



LUSAKA CITY COUNCIL

2023 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 2023 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 "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 northeast 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 (Km²). 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. Shadrick	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

	2023	2022
	Kwacha	Kwacha
Cash Receipts	572,706,375	517,147,828
Payments	(505,782,505)	(336,379,336)
Increase in Cash and Cash Equivalents	<u>66,923,870</u>	<u>180,768,492</u>

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 2021
- Implementation of E-Governance Services such as e-payments, e-bills, construction permit systems and others.

Related Party Transactions

There were no related party transactions during the financial year.

REPORT OF THE COUNCIL

Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K26,328,755

Details	Bank account	Amount K	Remarks
Toyota Zambia	Chawama CDF	1,960,089	Toyota Landcruiser
Toyota Zambia	Kabwata CDF a/c	1,960,089	Toyota Landcruiser
Toyota Zambia	Kanyama CDF	1,960,089	Toyota Landcruiser
Toyota Zambia	Lusaka Central	1,960,089	Toyota Landcruiser
Toyota Zambia	Mandevu CDF a/c	1,960,089	Toyota Landcruiser
Toyota Zambia	Matero CDF a/c	1,960,089	Toyota Landcruiser
Toyota Zambia	Munali CDF a/c	1,960,089	Toyota Landcruiser
	Mandevu CDF a/c	1,600,000	Vibratory Soil Roller Compactor
	Matero CDF a/c	2,310,440	Grader
Various	Operations	6,867,103	Buildings and structures
Various	Operations	104,010	Plant, machinery and equipment
Various	Operations	1,436,814	Office equipment
Various	Operations	289,764	Other assets
		26,328,755	

Intangible Assets

The council did not purchase any intangible assets during the year.

Employees

The actual number of employees at the beginning of the year was 3,544 and at the yearend of 2023 they were 3,001 employees. The total amount spent on employees' remuneration and welfare during the year was K328,133,478.

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 K2,800,820 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.

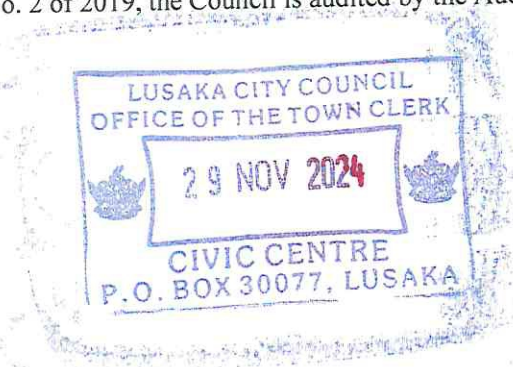
By order of the Council.

Signature *[Signature]*

Name..... *L. W. W. W.*

Position: Town Clerk

Date..... *29-11-24*



STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Lusaka City Council is responsible for preparing the financial statements for the year ended 31st December 2023, 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 10.

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

The Council, further, accepts responsibility:

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

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

In the opinion of the Council, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the City Council for the financial period ended 31st December 2023.

Signed on behalf of the Council on by;

Name: CHILANDO CHITANGALA

Signature: [Signature]

Position: Mayor

Name: FRANCIS PHIM

Signature: [Signature]

Position: Director of Finance

Name: C. JOABO

Signature: [Signature]

Position: Town Clerk



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LUSAKA, ZAMBIA
E-mail: auditor@aga.gov.zm



In reply please quote:

No. _____

REPUBLIC OF ZAMBIA

OFFICE OF THE AUDITOR-GENERAL

P.O. BOX 50071
RIDGEWAY
LUSAKA, ZAMBIA

29th November 2024

The Town Clerk
Lusaka City Council
P.O. Box 30077
LUSAKA

AUDITED FINANCIAL STATEMENTS FOR LUSAKA CITY COUNCIL FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2023

The above-mentioned subject matter refers.

Find attached the audited financial statements for Lusaka City Council and the proposed Independent Auditor's Report for the financial year ended 31st December 2023.

The financial statements are being sent to you for consideration, adoption and signing in line with the Local Authorities Accounting Policies (LAAPs) of 2019 and the Treasury and Financial Management Circular No. 6 of 2021 which require that audited financial statements should be tabled in a Council meeting and be considered and authorised by the Council for issuance. In this regard, you are hereby advised to proceed accordingly and have the financial statements tabled in a Council meeting for authorisation.

After the financial statements have been authorised you will be required to send ten (10) copies of the signed financial statements to my Office for inclusion of signed copies of the Independent Auditor's Reports.

In addition, you are advised to ensure that the signed copies are the exact copies audited and approved by the Council.

