



**LUSAKA CITY COUNCIL**

**2022  
ANNUAL  
FINANCIAL  
STATEMENTS**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
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	22-40
Appendices	41 - 43



## REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the annual financial statements for the period ended 31<sup>st</sup> December, 2022 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 south-east and Chilanga to the south-west and west respectively. The City of Lusaka derives its name from a headman who was called "Lusaka" and according to history settled in a swampy area now Olympia Park many years ago.

Lusaka" 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 oneroomed 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 (Km<sup>2</sup>). The Census of Population undertaken by the Central Statistics Office in 2022 revealed that the population of Lusaka District had reached around 3,100,000. 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.

The Councillors who held office during the year were:



## REPORT OF THE COUNCIL

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:

1	Hon. Lungu Tasila	F	Chawama
2	Hon. Tayengwa Andrew	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

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.

### 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

	31.12.2022	31.12.2021
	Kwacha	Kwacha
Cash Receipts	517,147,828	361,225,380
Payments	336,379,328	368,011,917
Increase in Cash and Cash Equivalents	<u>180,768,500</u>	<u>(6,786,537)</u>



## REPORT OF THE COUNCIL

### 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.

### 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 K7,138,105.

### Intangible Assets

The council purchased intangible assets amounting to K290,000 during the year.

### Employees

The average number of employees during the year was 3,544. The total amount spent on employees' remuneration and welfare during the year was K201,513,358.

### 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 K3,812,542 towards sponsoring various sporting activities.

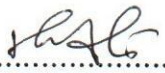
### Corporate Social Responsibility

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..... L. Ndabwila

Position: Town Clerk

Date..... 12.12.23



**STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS**

The Lusaka City Council is responsible for preparing the financial statements for the year ended 31<sup>st</sup> December 2022, 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 judgement 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 9.

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 31<sup>st</sup> December, 2022.

Signed on behalf of the Council by;

Name: CHUANDO CHITANGALA

Signature: [Signature]

Position: Mayor

Name: L. Wdale

Signature: [Signature]

Position: Town Clerk

Name: F. PAVEL

Signature: [Signature]

Position: Director of Finance





REPUBLIC OF ZAMBIA  
OFFICE OF THE AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT**

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

**E-mail: [auditorg@ago.gov.zm](mailto:auditorg@ago.gov.zm)  
Website: [www.ago.gov.zm](http://www.ago.gov.zm)  
Telephone: +260252611/252771**

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

**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 31<sup>st</sup> December 2022 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 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 31<sup>st</sup> December 2022 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 Part 1.1 to the financial statements which describe the roadmap of the Council to adoption of Accrual Basis Financial Reporting Framework as result of which the Council has not produced Accrual Basis type of financial statements required by the Local Government Act No. 2 of 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. 1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019, and for such internal controls as management determines is 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.





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

- 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**

DATE: .....03/01/2024.....

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022**

Details	NOTE	31.12.2022 Kwacha	31.12.2021 Kwacha
<b>Receipts</b>			
Local taxes	2	105,543,585	87,638,102
Fees and Charges	3	76,024,653	77,102,688
Licences	4	5,340,513	3,392,653
Levies	5	44,164,671	45,380,698
Permits	6	34,693,517	25,475,099
Local Government Equalisation Fund	7	43,202,676	42,742,397
Constituency Development Fund	8	168,315,692	11,709,221
Other Grants	9	-	349,942
Borrowings	10	27,000,000	-
Commercial Venture	11	6,988,153	3,230,000
Other Receipts	12	5,874,366	64,204,581
<b>Total Receipts</b>		<b>517,147,828</b>	<b>361,225,380</b>
<b>Payments</b>			
Personal Emoluments	13	201,513,358	198,347,001
Use of goods and services	14	115,173,995	104,730,796
Financial Charges	15	843,021	3,246,379
Social benefits	16	-	-
Non-financial assets acquisition	17	7,428,105	10,869,216
Financial Assets	18	-	-
Loan Repayments	19	6,216,243	7,911,457
Other payments	20	5,204,606	42,907,068
<b>Total Payments</b>		<b>336,379,328</b>	<b>368,011,917</b>
Increase/(decrease) in Cash		<b>180,768,500</b>	<b>(6,786,537.11)</b>
Foreign Exchange Losses	21	-	-
<b>Cash at beginning of the year</b>	22	<b>4,593,834</b>	<b>11,380,371</b>
<b>Cash at the end of the year</b>		<b>185,362,334</b>	<b>4,593,834</b>

