	8,740,461	9,106,705

4. Licences

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

Licence Type	2021	2020
	Kwacha	Kwacha
Liquor licence	2,455,936	2,087,232
Firearm and ammunition licence	285,022	1,886,234
Dog licence	12,007	114,825
Occupancy licence	316,715	318,767
Petroleum licence	322,973	76,990
Total	3,392,653	4,484,048

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2021	2020
	Kwacha	Kwacha
Pole Levy	2,000	9,100
Business Levy	45,378,698	37,321,083
Total	45,380,698	37,330,183

NOTES TO THE FINANCIAL STATEMENTS

6. Permits

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

Type of Permit	2021	2020
	Kwacha	Kwacha
Health Permit	964,944	3,194,618
Herbalist permits	1,373	581
Transportation of meat products	2,066,464	2,229,107
Burial Permits and Grave sites	586,025	291,441
Fire Certificates	20,196,616	9,222,662
Extension of business hours permits	10,858	50,637
Public permits (social gatherings, etc)	199,337	290,431
Other Permits		
a) Opaque beer Permits	4,613	345,134
b) Transportation of milk products	27,692	56,063
c) Transportation of Opaque beer	65,623	936,184
d) Nursery, Pre - School permits	1,351,555	1,428,248
Total	25,475,099	18,045,106

7. Local Government Equalisation Fund

a. Funding

	2021	2020
	Kwacha	Kwacha
Funding		
1st Funding	3,422,269	4,072,269
2nd Funding	-	-
3rd Funding	-	4,072,269
4th Funding	7,761,106	3,636,217
5th Funding	-	4,072,269
6th Funding	7,780,416	3,972,269
7th Funding	3,835,614	4,072,269
8th Funding	-	8,108,487
9th Funding	3,943,691	-
10th Funding	3,968,519	6,600,000
11th Funding	4,025,255	-
12th Funding	8,005,527	3,324,476
Total	42,742,397	41,930,527

Note: LGEF receipts for the 4th, 6th and 12th funding were for two months remitted in each particular month.

NOTES TO THE FINANCIAL STATEMENTS

b. Operational Expenditure

The Council applied amounts totalling K34,239,655 of LGEF receipts towards meeting operational expenses representing 80% 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 K8,502,742 of LGEF receipts towards meeting capital expenditure representing 20% 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

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	1,600,000	1,600,000
Kabwata	1,600,000	3,650,000
Kanyama	1,600,000	1,600,000
Lusaka Central	1,600,000	1,600,000
Mandevu	1,600,000	1,600,000
Matero	1,600,000	1,600,000
Munali	1,600,000	1,600,000
Total Funding	11,200,000	13,250,000

b) Other CDF Sources of Funding

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	69,388	59,171
Kabwata	130,460	52,878
Kanyama	53,679	56,433
Lusaka Central	89,486	52,106
Mandevu	51,011	49,080
Matero	56,835	55,188
Munali	58,363	52,313
Total Other Sources	509,221	377,169

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

NOTES TO THE FINANCIAL STATEMENTS

c) Infrastructure Development

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	2,028,925	593,714
Kabwata	1,381,180	406,536
Kanyama	1,477,838	1,342,138
Lusaka Central	414,940	1,918,704
Mandevu	1,452,215	415,104
Matero	978,115	1,130,570
Munali	1,396,975	382,081
Total Infrastructure development cost	9,130,189	6,188,848

Infrastructure development cost included construction of John Howard Market, Lilayi Clinic, Rockfield Clinic, Kamulanga Police Post, Twashuka Primary School, Linda Police Post, John Laing Police Post, Thornpark Primary School, Nyumba Yanga Police Post, Kalundu Police Post, Justin Kabwe School, Chaisa Police Post, Chipwalu police post, Ng'ombe skills centre, Kabanana Police Post, Kapwepwe Health Post, George Primary School, Mtendere East Clinic & boreholes at Mtendere Police Post, Chitukuko & Kaunda Square Primary Schools, Kamanga Market shelter, Kalingalinga Market Shelter

d) Rehabilitation Works

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	"	"
Kabwata	"	"
Kanyama	"	"
Lusaka Central	"	"
Mandevu	"	"
Matero	"	117,665
Munali	311,827	26,586
Total Rehabilitation payments	311,827	144,251