Be guided accordingly.

Dr. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL

Cc: The Permanent Secretary
Ministry of Local Government and Rural Development
LUSAKA



**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

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 for the Financial Year Ended 31st December 2023

Opinion

I have audited the financial statements for Lusaka City Council for the financial year ended 31st December 2023 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.

In my opinion, the accompanying financial statements for Lusaka City Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December 2023 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**

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements. Key audit matters are selected from the matters communicated to those charged with governance but are not intended to represent all matters that were discussed with them. However, I have determined that there are no key audit matters to communicate.

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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

In communicating with those charged with governance, I also determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Council is required, under Section 45 of the Local Government Act No. 2 of 2019 to prepare a Statement of Comprehensive Income and a Statement of Financial Position. However, the Council prepared 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) using Cash Basis IPSAS in line with the LAAPS.

Dr. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL

DATE:

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2023

Details	NOTE	2023 Kwacha	2022 Kwacha
Receipts			
Local taxes	2	86,342,712	105,543,585
Fees and Charges	3	133,779,291	76,024,653
Licences	4	4,367,999	5,340,513
Levies	5	42,514,418	44,164,671
Permits	6	62,707,521	34,693,517
Local Government Equalisation Fund	7	35,910,430	43,202,676
Constituency Development Fund	8	194,977,478	168,315,692
Other Grants	9	6,967,563	-
Borrowings	10	-	27,000,000
Commercial Venture	11	2,700,000	6,988,153
Other Receipts	12	2,438,962	5,874,366
Total Receipts		572,706,375	517,147,828
Payments			
Personal Emoluments	13	328,133,478	201,513,358
Use of goods and services	14	93,890,942	79,057,342
Financial Charges	15	70,906	843,021
Social benefits	16	41,577,221	21,444,912
Non-financial assets acquisition	17	26,328,756	7,428,105
Financial Assets	18	11,865,081	14,671,749
Loan Repayments	19	1,095,423	6,216,243
Other payments	20	2,820,698	5,204,606
Total Payments		505,782,505	336,379,336
Increase/(decrease) in Cash		66,923,870	180,768,492
Foreign Exchange Losses	21	-	-
Cash at beginning of the year	22	185,362,326	4,593,834
Cash at the end of the year		252,286,196	185,362,326

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



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2023

	Original budget Kwacha	Adjustments Kwacha	Final budget Kwacha	Actual amounts Kwacha	% Perform	Variance Kwacha	% Variance
RECEIPTS							
Local taxes	135,171,979	-	135,171,979	86,342,712	64	(48,829,267)	-36
Fees and Charges	130,204,749	-	130,204,749	133,779,291	103	3,574,543	3
Licenses	12,676,915	-	12,676,915	4,367,999	34	(8,308,916)	-66
Levies	62,725,010	-	62,725,010	42,514,418	68	(20,210,592)	-32
Permits	41,259,165	-	41,259,165	62,707,520	152	21,448,355	52
Local Government Equalization Fund	48,903,058	-	48,903,058	35,910,431	73	(12,992,627)	-27
Other Grants	-	-	-	6,967,563		6,967,563	
Constituency Development Fund	198,100,000	-	198,100,000	194,977,478	98	(3,122,522)	-2
Other Grants	-	-	-	-		-	
Borrowings	-	-	-	-	0	-	0
Commercial Venture	11,400,000	-	11,400,000	2,700,000	24	(8,700,000)	-76
Other Receipts	718,425	-	718,425	2,438,962	339	1,720,537	239
TOTAL RECEIPTS	641,159,301	-	641,159,301	572,706,375	89	(68,452,926)	-11
PAYMENTS							
Personal Emoluments	235,048,810	-	235,048,810	328,133,478	140	(93,084,668)	-40
Use of goods and services	349,565,885	-	349,565,885	93,890,942	47	(255,674,943)	-73
Financial Charges	1,200,000	-	1,200,000	70,906	6	(1,129,094)	-94
Social benefits	-	-	-	41,577,221		41,577,221	
Non-financial assets acquisition	37,006,213	-	37,006,213	26,328,756	24	(10,677,457)	-76
Financial Assets	-	-	-	11,865,081		11,865,081	
Current liabilities (payable within one year)	17,138,393	-	17,138,393	2,820,698	16	(14,317,695)	-84
Long term liabilities (payable for more than one year)	1,200,000	0	1,200,000	1,095,423	91	(104,577)	-9
TOTAL PAYMENTS	641,159,301	-	641,159,301	505,782,505	79	135,376,796	21
INCREASE/DECREASE IN CASH	0	0	0	66,923,870			

