



KAFUE TOWN COUNCIL

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st
DECEMBER 2022**

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REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December 2022 which disclose the sources, utilization and balances of cash for Kafue Town Council during the period under review.

Background and Location of the Council

The Council's administrative office is in Kafue Estates, Kasenje Ward of Kafue District in Lusaka Province. The district lies on the outskirts of Kafue River (the second longest river in the country after the Zambezi River) from where it draws its name. The district is about 434.2 km North of Livingstone City, the tourist capital of Zambia and 45 Km south of the Nation's capital, Lusaka. It is a transit town bordering seven (7) districts, Chilanga and Lusaka on the Northern part, Chikankata and Chirundu on the southern part, Shibuyunji on the western part and Chongwe on the eastern part. It also serves as an entry and exit town to the Republic of Zimbabwe through Chirundu and Siavonga towns.

Kafue District has a total area of 4,460 square kilometers (km²). The Census of Population undertaken by the Central Statistics Office in 2010 revealed that the population of Kafue District had reached 244,628. The district has two (2) Chiefs namely Chiefteness Nkomesha Mukamambo the II and Chifteness Chiyaba.

The history of Kafue Town can be traced to the extension of the Rhodesian Railway line into Livingstone town from Southern Rhodesia (present day Zimbabwe) in 1905. The extension continued beyond Livingstone and Kalomo going all the way to the Copperbelt towns. The railway line reached Kafue in 1906 and proceeded north to Kabwe in the following years where it was meant to aid the transportation of lead and zinc minerals. The railway line contributed greatly to the growth of Kafue town.

Most of the earlier settlers of Kafue were pastoral farmers and fishermen. Many were drawn in the emerging economy as railway workers. With the development of the railway line, large tracts of the land along the railway line were opened up for settlement by the British soldiers that had survived the First World War. In addition to Agricultural development, the establishment of a major railway station near Kafue River, became an important stopover to re-furbish the steam engines with water on the journey up or down the railway line. As a result, train crews, fishermen, drivers and other railway employees settled in Kafue as process of urbanization began.

Kafue town continued growing such that by December 1964, Kafue Township Council was one of the twenty-three (23) local authorities in the country that constituted the membership of Local Government Association of Zambia (LGAZ), a mouth piece of local authorities. Despite this, the town was mostly considered part of Lusaka City. In 1970 Nitrogen Chemicals of Zambia was established to produce Ammonium Nitrate for making explosives which later added a sulphuric acid plant in 1983 and production of fertilizer. Kafue was home to one of the most popular textile companies in the Country, the Kafue textiles.

The current civic centre housing the administrative centre of Kafue Town Council was inaugurated by Hon. Alexander Chikwanda, then Minister of Local Government, on the 23rd of April 1976. At that time, Chilanga town was part of Kafue district until 2012 when it was separated and declared a district with its own Council.

The Local Administration Act No. 15 of 1980 abolished City, Municipal and Township Councils and established District Councils and therefore Kafue Township Council became Kafue District Council. This

REPORT OF THE COUNCIL

changed in 2016 when the Republican Constitution was amended resulting in change of district councils to town council, the name Kafue Town Council retains to date.

The district currently boasts of the second largest Multi Facility Economical Zone in Zambia in the Lusaka Multi Facility Economical Zone and the largest Steel manufacturing company in Zambia, Universal Mining & Chemical Industries Ltd that owns and operates the Kafue Steel factory.

The address of the registered office of Kafue Town Council (KTC) is as follows:

The Civic Centre
Luangwa Drive
P O Box 360021
KAFUE

Composition of the Council

Kafue Town 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 Town Council administers the Kafue Town.

The Council is composed of an elected Council Chairperson, sixteen (16) elected Councillors from sixteen (16) Wards, and two (2) Chiefs as provided for under Article 153 (2)(c) of the Constitution of Zambia (Amendment) Act No. 2 of 2016. The current Council was elected into office in 2016 to serve a five-year term up to 2021. The Deputy Council Chairperson was elected from among the Councillors in 2016 for the period of two and half years.