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: CHITANDA CHITANDA

Signature: [Signature]

Position: [Signature]

Position: Town Clerk

Signature: [Signature]

Position: Director of Finance



LUSAKA CITY COUNCIL  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE  
PERIOD ENDED 31<sup>ST</sup> DECEMBER, 2022

	Original budget Kwacha	Adjustments Kwacha	Final budget Kwacha	Actual amounts Kwacha	% Perform	Variance Kwacha	% Variance
<b>RECEIPTS</b>							
Local taxes	140,166,979	15,000,000	155,166,979	105,543,585	68	(49,623,393)	-32
Fees and Charges	84,634,886	6,915,647	91,550,533	76,024,653	83	(15,525,880)	-17
Licenses	33,439,136	-	33,439,136	5,340,513	16	(28,098,623)	-84
Levies	77,721,010	-	77,721,010	44,164,671	57	(33,556,339)	-43
Permits	19,383,744	-	19,383,744	34,693,517	179	15,309,774	79
Local Government Equalization Fund	48,903,058	-	48,903,058	43,202,676	88	(5,700,382)	-12
Constituency Development Fund	179,900,000	279,376	180,179,376	168,315,692	93	(11,863,684)	-7
Other Grants	-	-	-	-	0	-	-
Borrowings	-	-	-	-	0	-	0
Commercial Venture	11,400,000	-	11,400,000	6,988,154	61	(4,411,847)	-39
Other Receipts	1,186,020	-	1,186,020	32,874,366	2772	31,688,346	2672
<b>TOTAL RECEIPTS</b>	<b>596,734,832</b>	<b>22,195,024</b>	<b>618,929,856</b>	<b>517,147,828</b>	<b>84</b>	<b>(101,782,028)</b>	<b>-16</b>
<b>PAYMENTS</b>							
Personal Emoluments	183,217,169	23,283,644	206,500,813	201,513,358	95	9,581,289	5
Use of goods and services	339,372,320	9,588,620	329,783,700	115,173,995	35	214,609,704	65
Financial Charges	985,000	-	985,000	843,021	86	141,979	14
Social benefits	-	-	-	-	-	-	-
Non-financial assets acquisition	33,301,574	8,500,001	41,801,575	7,428,105	18	34,373,470	82
Financial Assets	-	-	-	-	-	-	-
Current liabilities (payable within one year)	31,459,166	-	31,459,166	5,204,606	17	26,254,560	83
Long term liabilities (payable for more than one year)	8,399,603	-	8,399,603	6,216,243	74	2,183,360	26
<b>TOTAL PAYMENTS</b>	<b>596,734,832</b>	<b>22,195,024</b>	<b>618,929,857</b>	<b>336,379,328</b>	<b>54</b>	<b>287,144,363</b>	<b>46</b>
<b>INCREASE/DECREASE IN CASH</b>				<b>180,768,500</b>			

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 31<sup>ST</sup> DECEMBER 2022**

<b>Details</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Receipts</b>	<b>Kwacha</b>	<b>Kwacha</b>
Funding	7(a) 43,202,676	42,742,397
<b>Total Receipts</b>	<b>43,202,676</b>	<b>42,742,397</b>
<b>Payments</b>		
<b>Operational Expenditure Payments:</b>	<b>7( b )</b>	
Salaries and Wages	8,821,474	21,446,183
Terminal Benefits	1,878,090	642,982
Utility bills	1,215,918	904,147
Service Provision	5,339,852	7,437,791
Goods and Services - Administrative Costs	10,284,354	3,808,553
Other Costs	5,779,177	-
<b>Sub-Total</b>	<b>33,318,864</b>	<b>34,239,655</b>
<b>Capital Expenditure Payments:</b>	<b>7( c )</b>	
Infrastructure Development	25,420	433,952
Rehabilitation Works	1,438,468	697,410
Service delivery (Capital)	643,246	229,128
Asset Acquisition	4,286,922	7,142,251
<b>Sub-Total</b>	<b>6,394,055</b>	<b>8,502,742</b>
<b>Total Payments</b>	<b>39,712,919</b>	<b>42,742,397</b>
<b>Increase/(decrease) in cash</b>	<b>3,489,757</b>	<b>-</b>
Cash at the Beginning of the Year	-	-
<b>Cash at the End of the Year</b>	<b>3,489,757</b>	<b>-</b>



**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY  
DEVELOPMENT FUND (CDF) FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022**