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 2023**

Details		2023	2022
Receipts		Kwacha	Kwacha
Funding	7(a)	35,910,430	43,202,676
Total Receipts		35,910,430	43,202,676
Payments			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		19,273,241	8,821,474
Terminal Benefits		955,536	1,878,090
Utility bills		525,647	1,215,918
Service Provision		1,470,875	5,339,852
Goods and Services - Administrative Costs		9,641,081	10,284,354
Other Costs		2,697,583	5,779,177
Sub-Total		34,563,962	33,318,864
Capital Expenditure Payments:	7(c)		
Infrastructure Development		1,005,895	25,420
Rehabilitation Works		484,554	1,438,468
Service delivery (Capital)		2,408,874	643,246
Asset Acquisition		936,902	4,286,922
Sub-Total		4,836,225	6,394,055
Total Payments		39,400,187	39,712,919
Increase/(decrease) in cash	-	3,489,757	3,489,757
Cash at the beginning of the year:		3,489,757	0
Cash at the end of the year:		0	3,489,757

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR THE PERIOD ENDED 31ST DECEMBER 2023**

		2023	2022
		Kwacha	Kwacha
RECEIPTS			
Funding	8(a)	190,589,326	166,179,376
Other sources	8(b)	4,388,152	2,136,316
TOTAL RECEIPTS		194,977,478	168,315,692
PAYMENTS			
Infrastructure Development	8(c)	23,291,494	2,350,459
Rehabilitation Works	8(d)	13,956,242	2,933,092
Asset Acquisition	8(e)	8,813,200	231,247
Grants	8(f)	15,329,230	13,161,094
Soft Loans	8(g)	11,865,081	14,671,749
Secondary Sch Bursaries	8(h)	26,247,991	8,283,818
Administrative Costs	8(i)	7,243,907	4,748,381
TOTAL PAYMENTS		106,747,146	46,379,839
Increase/(decrease) in Cash		88,230,333	121,935,853
Cash at beginning of the year		142,685,241	20,749,388
Cash at the end of the year		230,915,573	142,685,241

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. 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: 2023/1 – Applicability of International Public Sector Accounting Standards (IPSASs)

This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act No. 13 of 2008 requires the adoption of Accrual Basis of Accounting by public entities by 1st January 2025 with a transition period of three (3) years. The Council is preparing to adopt Accrual Basis IPSASs on 1st January 2025.

Treasury and Financial Management Circular No.18 of 2022 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 2022 up to 31st December 2024.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1st January 2025 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 2025 and should end on 31st December 2027. 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 No. 2 of 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.

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	2023	2022
	Kwacha	Kwacha
Local Tax Type		
Residential Rates	38,190,300	54,713,612
Industrial / Commercial Rates	45,096,356	47,675,208
Personal Levy	3,056,057	3,154,766
Total	86,342,712	105,543,585

The Council relied on the Valuation Roll updated for the period 2019 to 2024 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.

	2023	2022
	Kwacha	Kwacha
Fees and Charges	120,599,246	73,969,421
Development Charges	13,180,045	2,055,233
Total	133,779,291	76,024,653

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

Details	2023	2022
	Kwacha	Kwacha
Consent Fees	259,423	161,622
Survey Fees/Beacon Identification/Placement	20,068	27,902
Building Inspection Fees	1,651,454	1,512,760
Plan Scrutiny	12,254,027	12,438,026
Change Of Premise Use	31,232	118,042
Container/Ntemba Fees	87,675	158,316
Rentals /Leases Of Council Properties	2,812,680	4,914,881
Application Fees(Plots,Forms)	-	-
Sketch Plan Billboards	3,731,919	21,201
Search Fees	46,076	52,238
Notice Board Adverts	217,433	202,164
Market Fees	5,768,746	6,279,101
Parking Fees	2,248,099	5,065,903
Bus Station Fees	781,016	783,282
Affidavit Fees	20,130	60,404
Registration of Clubs and Societies	186,407	258,575
Hire Of Halls	282,550	308,988
Hire of Grounds and Stadia	2,500	4,500
Hoarding Fees	47,070	25,970
Body Remains Exhumation Fees	-	1,331
Body Remains Inspection Fees	9,600	40,800
Boundary location (Tombstone) Fees	10,272	500
Course Fees	5,750	62,022
Refuse Disposal	411,443	2,337,029
Library Membership Fees	21,610	8,615
Rentals from Parks	-	-
Notice Of Marriage	3,573,611	3,433,711
Abattoir/Meat Inspection Fees	50,666	245,170
Communication Mast Levy	211,960	17,964
Sales At Parks	-	-
Billboards And Banners	39,433,591	13,405,559
Penalties	1,081,327	516,552
Ground Rent/Site Rent	3,590,519	10,591,503
Change Of Ownership/plot	127,182	222,032
Other Fees And Charges	41,623,210	10,692,760
Total	120,599,246	73,969,421

b. Land Development Charges

The Council collected the following land development related charges:

Charges Type	2023	2022
	Kwacha	Kwacha
Service Charges	13,180,045	2,055,233
Total	13,180,045	2,055,233

NOTES TO THE FINANCIAL STATEMENTS

4. Licenses

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

Licence Type	2023	2022
	Kwacha	Kwacha
Liquor licence	2,433,098	2,672,708
Firearm and ammunition licence	610,429	227,553
Dog licence	9,126	5,771
Occupancy licence	332,962	758,315
Petroleum licence	982,384	1,676,166
Total	4,367,999	5,340,513

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2023	2022
	Kwacha	Kwacha
Pole Levy	-	-
Business Levy	42,514,418	44,164,671
Total	42,514,418	44,164,671

6. Permits

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

Type of Permit	2023	2022
	Kwacha	Kwacha
Health Permit	32,443,910	6,733,346
Herbalist permits	10,552	181
Transportation of meat products	-	1,116,841
Burial Permits and Grave sites	304,294	358,048
Fire Certificates	29,722,492	26,115,908
Extension of business hours permits	-	-
Public permits (social gatherings, etc)	213,409	99,050
Other Permits		
a) Opaque beer Permits	2,514	7,150
b) Transportation of milk products	1,612	1,331
c) Transportation of Opaque beer	1,832	322
d) Nursery, Pre - School permits	6,904	261,341
Total	62,707,521	34,693,517

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalisation Fund

a. Funding

	2023	2022
Funding	Kwacha	Kwacha
1st Funding	3,451,090	3,993,190
2nd Funding	2,951,871	3,738,774
3rd Funding	3,187,717	3,446,635
4th Funding	3,290,724	3,593,146
5th Funding	3,291,554	3,607,656
6th Funding	3,274,623	3,605,994
7th Funding	3,327,258	3,526,494
8th Funding	3,315,275	3,605,852
9th Funding	3,291,276	3,611,118
10th Funding	3,291,276	3,469,222
11th Funding	3,237,766	3,514,838
12th Funding	-	3,489,757
Total	35,910,430	43,202,676

b. Operational Expenditure

The Council applied amounts totalling K34,563,962 of LGEF receipts towards meeting operational expenses representing 88% 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 K4,836,225 of LGEF receipts towards meeting capital expenditure representing 12% 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

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	28,198,221	23,739,911
Kabwata	28,198,221	23,739,911
Kanyama	28,198,221	23,739,911
Lusaka Central	28,198,221	23,739,911
Mandevu	28,198,221	23,739,911
Matero	21,400,000	23,739,911
Munali	28,198,221	23,739,911
Total Funding	190,589,326	166,179,376

b) Other CDF Sources of Funding

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	700,613	294,948
Kabwata	624,467	344,185
Kanyama	539,461	290,711
Lusaka Central	718,035	331,108
Mandevu	569,026	288,887
Matero	690,706	296,404
Munali	545,844	290,074
Total Other Sources	4,388,152	2,136,316

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

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	2,598,256	359,767
Kabwata	6,381,382	1,048,311
Kanyama	2,529,920	293,180
Lusaka Central	3,082,526	401,558
Mandevu	2,382,761	206,428
Matero	2,449,488	-
Munali	3,867,161	41,215
Total infrastructure development cost	23,291,494	2,350,459

Infrastructure development cost included construction of John Howard Clinic, Chawama Primary School, John Howard Market, Lilayi Clinic, Lewis Ground, Lilayi Primary School, Chilenje Level 1 Hospital, Chilenje Market, Michael Chilufya Sata Clinic, Rockfield Clinic, Kamulanga Police Post, Kabwata Police Post, St. Patrick's Primary School, Libala Stage 3 Primary School, Luckson Mapushi Police Post, Lusakasa Primary School, Mkandawire Football Ground, Kamulanga Football Ground, Kamulanga School, Kamwala Primary School, Katungu Police Post, Linda Clinic, John Laing Police Post, State Lodge Primary School, Nsungu & Raphael Kombe Road Streetlighting, Northmead Primary School, Lubwa Clinic, Bauleni School, Boreholes at Northmead, Burma and Bauleni Schools, Mumuni Primary School, Rockfield Police Post, Bauleni Skills Centre, Jacaranda Basic School, Justin Kabwe Primary School, Ng'ombe Youth Skills Centre, Chaisa Police Post, Mandevu Clinic, Chipata Football Ground, Ngwerere Football Ground, Vunguma Road Culverts, Chazanga Combined School, Olympia Market, Matero Level 1 Hospital, Pamodzi Community School, Desai Primary School, Esan Primary School, Yotamu Muleya Primary School, Mwamba Luchembe Market, Chunga Market, Mtendere East Clinic, Kalingalinga Market, Gripis Clinic, Chelstone Combined School, Chainama Special School and Chainama Police Post