Total Rehabilitation costs included rehabilitations of Kalikiliki Market and Kalingalinga Primary School

NOTES TO THE FINANCIAL STATEMENTS

e) Asset Acquisition

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	-	-
Kabwata	-	-
Kanyama	-	-
Lusaka Central	-	-
Mandevu	156,600	29,754
Matero	499,500	90,000
Munali	-	-
Total Asset acquisition cost	656,100	119,754

Total asset acquisition costs included the acquisition of Block Making Machine for Mandevu & school desks for Matero Boys Secondary School

f) Administrative Costs

	2021	2020
Constituency	Kwacha	Kwacha
Chawama	15,704	26,065
Kabwata	36,914	13,575
Kanyama	33,590	15,235
Lusaka Central	41,773	11,085
Mandevu	49,013	62,905
Matero	38,090	8,820
Munali	55,919	37,220
Total administrative costs	271,003	174,905

9. Other grants

During the year, the Council received a total of K349,942 as other grants. K250,000 and K99,942 funding were received in form of Other Grants as Covid-19 donation and induction of councillors respectively from the Ministry of Finance.

Revenue Source	2021	2020
	Kwacha	Kwacha
Covid-19 Donation	250,000	-
Councillors' Induction	99,942	-
Total	349,942	-

NOTES TO THE FINANCIAL STATEMENTS

10. Borrowings

The Council had no borrowings during the year.

11. Council Commercial Venture

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

S/N	Details	Revenue	Expenditure	Variance
1	Intercity Bus Terminus	16,400,107	15,146,880	1,253,227
2	City Market	14,972,517	16,741,442 -	1,768,925
3	Kulima Tower Bus Station	3,812,545	4,216,231 -	403,686
4	New Soweto Market	2,954,804	2,132,263	822,541
5	Michael Chilufya Sata Market	1,367,568	1,491,092 -	123,524
6	Dzithandizeni Training School	1,640,995	1,499,187	141,809
7	Lusaka City Clothing Factory	1,069,218	990,660	78,559
	Total	42,217,754	42,217,754 -	0

	2021 Kwacha	2020 Kwacha
Receipts		
Others	42,217,754	40,746,636
	42,217,754	40,746,636
Payments		
Wages	23,477,639	27,152,436
Others	15,510,115	12,257,238
	38,987,754	39,409,673
Surplus/deficit	3,230,000	1,336,963

12. Other Receipts

Council receive for 2021 General Elections, after disposal of pieces of land and capacity building of community members under the Community Engagement and Empowerment Project during the year.

Revenue Source	2021 Kwacha	2020 Kwacha
2021 General Election Funds	39,577,499	-
Disposal of assets	24,231,612	-
Community Engagement Project	395,470	-
	64,204,581	-

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	2021 Kwacha	2020 Kwacha
Salaries - Div I	8,762,958	10,004,482
Salaries - Div II	30,748,721	26,348,701
Salaries - Div III	32,864,667	29,991,051
Wages - Division IV	61,918,934	62,573,156
Overtime - Div IV	-	1,319
Transport Allowance	12,613,224	9,298,562
Housing Allowance	25,226,447	18,597,122
Education Allowance	25,226,447	18,597,122
ZCTU	113,666	27,483
ZULAWU	754,649	416,192
Others	117,288	316,856
Total	198,347,001	176,172,045

Note: K117,288 were contributions made towards FIRESUZ as well as Federation of Fire Trade Union of Zambia.

14. Use of Goods and Services

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

Details	2021 Kwacha	2020 Kwacha
Office Running Costs	6,078,318	4,778,256
Building, Repair and Maintenance Costs	4,166,092	2,853,515
Plant, Machinery, Vehicle Running and Maintenance Cost	13,486,818	8,493,957
Other Administrative operating costs	43,655,852	1,209,411
Requisites	5,453,830	3,792,123
Services	25,134,186	26,321,153
Travel expenses	565,544	1,896,994
Training	1,065,470	804,557
Legal costs	5,124,686	3,033,737
Total	104,730,796	53,183,704

Note: Other Administrative Operating Costs included non-related council activities as follows:-

- K39,328,816 being expenses incurred during the year towards the holding of the 2021 General Elections as well as the Parliamentary By-Election for Kabwata Constituency which was scheduled for 22nd February, 2022.