		<b>31.12.2022</b>	<b>31.12.2021</b>
		<b>Kwacha</b>	<b>Kwacha</b>
<b>RECEIPTS</b>			
Funding	8(a)	166,179,376	11,200,000
Other sources	8(b)	2,136,316	509,221
<b>TOTAL RECEIPTS</b>		<b>168,315,692</b>	<b>11,709,221</b>
<b>PAYMENTS</b>			
Infrastructure Development	8(c)	2,350,459	9,130,189
Rehabilitation Works	8(d)	2,933,092	311,827
Asset Acquisition	8(e)	231,247	656,100
Grants	8(f)	13,161,094	-
Soft Loans	8(g)	14,671,749	-
Secondary Sch Bursaries	8(h)	8,283,818	-
Administrative Costs	8(i)	4,748,381	271,003
<b>TOTAL PAYMENTS</b>		<b>46,379,839</b>	<b>10,369,119</b>
Increase/(decrease) in Cash		121,935,853	1,340,102
Cash at beginning of the year		20,749,388	19,409,286
<b>Cash at the end of the quarter</b>		<b>142,685,241</b>	<b>20,749,388</b>

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 31<sup>st</sup> December, 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1<sup>st</sup> 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 31<sup>st</sup> December 2019 up to 2021.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1<sup>st</sup> 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 1<sup>st</sup> January, 2022 and should end on 31<sup>st</sup> 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	31.12.2022	31.12.2021
	Kwacha	Kwacha
Local Tax Type		
Residential Rates	54,713,612	42,042,667
Industrial / Commercial Rates	47,675,208	42,628,407
Personal Levy	3,154,766	2,967,028
	<u>105,543,585</u>	<u>87,638,102</u>

The Council relied on the Valuation Roll updated for the period 2020 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.

	31.12.2022	31.12.2021
	Kwacha	Kwacha
Fees and Charges	73,969,421	68,362,227
Development Charges	2,055,233	8,740,461
Total	<u>76,024,653</u>	<u>77,102,688</u>

## NOTES TO THE FINANCIAL STATEMENTS

### a. Fees and charges

The Council generated the following fees:

Details	31.12.2022	31.12.2021
	Kwacha	Kwacha
Consent Fees	161,622	186,788
Survey Fees/Beacon Identification/Placement	27,902	79,799
Building Inspection Fees	1,512,760	1,731,933
Plan Scrutiny	12,438,026	10,020,731
Change Of Premise Use	118,042	250,024
Container/Ntemba Fees	158,316	260,463
Rentals /Leases Of Council Properties	4,914,881	6,590,087
Application Fees(Plots,Forms)	-	829,912
Sketch Plan Billboards	21,201	37,350
Search Fees	52,238	59,497
Notice Board Adverts	202,164	29,426
Market Fees	6,279,101	6,271,823
Parking Fees	5,065,903	4,811,771
Bus Station Fees	783,282	962,297
Affidavit Fees	60,404	51,228
Registration of Clubs and Societies	258,575	61,798
Hire Of Halls	308,988	294,170
Hire of Grounds and Stadia	4,500	4,100
Hoarding Fees	25,970	100,421
Body Remains Exhumation Fees	1,331	27,861
Body Remains Inspection Fees	40,800	20,427
Boundary location (Tombstone) Fees	500	13,796
Course Fees	62,022	44,316
Refuse Disposal	2,337,029	2,318,578
Library Membership Fees	8,615	-
Rentals from Parks	-	694
Notice Of Marriage	3,433,711	2,736,299
Abattoir/Meat Inspection Fees	245,170	7,830
Communication Mast Levy	17,964	1,197,800
Sales At Parks	-	-
Billboards And Banners	13,405,559	10,499,909
Penalties	516,552	213,170
Ground Rent/Site Rent	10,591,503	8,990,529
Change Of Ownership/plot	222,032	210,726
Other Fees And Charges	10,692,760	9,446,676
<b>Total</b>	<b>73,969,421</b>	<b>68,362,227</b>

### b. Land Development Charges

The Council collected the following land development related charges:



Charges Type	31.12.2022	31.12.2021
	<b>Kwacha</b>	<b>Kwacha</b>
Service Charges	2,055,233	8,740,461
<b>Total</b>	<b>2,055,233</b>	<b>8,740,461</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Licenses

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

Licence Type	31.12.2022	31.12.2021
	<b>Kwacha</b>	<b>Kwacha</b>
Liquor licence	2,672,708	2,455,936
Firearm and ammunition licence	227,553	285,022
Dog licence	5,771	12,007
Occupancy licence	758,315	316,715
Petroleum licence	1,676,166	322,973
<b>Total</b>	<b>5,340,513</b>	<b>3,392,653</b>