d) Rehabilitation Works

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	2,256,903	-
Kabwata	1,039,543	-
Kanyama	3,091,844	299,994
Lusaka Central	205,610	-
Mandevu	1,143,261	-
Matero	989,859	-
Munali	5,229,222	2,633,097
Total Rehabilitation payments	13,956,242	2,933,092

Total Rehabilitation costs included rehabilitation of roads

NOTES TO THE FINANCIAL STATEMENTS

e) Asset Acquisition

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	225,405	39,777
Kabwata	296,641	118,660
Kanyama	1,339,172	-
Lusaka Central	1,923,487	18,560
Mandevu	2,319,687	-
Matero	2,532,857	54,250
Munali	175,950	-
Total Asset acquisition cost	8,813,200	231,247

Total asset acquisition costs included the acquisition of school desks for Chawama Schools, office furniture for Kanyama Police Post, Graders for Matero and Munali Constituencies

f) Grants

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	2,186,204	1,825,960
Kabwata	2,241,560	1,873,485
Kanyama	2,295,240	2,134,197
Lusaka Central	2,140,000	1,958,600
Mandevu	2,386,793	1,920,137
Matero	2,089,434	1,914,300
Munali	1,990,000	1,534,415
Total Contingent cost	15,329,230	13,161,094

g) Soft Loans

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	2,277,187	2,934,350
Kabwata	2,226,200	2,934,349
Kanyama	2,962,135	-
Lusaka Central	1,237,425	2,934,350
Mandevu	1,727,785	2,934,350
Matero	1,434,350	-
Munali	-	2,934,350
Total Soft Loans cost	11,865,081	14,671,749

NOTES TO THE FINANCIAL STATEMENTS

h) Secondary School and Skills Development Bursaries

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	1,124,634	1,021,060
Kabwata	4,493,572	1,409,311
Kanyama	6,996,785	1,280,686
Lusaka Central	992,489	700,950
Mandevu	4,367,259	1,403,517
Matero	2,531,145	1,287,938
Munali	5,742,109	1,180,355
Total Bursaries cost	26,247,991	8,283,818

i) Administrative Costs

	2023	2022
Constituency	Kwacha	Kwacha
Chawama	804,765	604,669
Kabwata	1,312,746	735,445
Kanyama	864,672	847,469
Lusaka Central	1,072,685	742,873
Mandevu	1,113,781	637,680
Matero	1,258,371	652,983
Munali	816,887	527,262
Total administrative costs	7,243,907	4,748,381

9. Other grants

During the year, the Council receive K6,967,563 as other grants for the construction of three (3) sub – fire stations.

Revenue Source	2023	2022
	Kwacha	Kwacha
Construction of Sub Fire Stations	6,967,563	-
Total	6,967,563	-

10. Borrowings

The Council did not make any borrowings during the period under review

Details	2023	2022
	Kwacha	Kwacha
Payment of Salaries	-	27,000,000
	-	27,000,000

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	22,255,075	16,655,075	5,600,000
2	City Market	18,339,315	14,739,315	3,600,000
3	Kulima Tower Bus Station	6,835,522	5,791,522	1,044,000
4	New Soweto Market	8,606,042	8,374,042	232,000
5	Michael Chilufya Sata Market	2,465,794	3,087,687 -	621,893
6	Lusaka City Clothing Factory	1,381,611	1,738,250 -	356,639
7	Dzithandizeni Training School	1,496,739	1,260,399	236,340
	Total	61,380,098	51,646,291	9,733,807

	2023 Kwacha	2022 Kwacha
Receipts		
Others	61,380,098	63,384,469
Total	61,380,098	63,384,469
Payments		
Wages	36,736,289	37,639,933
Others	21,943,809	18,756,382
Total	58,680,098	56,396,315
 Surplus/(deficit)	 2,700,000	 6,988,154