NOTES TO THE FINANCIAL STATEMENTS

- b) K390,911 being expenses incurred during the year during capacity building of community members under the Community Engagement and Empowerment Project

15. Financial Charges

The Council paid amounts totalling K3,246,379 in financial charges.

Details	2021 Kwacha	2020 Kwacha
a) Interest on Internal Debt	3,246,379	4,381,455
Total	3,246,379	4,381,455

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 benefits.

Details	2021 Kwacha	2020 Kwacha
Doors-Dzithandizeni Trust school	-	50,000
Komboni Ambassadors	-	1,000
Christian FM Radio Progame	-	15,000
Interdenomination Praise Teams	-	8,000
Examination Materials-Dzithandizeni Trust School	-	58,680
Total	-	132,680

17. Non-Financial Asset Acquisition

- 17.1 Acquisition of assets involved the following in amounts totalling K9,924,724:

Details	2021 Kwacha	2020 Kwacha
Non- Financial Assets		
Buildings and structures	854,394	1,256,778
Plant, machinery and equipment	1,393,583	658,503
Office equipment	3,941,778	1,600,392
Other assets	283,888	115,274
Vehicles and motor cycles	3,451,080	1,597,453
Specialized vehicles	-	7,500
Total	9,924,724	5,235,900

NOTES TO THE FINANCIAL STATEMENTS

17.2 Intangible Fixed Assets Acquisition

Details	2021 Kwacha	2020 Kwacha
Intangible fixed assets	944,492	1,875,559
Total	944,492	1,875,559

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:

Details	2021 Kwacha	2020 Kwacha
Repayment of Indo Zambia Bank Loan	7,129,489	5,229,820
Repayment of Indo Zambia Bank Refinancing Loan	781,968	1,566,373
Total	7,911,457	6,796,193

Take note that at 31st December, 2021 the Council had made loan repayments amounting to K1,750,073, K5,379,416 and K781,968.

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.

Details	2021 Kwacha	2020 Kwacha
Suppliers of Goods and Services	105,739	106,786
National Pension Scheme Authority	52,617	-
Local Authorities Superannuation Fund	300,770	9,033
Others	5,641,492	704,059
Water Bills Accrued	-	5,000
Bank Overdraft	3,690,560	2,456,728
Terminal Benefits	747,831	2,269,961
Long Service Bonus	1,069,373	3,248,146
Leave Travel Benefits	398,298	218,386
Salary Arrears	30,501,417	11,525,767
Others	398,971	457,254
	42,907,068	21,001,119

NOTES TO THE FINANCIAL STATEMENTS

Note: Payments towards Other Creditors involved offsetting of arrears to NHIMA and outstanding staff loan repayments to NATSAVE as well as refund of monies received for plot by Gatbro International.

21. Foreign Exchange Losses

Council did not have any foreign exchange transactions.

22. Cash Balances

The Council's Cash amounts consisted of demand deposits.

Details	2021 Kwacha	2020 Kwacha
Cash on hand	-	-
Demand Deposits	4,593,834	11,380,371
Cash equivalents	-	-
Total	4,593,834	11,380,371

a. Cash on hand

The Council did not have cash on hand due to the fact that cash is not handled by any council employee as all clients are asked to deposit and present deposit slips for receipting purposes.

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2021:

NOTES TO THE FINANCIAL STATEMENTS

Bank Account Name		2021 Kwacha	2020 Kwacha
Atlas Mara	3015413441016	92,795	29,659
ABSA	.0171349125.	- 814,755 -	689,054
UBA	9010160030729	35,444	
First Alliance Bank	.0050600103008.		-
FNB - E - Wallet	62560364904	11,804	12,634
FNB - Swipe	62495364764	104,566	13,760
Indo Zambia Bank - Revenue	0132030000194	152,929	52,839
Indo Zambia Bank - Operations	2080131481401	- 16,429,481 -	9,827,135
NATSAVE Operations	2080130375401	18,572	-
NATSAVE Revenue	9130001669536	1,214	-
Stanbic	1316574500188	- 482,632	-
Stanbic-LUSWI	9130001787245	228,007	228,007
Zanaco Bank - Electoral Commission of Zamt	0611285300110	381,891	133,208
Zanco Bank - Grants	0020733500123	58,733	9,354
Zanco Bank - General Revenue Fund	0020801500153	2,584	31,378
Zanaco - Rates and Revenue	0581630500122	163,775	32,874
Zanco Bank - Loans	'1324741500165		4,792
Zanco Bank - Salaries & Wages	0053020000009	-	1,751,719
Indo Bank - Markets Revenue	1052318300167	122,761	-
Zanaco - Markets Projects Unit	0519510500150	- 24,925	1,594
Zanaco - Waste Management Unit	0132030000216	- 77,596	33,829
Chawama Constituency Development Fund	02045300171	2,460,004	2,835,244
Kabwata Constituency Development Fund	0020750300119	4,864,897	4,552,531
Kanyama Constituency Development Fund	0020743300153	2,372,569	2,230,318
Lusaka Central Constituency Development Fu	0207463001801	4,016,508	2,783,736
Mandevu Constituency Development Fund	0020747300189	2,291,902	2,298,719
Matero Constituency Development Fund	0020748500101	2,343,570	2,200,441
Munali Constituency Development Fund	0020742300144	2,399,938	2,506,297
Lusaka City Council	0020551500134		43
Lusaka City Council	0020733000369		-
Lusaka City Council	0020801000201		-
Lusaka City Council Roads	0244345500172	52,513	11,153
Lusaka City Council Project Account	0584323500109	1,253	17,773
LCC - Land Development Account	0020834500159	13,384	1,630
FNB UNAIDS - Dollar account	62560365001	4,760	83,683
FNB - Dollar account	62582803592	226,851	39,344
Total		4,593,834	11,380,371

c. Cash Equivalents

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

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 on 15th February, 2021 and there were no subsequent approved supplementary adjustments to the budgets.

b. Budget Variances

• Fees and Charges

Council planned to collect K99,161,526 from Fees and Charges but only collected K77,102,688 resulting in a negative variance of 22%. Due to the implementation of Public Health guidelines, council could not collect Fees and Charges as most business premises remained closed during the year due to the outbreak of the Covid-19 pandemic.

• Licenses

Council planned to collect K23,973,330 from Licenses but only collected K3,392,653 resulting in a negative variance of 86%. 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 K12,859,574 from Permits but collected K25,475,099 resulting in a positive variance of 96%. Due to the implementation of Public Health guidelines, council collected enough revenues from permits due to the surge in the demand to operate businesses at the time the restrictions were lifted after the third wave of the Covid-19 pandemic had eased up.

• Commercial Ventures

Council planned to receive K11,400,000 as contributions from Commercial Ventures, but only received K3,230,000 resulting in an adverse variance of 72%. This was due to the adverse effects of the Covid-19 pandemic. 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.

• Non – Financial Assets Acquisition

The Council planned to spend K16,076,070 on the acquisition of Non-Financial Assets but managed to spend K10,869,216 resulting in a positive variance of 32%. Council could not fund all the planned acquisitions because not enough money was generated during the financial year.

• Other Payments

The Council planned to spend K18,237,138 on Current Liabilities, but managed to spend K42,907,068 resulting in an adverse variance of 135%. This was due to salary arrears for the year 2020 which were later cleared during the period under review

• Loan Repayment

The Council planned to spend K1,848,000 on Long Term Liabilities but managed to spend K7,911,457 resulting in an adverse variance of 328%. This was due to high interest rates and interest payments 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.