### 5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	31.12.2022	31.12.2021
	<b>Kwacha</b>	<b>Kwacha</b>
Pole Levy	-	2,000
Business Levy	44,164,671	45,378,698
<b>Total</b>	<b>44,164,671</b>	<b>45,380,698</b>

### 6. Permits

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

LUSAKA CITY COUNCIL  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

Type of Permit	31.12.2022	31.12.2021
	<b>Kwacha</b>	<b>Kwacha</b>
Health Permit	6,733,346	964,944
Herbalist permits	181	1,373
Transportation of meat products	1,116,841	2,066,464
Burial Permits and Grave sites	358,048	586,025
Fire Certificates	26,115,908	20,196,616
Extension of business hours permits	-	10,858
Public permits (social gatherings, etc)	99,050	199,337
Other Permits		
a) Opaque beer Permits	7,150	4,613
b) Transportation of milk products	1,331	27,692
c) Transportation of Opaque beer	322	65,623
d) Nursery, Pre - School permits	261,341	1,351,555
	<b>34,693,517</b>	<b>25,475,099</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Local Government Equalisation Fund

#### a. Funding

	31.12.2022	31.12.2021
<b>Funding</b>	<b>Kwacha</b>	<b>Kwacha</b>
1st Funding	3,993,190	3,422,269
2nd Funding	3,738,774	3,905,553
3rd Funding	3,446,635	3,855,553
4th Funding	3,593,146	3,840,208
5th Funding	3,607,656	3,940,208
6th Funding	3,605,994	3,835,614
7th Funding	3,526,494	3,943,691
8th Funding	3,605,852	3,968,519
9th Funding	3,611,118	4,025,255
10th Funding	3,469,222	8,005,527
11th Funding	3,514,838	-
12th Funding	3,489,757	-
	<b>43,202,676</b>	<b>42,742,397</b>

#### b. Operational Expenditure

The Council applied amounts totalling K33,318,864 of LGEF receipts towards meeting operational expenses representing 77% of the total LGEF funding for the reporting period. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

#### c. Capital Expenditure



The Council applied amounts totalling K6,394,055 of LGEF receipts towards meeting capital expenditure representing 15% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Constituency Development Fund

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

#### a) CDF Funding

Constituency	31.12.2022 Kwacha	31.12.2021 Kwacha
Chawama	23,739,911	1,600,000
Kabwata	23,739,911	1,600,000
Kanyama	23,739,911	1,600,000
Lusaka Central	23,739,911	1,600,000
Mandevu	23,739,911	1,600,000
Matero	23,739,911	1,600,000
Munali	23,739,911	1,600,000
<b>Total Funding</b>	<b>166,179,376</b>	<b>11,200,000</b>

#### b) Other CDF Sources of Funding

LUSAKA CITY COUNCIL  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

	31.12.2022	31.12.2021
	Kwacha	Kwacha
<b>Constituency</b>		
Chawama	294,948	69,388
Kabwata	344,185	130,460
Kanyama	290,711	53,679
Lusaka Central	331,108	89,486
Mandevu	288,887	51,011
Matero	296,404	56,835
Munali	290,071	58,363
<b>Total Other Sources</b>	<b>2,136,313</b>	<b>509,221</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### c) Infrastructure Development

	31.12.2022	31.12.2021
	Kwacha	Kwacha
<b>Constituency</b>		
Chawama	359,767	2,028,925
Kabwata	1,048,311	1,381,180
Kanyama	293,180	1,477,838
Lusaka Central	401,558	414,940
Mandevu	206,428	1,452,215
Matero	-	978,115
Munali	41,215	1,396,975
<b>Total infrastructure development cost</b>	<b>2,350,459</b>	<b>9,130,189</b>

Infrastructure development included construction of Lilayi Clinic, Rockfield Clinic, Libala Clinic, Kamulanga Police Post, Mkandawire Football Ground, Linda Football Ground, Linda Police Post, John Laing Police Post, Thornpark Primary School, Nyumba Yanga Police Post, Ng'ombe Youth Skills Centre, Kalundu Police Post and Kamanga Market Shelter



**d) Rehabilitation Works**

	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Kabwata	-	
Kanyama	299,994	
Munali	2,633,097	311,827
<b>Total Rehabilitation payments</b>	<b>2,933,092</b>	<b>311,827</b>