NOTES TO THE FINANCIAL STATEMENTS

12. Other Receipts

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

April	418,023	283,202
May	-	-
June	321,642	426,814
July	-	389,671
August	261,470	292,032
September	189,320	457,281
October	190,220	321,569
November	112,016	386,425
December	116,040	287,572
Total	2,438,962	5,874,366

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	2023 Kwacha	2022 Kwacha
Salaries - Div I	34,956,587	28,162,762
Salaries - Div II	72,966,055	32,714,438
Salaries - Div III	95,555,488	53,012,445
Wages - Division IV	122,665,509	85,859,810
Representation Allowances	1,341,000	1,368,000
ZCTU	-	-
ZULAWU	648,840	331,150
Others	-	64,752
Total	328,133,478	201,513,358

14. Use of Goods and Services

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

Office Running Costs	5,101,624	7,717,692
Building, Repair and Maintenance Costs	3,341,255	4,786,929
Plant, Machinery, Vehicle Running and Maintenance Cost	10,556,965	17,924,479
Other Administrative operating costs	1,117,060	2,160,148
Requisites	6,693,775	8,200,594
Services	57,881,145	29,771,848
Travel expenses	1,419,785	1,691,234
Training expenses	1,644,705	2,197,636
Legal costs	6,134,628	4,606,783
Total	93,890,942	79,057,342

NOTES TO THE FINANCIAL STATEMENTS

15. Financial Charges

The Council paid amounts totalling K70,906 as financial charges during the year.

Details	2023 Kwacha	2022 Kwacha
a) Interest on Internal Debt	70,906	843,021
Total	70,906	843,021

16. Social Benefits

The Council made payments relating to social benefits amounting to K41,577,221 during the year 2023. These are empowerment grants and Bursaries.

Constituency	2023 Kwacha	2022 Kwacha
Empowerment Grants	15,329,230	13,161,094
Secondary School and Skills Bursaries	26,247,991	8,283,818
Total	41,577,221	21,444,912

Details are as attached

a) CDF Grants

Constituency	2023 Kwacha	2022 Kwacha
Chawama	2,186,204	1,825,960
Kabwata	2,241,560	1,873,485
Kanyama	2,295,240	2,134,197
Lusaka Central	2,140,000	1,958,600
Mandevu	2,386,793	1,920,137
Matero	2,089,434	1,914,300
Munali	1,990,000	1,534,415
Total Contingent cost	15,329,230	13,161,094

b) Secondary Schools and Skills Development Bursaries

Constituency	2023 Kwacha	2022 Kwacha
Chawama	1,124,634	1,021,060
Kabwata	4,493,572	1,409,311
Kanyama	6,996,785	1,280,686
Lusaka Central	992,489	700,950
Mandevu	4,367,259	1,403,517
Matero	2,531,145	1,287,938
Munali	5,742,109	1,180,355
Total Bursaries cost	26,247,991	8,283,818

NOTES TO THE FINANCIAL STATEMENTS

17. Non-Financial Asset Acquisition

17.1 Acquisition of assets involved the following in amounts totalling K26,328,756:

Details	2023 Kwacha	2022 Kwacha
Buildings and structures	6,867,103	25,420
Plant, machinery and equipment	104,010	1,691,625
Office equipment	1,436,814	4,207,035
Other assets	289,764	464,025
Grader & compact	3,910,440	
Vehicles and motor cycles	13,720,624	750,000
Total	26,328,756	7,138,105

17.2 Intangible Fixed Assets Acquisition

Details	2023 Kwacha	2022 Kwacha
Intangible fixed assets	-	290,000
Total	-	290,000

18. Financial Assets

The Council paid K11,865,081 towards empowerment loans in the financial year under review.

Details	2023 Kwacha	2022 Kwacha
Chawama	2,277,186	2,934,350
Kabwata	2,226,200	2,934,349
Kanyama	2,962,135	-
Lusaka Central	1,237,425	2,934,350
Mandevu	1,727,785	2,934,350
Matero	1,434,350	-
Munali	-	2,934,350
Total	11,865,081	14,671,749

19. Loan Repayments

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

Details	2023 Kwacha	2022 Kwacha
Repayment of Indo Zambia Bank Loan	1,095,423	5,653,070
Repayment of Indo Zambia Bank Refinancing Loan	-	563,174
Total	1,095,423	6,216,243

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	2023 Kwacha	2024 Kwacha
Suppliers of Goods and Services	-	-
National Pension Scheme Authority	-	-
Local Authorities Superannuation Fund	-	-
Others	-	515,718
Bank Overdraft	522,985	2,751,899
Terminal Benefits	1,592,850	608,593
Long Service Bonus	556,296	1,169,112
Leave Travel Benefits	118,567	159,284
Salary Arrears	-	-
Others	30,000	-
Total	2,820,698	5,204,606

Note: Payments towards Other Creditors involved offsetting of arrears towards overdraft, Terminal benefits, Log Service Bonuses and Leave Pay Benefits.