	2021	2020
Type of Services	Kwacha	Kwacha
Consultancy, Studies, Fees, Technical Assistance	507,692	209,050
Audit Fees	-	20,274
Printing	42,000	187,295
Advertising and Publicity	535,952	667,510
Technical Equipment Repair and Maintenance	-	30,200
Transportation	898,640	448,395
Traditional Ceremonies	-	3,385
Official Entertainment	28,450	-
Public Functions and Ceremonies	602,581	320,492
Shows and Exhibits	131,329	45,060
State Functions	-	40,490
Accommodation	-	104,612
Boards, Councils and Committees' Expenses	358,778	1,299,714
Hire of Motor Vehicles	-	139,973
Relief, Repatriation and Burial of Destitutes	31,950	77,649
Staff Welfare and Recreation	3,520,735	1,741,212
Research and feasibility studies	-	-
Valuation of properties	-	2,353,487
Labour Day Expenses and Awards	293,300	191,840
Provision of fire services	-	168,617
Hire of Plant and Equipment	4,038,326	2,310,361
Operations	-	-
Creation and Maintenance of Parks	-	10,000
Waste and Refuse Collection	-	5,520,082
Maintenance of Street Lighting	-	324,010
In and Outdoor Spraying and Disinfection	-	1,691,465
Conferences, Seminars and Workshops	447,848	430,376
Bank Charges	702,522	431,021
Water Facility Supply	-	8,178
Sanitation Supply	-	49,955
Market Facilities	-	544,814
Other Services (Water Reticulation System, Streetlighting, Refuse Collection and Service Delivery - Capital)	12,994,085	91,036
Total	<u>25,134,186</u>	<u>19,460,553</u>

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

NOTES TO THE FINANCIAL STATEMENTS

- (ii) The above listed accounts do not include those for City Market, Intercity Bus Terminus, New Soweto Market, Market, Dzithandizeni Training School and City Clothing Factory as these are running independently and managing their own bank accounts.

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at **K542,625,104**.

	Land Kwacha	Land and Buildings Kwacha	Plant and Machinery Kwacha	Motor vehicles Kwacha	Total Kwacha
Opening balance	-	525,320,198	5,898,117	32,063,611	563,281,927
Additions	-	532,336	2,191,373	851,080	3,574,789
Revaluation	-	-	-	-	-
Re - classification	-	-	-	-	-
Disposal	-	24,231,612	-	-	24,231,612
Closing balance	-	501,620,922	8,089,491	32,914,691	542,625,104

26. Investments in Other Entities

The Council held shares in the following entities:

Name of Entity	Activity	Shareholding
Lusaka Water Supply & Sewerage Company	Water supply & 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	K1,368, 000
Number of persons	38

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

Appendix A: List of Payables

Details	2,021 Kwacha	2,020 Kwacha
Total suppliers of goods & services	9,962,271	1,465,584
Overdraft	8,552,827	9,609,041
Bank loans	20,157,836	8,642,129
Other loans	-	-
Litigation costs/judgements	3,502,447	8,133,830
Utilities (water, electricity & telephones)	6,821,335	7,908,138
Contractors (Works done but not paid)	5,708,106	
ZISC	11,467,039	
Long Service Bonus	20,569,294	23,607,633
Leave & Travel Benefits	170,200	204,394
Salaries/Wages/Allowances	-	-
Terminal Benefits	15,514,992	17,474,298
Gratuity	-	-
Others (Misc. staff related costs)	58,147	58,147
LASF	48,571,792	41,251,417
NAPSA	843,057,131	749,003,659
ZRA (PAYE)	155,023,999	151,755,093
ZCTU	892,061	765,398
ZULAWU	-	-
FIRESUZ	-	-
Funeral Scheme	4,710,504	2,867,002
Medical Insurance	4,059,022	1,246,698
Workers' Compensation Fund	4,709,924	4,709,924
Others	-	955,775
Total	1,163,508,925	1,029,658,161

APPENDICES

APPENDIX B – List of Receivables

Details	2021 Kwacha	2020 Kwacha
Rates	191,426,515	82,680,247
Ground Rent	46,067,869	211,224,654
Billboards	17,786,118	24,585,614
Rent	28,940,920	56,628,301
Solid waste	3,164,790	8,545,630
Total	287,386,213	383,664,446

APPENDIX C – List of Assets acquired in the year

2021

- | | |
|---|---|
| 1 | Other Machinery and Equipment |
| 2 | Computers, Peripherals & Equipment |
| 3 | Refrigerator, TV, VCR, Camera, Air cons |
| 4 | Other Office Equipment |