Total Rehabilitation costs included rehabilitation of roads

**NOTES TO THE FINANCIAL STATEMENTS**

**e) Asset Acquisition**

	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Chawama	39,777	-
Kabwata	118,660	-
Lusaka Central	18,560	-
Mandevu	-	156,600
Matero	54,250	499,500
<b>Total Asset acquisition cost</b>	<b>231,247</b>	<b>656,100</b>

Total asset acquisition costs included the acquisition of school desks for Chawama Schools, office furniture for Kanyama Police Post, John Laing Police Post, George Police Post, Matero East Police Post and Mwembeshi Police Post as well as single mattresses for Kabulonga Special Unit School

**f) Youth and Women Empowerment Grants**

LUSAKA CITY COUNCIL  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Chawama	1,825,960	-
Kabwata	1,873,485	-
Kanyama	2,134,197	-
Lusaka Central	1,958,600	-
Mandevu	1,920,137	-
Matero	1,914,300	-
Munali	1,534,415	-
<b>Total Contingent cost</b>	<b>13,161,094</b>	<b>-</b>

g) Youth and Women Empowerment Soft Loans

	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Chawama	2,934,350	-
Kabwata	2,934,349	-
Kanyama	-	-
Lusaka Central	2,934,350	-
Mandevu	2,934,350	-
Matero	-	-
Munali	2,934,350	-
<b>Total Soft Loans cost</b>	<b>14,671,749</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS

h) Secondary School and Skills Development Bursaries

	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Chawama	1,021,060	-
Kabwata	1,409,311	-
Kanyama	1,280,686	-
Lusaka Central	700,950	-
Mandevu	1,403,517	-
Matero	1,287,938	-
Munali	1,180,355	-
<b>Total Bursaries cost</b>	<b>8,283,818</b>	<b>-</b>

i) Administrative Costs



	31.12.2022	31.12.2021
Constituency	Kwacha	Kwacha
Chawama	604,669	15,704
Kabwata	735,445	36,914
Kanyama	847,469	33,590
Lusaka Central	742,873	41,773
Mandevu	637,680	49,013
Matero	652,983	38,090
Munali	527,262	55,919
<b>Total administrative costs</b>	<b>4,748,381</b>	<b>271,003</b>

**9. Other grants**

During the year, the Council did not receive any grants.

Revenue Source	31.12.2022	31.12.2021
	Kwacha	Kwacha
Covid-19 Donation	-	250,000
Councilors' Induction		99,942
<b>Total</b>	<b>-</b>	<b>349,942</b>

**10. Borrowings**

The Council got an overdraft during the year.

Details	31.12.2022	31.12.2021
	Kwacha	Kwacha
Payment of Salaries	27,000,000	-
<b>Total</b>	<b>27,000,000</b>	<b>-</b>

**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;

S/n	Details	Revenue Kwacha	Expenditure Kwacha	Variance Kwacha
1	Intercity Bus Terminus	22,378,595	21,446,062	932,533
2	City Market	17,911,160	17,898,136	13,025
3	Kulima Tower Bus Station	8,095,419	8,955,588	- 860,168.69
4	New Soweto Market	9,268,400	9,244,593	23,808
5	Michael Chilufya Sata Market	2,548,230	2,401,633	146,597.38
6	Lusaka City Clothing Factory	2,447,204	2,739,432	- 292,227.68
7	Dzithandizeni Training School	735,460	699,026	36,433.67
	<b>Total</b>	<b>63,384,469</b>	<b>63,384,468</b>	<b>0</b>
		<b>31.12.2022</b>	<b>31.12.2021</b>	
	<b>Receipts</b>	<b>Kwacha</b>	<b>Kwacha</b>	
	Others	63,384,469	42,217,754	
	<b>Total</b>	<b>63,384,469</b>	<b>42,217,754</b>	
	<b>Payments</b>			
	Wages	37,639,933	23,477,639	
	Others	18,756,382	15,510,115	
	<b>Total</b>	<b>56,396,315</b>	<b>38,987,754</b>	
	Surplus/deficit	<b>6,988,153</b>	<b>3,230,000</b>	

## 12. Other Receipts

Council received funds as Commission on Withholding Tax during the year.