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	2023 Kwacha	2022 Kwacha
Cash on hand	-	-
Demand Deposits	252,664,760	185,362,334
Cash equivalents	-	-
Total	252,664,760	185,362,334

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 2023:

		2023	2022
Bank Account Name		Kwacha	Kwacha
Atlas Mara	3015413441016	371,902	86,237
ABSA	.0171349125.	-	74,497
UBA	9010160030729	-	6,618
First Alliance Bank	.0050600103008.	79,762	7,939
FNB - E-Wallet	62560364904	1,075	63
FNB - Swipe	62495364764	108,084	82,386
Indo Zambia Bank - Revenue	0132030000194	3,167,321	152,929
Indo Zambia Bank - Operations	2080131481401	783,681	8,979,909
Indo Zambia Bank - Ground Rent	0132030000216	131,595	188,056
Zanaco Bank - Electoral Commission of Zambia	.0611285300110.	-	-
NATSAVE Operations	2080130375401	-	137
NATSAVE Revenue	9130001669536	-	25,121
Stanbic	1316574500188	-	252,153
Stanbic - LUSWI	9130001787245	-	-
Zanaco Bank - Grants	0020733500123	-	3,490,306
Zanaco Bank - General Revenue Fund	0020801500153	1,002,863	114,908
Zanaco - Rates and Revenue	0581630500122	1,300,998	46,913,847
Zanaco Bank - Loans	'1324741500165	-	37,233
Zanco Bank - Salaries & Wages	0053020000009	-	73,923
Indo Bank - Markets Revenue	1052318300167	-	-
Zanaco - Markets Projects Unit	0519510500150	358,289	242,339
Zanaco - Waste Management Unit	0132030000216	-	369,164
Chawama Constituency Development Fund	02045300171	35,575,170	19,790,445
Kabwata Constituency Development Fund	0020750300119	30,656,082	20,829,521
Kanyama Constituency Development Fund	0020743300153	26,661,870	21,471,264
Lusaka Central Constituency Development Fund	0207463001801	37,103,758	20,880,644
Mandevu Constituency Development Fund	0020747300189	28,645,928	19,524,188
Matero Constituency Development Fund	0020748500101	29,921,336	22,566,473
Munali Constituency Development Fund	0020742300144	29,550,429	17,590,493
Lusaka City Council Roads	0244345500172	9,905,157	22,092
Lusaka City Council Project Account	0584323500109	1,238,297	39,084
LCC - Land Development Account	0020834500159	-	18,934
FNB UNAIDS - Dollar account	62560365001	7,256	213,616
FNB - Dollar account	62582803592	19	89
ABSA (pool account)	1349125	660,418	-
Stanbic-revenue	9130001669536	2,500,877	-
Indo Zambia Bank	0132030000216	131,595	-
CDF Chawama-Indo	0132020000003	3,301,782	-
CDF-Kabwata -Indo	0042020000003	1,223,399	-
CDF-Kanyama -Zanaco	0020743300254	3,597,235	-
CDF-Lusaka Central -Zanaco	0020746300281	337,752	-
CDF-Mandevu-ZICB	1010049661028	3,383,239	-
CDF-Matero-NATSAVE	2098874002902	326,120	-
CDF-Munali- Zanaco	0020742300245	631,474	-
Total		252,664,760	185,708,677

c. Cash Equivalents

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

Disclosure note- Bank overdraft

The Council had an overdraft facility amounting to **K9,000,000** which was obtained in 2019.

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 22nd February 2023 and there were no subsequent approved supplementary adjustments to the budgets.

b. Budget Variances

• Local Taxes

Council planned to collect K135,171,979 from Local Taxes but managed to collect K86,342,712 resulting in a negative variance of 36%. 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 K12,676,915 from Licenses but only collected K4,367,999 resulting in a negative variance of 66%. 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 K62,725,010 from Levies but only collected K42,514,418 resulting in a negative variance of 32%. This was due to a drop-in number of 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 positive variance of 52%. 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.

• Commercial Ventures

Council planned to receive K11,400,000 as contributions from Commercial Ventures, but only received K2,700,000 resulting in a negative variance of 76%. 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.