Revenue Source	31.12.2022 Kwacha	31.12.2021 Kwacha
2021 General Election Funds		39,577,499
Disposal of assets		24,231,612
Community Engagement Project		395,470
Commission on Withholding Tax	5,874,366	
<b>Total</b>	<b>5,874,366</b>	<b>64,204,581</b>

## 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.



**LUSAKA CITY COUNCIL**  
**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022**

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
Salaries - Div I	28,162,762	12,878,112
Salaries - Div II	32,714,438	45,188,561
Salaries - Div III	53,012,445	48,298,173
Wages - Division IV	85,859,810	90,996,551
Representation Allowances	1,368,000	
ZCTU	-	113,666
ZULAWU	331,150	754,649
Others	64,752	117,288
<b>Total</b>	<b>201,513,357</b>	<b>198,347,000</b>

Note: K64,752 was a contribution made towards FIRESUZ

**14. Use of Goods and Services**

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

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
Office Running Costs	7,717,692	6,078,318
Building, Repair and Maintenance Costs	4,786,929	4,166,092
Plant, Machinery, Vehicle Running and Maintenance Cost	17,924,479	13,486,818
Other Administrative operating costs	2,160,148	43,655,852
Requisites	8,200,594	5,453,830
Services	65,888,501	25,134,186
Travel expenses	1,691,234	565,544
Training	2,197,636	1,065,470
Legal costs	4,606,783	5,124,686
<b>Total</b>	<b>115,173,995</b>	<b>104,730,796</b>

**15. Financial Charges**

The Council paid amounts totalling K843,021 as financial charges during the year.

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
a) Interest on Internal Debt	843,021	3,246,379
<b>Total</b>	<b>843,021</b>	<b>3,246,379</b>

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**17. Non-Financial Asset Acquisition**

17.1 Acquisition of assets involved the following in amounts totalling K7,138,105:

**LUSAKA CITY COUNCIL**  
**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022**

<b>Details</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Buildings and structures	25,420	854,394
Plant, machinery and equipment	1,691,625	1,393,583
Office equipment	4,207,035	3,941,778
Other assets	464,025	283,888
Vehicles and motor cycles	750,000	3,451,080
<b>Total</b>	<b>7,138,105</b>	<b>9,924,724</b>

**17.2 Intangible Fixed Assets Acquisition**

<b>Details</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Intangible fixed assets	290,000	944,492
<b>Total</b>	<b>290,000</b>	<b>944,492</b>

**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:

<b>Details</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Repayment of Indo Zambia Bank Loan	5,653,070	7,129,489
Repayment of Indo Zambia Bank Refinancing Loan	563,174	781,968
	<b>6,216,243</b>	<b>7,911,457</b>

Take note that as at 31<sup>st</sup> December, 2022 the Council had made loan repayments amounting to K1,515,997, K4,137,073 and K563,174.

**NOTES TO THE FINANCIAL STATEMENTS**

**20. Other Payments**



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

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
Suppliers of Goods and Services	-	105,739
National Pension Scheme Authority	-	52,617
Local Authorities Superannuation Fund	-	300,770
Others	515,718	5,641,492
Bank Overdraft	2,751,899	3,690,560
Terminal Benefits	608,593	747,831
Long Service Bonus	1,169,112	1,069,373
Leave Travel Benefits	159,284	398,298
Salary Arrears		30,501,417
Others		398,971
<b>Total</b>	<b>5,204,606</b>	<b>42,907,068</b>

Note: Payments towards Other Creditors involved offsetting of arrears to sports clubs, outstanding staff loan repayments to NATSAVE and Astro Mobile (Z) Ltd as well as refund of repair of motor vehicle involved in an accident.

## 21. Foreign Exchange Losses

Council did not have any foreign exchange transactions.

## NOTES TO THE FINANCIAL STATEMENTS

## 22. Cash Balances

The Council's Cash amounts consisted of demand deposits.

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
Cash on hand	-	-
Demand Deposits	185,362,334	4,593,834
Cash equivalents	-	-
<b>Total</b>	<b>185,362,334</b>	<b>4,593,834</b>

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Demand Deposits – Bank Balances**



The Council had the following reconciled bank account balances as at the 31<sup>st</sup> December 2022:

S/N	Bank Account Name	Account No.	31.12.2022 Kwacha	31.12.2021 Kwacha
1	Atlas Mara	3015413441016	86,237	92,795
2	ABSA	0171349125.	74,497	-814,755
3	UBA	9010160030729	6,618	35,444
4	First Alliance Bank	0050600103008	7,939	-
5	FNB - E-Wallet	62560364904	63	11,804
6	FNB - Swipe	62495364764	82,386	104,566
7	Indo Zambia Bank - Revenue	132030000194	152,929	152,929
8	Indo Zambia Bank - Operations	2080131481401	-8,979,909	-16,429,481
9	Indo Zambia Bank - Ground Rent	132030000216	-188,056	-
10	Zanaco Bank - Electoral Commission of Zambia	0611285300110.	-	381,891
11	NATSAVE Operations	2080130375401	137	18,572
12	NATSAVE Revenue	9130001669536	25,121	1,214
13	Stanbic	1316574500188	252,153	-482,632
14	Stanbic - LUSWI	9130001787245	-	228,007
15	Zanco Bank - Grants	20733500123	3,490,306	58,733
16	Zanco Bank - General Revenue Fund	20801500153	114,908	2,584
17	Zanaco - Rates and Revenue	581630500122	46,913,847	163,775
18	Zanco Bank - Loans	1324741500165	37,233	-
19	Zanco Bank - Salaries & Wages	53020000009	73,923	-
20	Indo Bank - Markets Revenue	1052318300167	-	122,761
21	Zanaco - Markets Projects Unit	519510500150	242,339	-24,925
22	Zanaco - Waste Management Unit	132030000216	369,164	-77,596
23	Chawama Constituency Development Fund	2045300171	19,709,280	2,460,004
24	Kabwata Constituency Development Fund	20750300119	20,829,521	4,864,897
25	Kanyama Constituency Development Fund	20743300153	21,441,864	2,372,569
26	Lusaka Central Constituency Development Fund	2.07463E+11	20,880,644	4,016,508
27	Mandevu Constituency Development Fund	20747300189	19,454,806	2,291,902
28	Matero Constituency Development Fund	20748500101	22,445,678	2,343,570
29	Munali Constituency Development Fund	20742300144	17,544,893	2,399,938
30	Lusaka City Council Roads	244345500172	22,092	52,513
31	Lusaka City Council Project Account	584323500109	39,084	1,253
32	LCC - Land Development Account	20834500159	18,934	13,384
33	FNB UNAIDS - Dollar account	62560365001	213,616	4,760
34	FNB - Dollar account	62582803592	89	226,851
			<b>185,362,334</b>	<b>4,593,834</b>

#### 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 22<sup>nd</sup> February, 2022 and there were no subsequent approved supplementary adjustments to the budgets.

**b. Budget Variances**

- **Local Taxes**

Council planned to collect K155,166,979 from Local Taxes but managed to collect K105,543,585 resulting in a variance of 32%. This has been due to the delay in the approval of the 2019 Main valuation roll. LCC is still using the partial approval of the roll granted in February 2021.

The issuance of title deeds in Peri - urban areas by Ministry of Lands and Natural Resources under the National Titling Programme has affected the collection of ground rent (Accumulated to K268 million likely to be lost).

- **Licenses**

Council planned to collect K33,439,136 from Licenses but only collected K5,340,513 resulting in a variance of 84%. Due to the implementation of three (3) year Liquor Licensing program, Council could not implement the revised Single Year as it was contrary to the provisions of the Liquor Licensing Act.

- **Levies**

Council planned to collect K77,721,010 from Levies but only collected K44,164,671 resulting in a variance of 43%. This was due to a drop in number business owners who renewed their Business Levy Certificates in 2022 for the financial year 2023 in the period October to December 2022.

- **Permits**

Council planned to collect K19,383,744 from Permits but collected K34,693,517 resulting in a variance of 79%. This was due to an increase in compliance by Business Owners in obtaining Fire Certificates for their premises for both the 2022 and 2023 Financial year.

- **Borrowings**

The council did not budget for any borrowings but borrowed K27,000,000 resulting in a variance of 100%. This was due to the council obtaining a Loan facility in amounts totalling K27,000,000 for payment of salaries arrears.

- **Commercial Ventures**

Council planned to receive K11,400,000 as contributions from Commercial Ventures, but only received K6,988,154 resulting in a negative variance of 39%. This was due to challenges of street vending that affected the performance of Markets and Bus Station which prevented them to make the contributions at the level planned in the Budget.

**NOTES TO THE FINANCIAL STATEMENTS**

- **Other Receipts**



Council planned to collect K1,186,020 as other receipts but collected K5,874,366 resulting in a variance of 81%. This was because the council received commission on withholding Tax of K5,874,366.

- **Use of Goods and Services**

Council planned to spend K329,783,700 but managed to spend K115,173,995 resulting in a positive variance of 65%. Council could not fund all the planned acquisitions of Goods and Services because not enough money was generated during the financial year.