• Other Receipts

Council planned to collect K718,425 as other receipts but collected K2,438,962 resulting in a positive variance of 239%. This was because the council received commission on withholding Tax and proceeds raised from the auctioning of motor vehicles.

• Use of Goods and Services

Council planned to spend K349,565,885 but managed to spend K162,715,669 resulting in a positive variance of 53%. Council could not fund all the planned acquisitions of Goods and Services because not enough money was generated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

- **Financial Charges**

The council planned to spend K1,200,000 but spent a sum of K70,906 resulting in a positive variance of about 94%.

- **Non – Financial Assets Acquisition**

The Council planned to spend K37,006,213 on the acquisition of Non-Financial Assets but managed to spend K8,697,692 resulting in a positive variance of 76%. 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 K1,200,000 on loan repayment but spent K1,095,423 resulting in a positive variance of 9%. This was due to inadequate funds raised during the financial year.

- **Other Payments (Current Liabilities)**

The Council planned to spend K17,138,393 as other payments but spent K2,720,698 resulting in a positive variance of 84%. This was due to inadequate funds to pay arrears in terms of Long Service Bonuses, Terminal Benefits and Salary Arrears

24. Provision of Services

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

Type of Services	2023 Kwacha	2022 Kwacha
Consultancy, Studies, Fees, Technical Assistance	405,000	600,540
Printing	302,500	1,845
Advertising and Publicity	165,719	788,896
Technical Equipment Repair and Maintenance	-	4,700
Transportation	235,557	549,913
Public Functions and Ceremonies	655,221	1,172,586
Shows and Exhibits	553,938	713,993
Boards, Councils and Committees' Expenses	542,894	815,227
Relief, Repatriation and Burial of Destitutes	64,975	56,526
Staff Welfare and Recreation	2,800,820	3,812,542
Valuation of properties	-	1,320
Labour Day Expenses and Awards	73,175	37,813
Hire of Plant and Equipment	2,153,166	5,049,852
Waste and Refuse Collection	516,960	1,235,059
Conferences, Seminars and Workshops	379,133	394,798
Bank Charges	182,858	288,359
Other Services	119,922,593	50,364,532
	128,954,510	65,888,501

Notes:

- The above amounts have been included in the various payments recognized in the Statement of Cash Receipts and Payments.
- 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 **K573,731,244**

	Office equipment	Land and Buildings	Plant and Machinery	Motor vehicles	Other assets	Total
	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha
Opening balance	-	501,646,342	14,452,176	33,664,691	-	549,763,209
Additions	1,436,814.40	6,867,102.78	4,014,450	13,720,624	289,744	26,328,735
Revaluation	-	-	-	-	-	-
Re - classification	-	-	-	-	-	-
Disposal	-	-	1,635,000	725,700	-	2,360,700
Closing balance	1,436,814.40	508,513,445	16,831,626	46,659,615	289,744	573,731,244

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	2023 Kwacha	2022 Kwacha
1 Total suppliers of goods & services	805,575	1,585,575
2 Overdraft	-	8,949,378
3 Bank loans	1,221,060	1,821,060
4 Other loans		
5 Litigation costs/judgements	5,819,535	7,819,535
6 Utilities (water, electricity & telephones)	7,897,193	17,744,569
7 Contractors (Works done but not paid)	-	-
8 ZISC	11,467,039	11,467,039
9 Long Service Bonus	12,313,090	34,313,090
10 Leave & Travel Benefits	-	-
11 Salaries/Wages/Allowances		
12 Terminal Benefits	19,163,657	18,163,657
13 Gratuity		
14 Others (Misc. staff related costs)	-	-
15 LASF	39,456,974	53,456,974
16 NAPSA	1,040,963,747	1,192,360,111
16 ZRA (PAYE)	105,944,858	39,057,943
17 ZCTU	196,814	1,027,898
19 ZULAWU	-	-
20 FIRESUZ	-	-
21 Funeral Scheme	5,110,524	5,130,250
22 Medical Insurance	1,447,941	2,947,841
23 Workers' Compensation Fund		4,709,924
24 Others		-
Total	1,251,808,007	1,400,554,844

APPENDICES

APPENDIX B – List of Receivables

Details	31.12.2023	2022
	Kwacha	Kwacha
Rates	215,894,672	235,894,672
Commercial properties	16,879,055	25,878,055
Ground rent	14,347,343	26,357,343
Billboards management	22,739,427	36,389,627
Solid waste	920,658	1,080,158
Total	270,781,155	325,599,855

APPENDIX C – List of Assets acquired in the year

2023

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