- **Financial Charges**

The council planned to spend K985,000 but spent a sum of K843,021 resulting in a variance of about 14%.

- **Non – Financial Assets Acquisition**

The Council planned to spend K41,801,575 on the acquisition of Non-Financial Assets but managed to spend K7,428,105 resulting in a positive variance of 82%. Council could not fund all the planned acquisitions because not enough money was generated during the financial year.

- **Loan Repayment (Long Term Liabilities)**

The Council planned to spend K8,399,603 on loan repayment but spent K6,216,243 resulting in a positive variance of 26%. This was due to inadequate funds raised during the financial year.

- **Other Payments (Current Liabilities)**

The Council planned to spend K13,459,166 as other payments but spent K5,204,606 resulting in a positive variance of 83%. This was due to payment of arrears in terms of Long Service Bonuses, Terminal Benefits and Salary Arrears

## 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.

	31.12.2022	31.12.2021
Type of Services	Kwacha	Kwacha
Consultancy, Studies, Fees, Technical Assistance	600,540	507,692
Printing	1,845	42,000
Advertising and Publicity	788,896	535,952
Technical Equipment Repair and Maintenance	4,700	-
Transportation	549,913	898,640
Public Functions and Ceremonies	1,172,586	631,031
Shows and Exhibits	713,993	131,329
Boards, Councils and Committees' Expenses	815,227	358,778
Relief, Repatriation and Burial of Destitutes	56,526	31,950
Staff Welfare and Recreation	3,812,542	3,520,735
Valuation of properties	1,320	-
Labour Day Expenses and Awards	37,813	293,300
Hire of Plant and Equipment	5,049,852	4,038,326
Waste and Refuse Collection	1,235,059	
Conferences, Seminars and Workshops	394,798	447,848
Bank Charges	288,359	702,522
Other Services	50,364,532	12,994,085
	<b>65,888,501</b>	<b>25,134,186</b>

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

(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.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Property, Plant and Equipment



The Council had property, plant and Equipment valued at **K549,763,209**

	Land	Land and Buildings	Plant and Machinery	Motor vehicles	Total
	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha
Opening balance	-	501,620,922	8,089,491	32,914,691	542,625,104
Additions	-	25,420.00	6,362,685.00	750,000.00	7,138,105
Revaluation	-	-	-	-	-
Re - classification	-	-	-	-	-
Disposal	-	-	-	-	-
Closing balance	-	501,646,342	14,452,176	33,664,691	549,763,209

**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**

Details	31.12.2022 Kwacha	31.12.2021 Kwacha
1 Total suppliers of goods & services	1585575	9962270.75
2 Overdraft	8949378	8552826.6
3 Bank loans	1,821,060	20,157,836
4 Other loans		-
5 Litigation costs/judgements	7,819,535	3,502,447
6 Utilities (water, electricity & telephones)	17,744,569	6,821,335
7 Contractors (Works done but not paid)	-	5,708,106
8 ZISC	11,467,039	11,467,039
9 Long Service Bonus	34,313,090	20,569,294
10 Leave & Travel Benefits	-	170,200
11 Salaries/Wages/Allowances		-
12 Terminal Benefits	18,163,657	15,514,992
13 Gratuity		-
14 Others (Misc. staff related costs)		58,147
15 LASF	53,456,974	48,571,792
16 NAPSA	1,192,360,111	843,057,131
16 ZRA (PAYE)	39,057,943	155,023,999
17 ZCTU	1,027,898	892,061
19 ZULAWU	-	-
20 FIRESUZ		-
21 Funeral Scheme	5,130,250	4,710,504
22 Medical Insurance	2,947,841	4,059,022
23 Workers' Compensation Fund	4,709,924	4,709,924
24 Others		-
<b>Total</b>	<b>1,400,554,843</b>	<b>1,163,508,925</b>

**APPENDICES**

**APPENDIX B – List of Receivables**



LUSAKA CITY COUNCIL  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2022

Details	31.12.2022	31.12.2021
	Kwacha	Kwacha
Rates	235,894,672	191,426,515
Commercial properties	25,878,055	28,940,920
Ground rent	26,357,343	46,067,869
Billboards management	36,389,627	17,786,118
Solid waste	1,080,158	3,164,790
Total	<u>325,599,855</u>	<u>287,386,213</u>

**Note: Increase in Rates was due to the delay in the implementation of the 2019 Main Valuation Roll**

**APPENDIX C – List of Assets acquired in the year**

**2022**

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