REPORT OF THE COUNCIL

The Councillors who held office during the year to December,2022 were;

S/N	NAME	GENDER	POSITION	WARD
1	Buumba Malambo	Female	Council Chairperson	Not applicable
2	Justine Singoyi	Male	Vice Chairperson	Kabweza
3	Katiyo D.Jones	Male	Councillor	Chiawa
4	Ligitimate Malumbe	Male	Councillor	Chikupi
5	Wise Mainza	Male	Councillor	Magoma
6	John Mikaya	Male	Councillor	Shimabala
7	Davyline Mwiinga	Male	Councillor	Malundu
8	Borniface Chileshe	Male	Councillor	Chifwema
9	Edwin S.Shabusale	Male	Councillor	Kafue
10	Emmanuel Moonga Miyanda	Male	Councillor	Lukolongo
11	Modester Nyambe	Male	Councillor	Shabusale
12	Comply Siamugala	Male	Councillor	Chisakila
13	Kebby Sikangila	Male	Councillor	Chisankane
14	David Sampa	Male	Councillor	Kasenje
15	Paul Kajije	Male	Councillor	Chitende
16	Kelly Liwanga	Male	Councillor	Mungu
17	Andrew Chikika Monde	Male	Councillor	Kambale
18	Micheal Sinkala	Male	Councillor	Matanda
19	Elizabeth Mullenje	Female	Councillor	H.R.H Sr Chieftainess Nkomesha Mukamambo
20	Christine Eva Maambo	Female	Councillor	H.R.H Sr Chieftainess Chiawa

The District also has one (1) elected Member of Parliament for Kafue constituency. The Member of Parliament that held office during the year was:

S/N	NAME	GENDER	CONSTITUENCY
1	Hon.Mirriam Chonya	Female	Kafue

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr Maurice Hikapulwe was the District Commissioner.

The Council Secretariat

The Secretariat of Kafue Town Council is headed by the Council Secretary. The Council Secretary and the rest of the Secretariat are appointed by the Local Government Service Commission.

The Council Secretary is assisted by four (4) Chief Officers responsible for Finance, Planning, Works and Human Resource and Administration and two (2) Heads of units namely Procurement 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.

REPORT OF THE COUNCIL

Financial Results

	2022	2021
	Kwacha	Kwacha
Cash Receipts	53,206,135	45,946,976
Payments	39,729,530	40,713,731
Increase in Cash and Cash Equivalents	13,476,605	5,233,245

Key Policies Adopted During the Year

There no key policies that were adopted during the year under consideration.

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 K4, 799,761

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

Intangible Assets

There were no purchases of intangible assets during the year.

Employees

The average number of employees at the beginning of the year was 326 and at the end of the year was 372. The total amount spent on employees' remuneration and welfare during the year was K20, 907,864.

Health and Safety of Employees

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

Recreation

The Council during the financial year incurred K1, 205,593 towards sponsoring various sporting activities.

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

Sign: *B.*

Name: *Dr. Brunda Malawi*

Position: Council Chairperson

Date: *11/11/23*

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Kafue Town Council is responsible for preparing the financial statements for the year ended 31st December, 2021 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) of October 2019 and then applied them consistently, making judgment and estimates that were reasonable and prudent.

The Council is also responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Auditor-General has audited the financial statements and his report is shown on pages 7 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 Kafue Town 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 Town Council for the financial year ended 31st December 2022.

Signed on behalf of the Council on 11th December 2023 by;

Name: Dr. Bumbala Malombo

Signature: (B)

Position: Council Chairperson

Name: BUPE MUTANYA

Signature: [Signature]

Position: Council Secretary

Name: BRENDA MACHILA

Signature: [Signature]

Position: Council Treasurer



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 Kafue Town Council

Unmodified Opinion

I have audited the financial statements of the Kafue Town Council for the financial year ended 31st 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 10 to 38.

In my opinion, the accompanying financial statements of Kafue Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December 2022 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

Basis for Unmodified 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 Kafue Town 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.



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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 modified 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.



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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.

Handwritten signature of Dr. Ron M. Mwambwa.

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

DATE: 14/12/2023

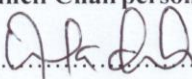
STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	2022 Kwacha	2021 Kwacha
RECEIPTS			
Local Taxes	2	3,862,322	2,775,459
Fees and Charges	3	7,025,722	13,581,042
Licences	4	3,265,733	4,292,387
Levies	5	834,810	1,624,899
Permits	6	2,159,327	1,642,600
Local Government Equalisation Fund	7	11,920,437	13,533,609
Constituency Development Fund	8	24,061,266	1,663,554
Other Grants	9	-	150,000
Borrowings	10	-	-
Commercial Venture	11	-	234,595
Other Receipts	12	76,518	6,448,832
TOTAL RECEIPTS		53,206,135	45,946,976
PAYMENTS			
Personal Emoluments	13	20,907,864	18,787,203
Use of Goods and Services	14	8,067,111	8,390,228
Financial Charges	15	-	354,827
Social Benefits	16	-	14,570
Non-financial Assets Acquisition	17	4,799,761	1,646,303
Financial Assets	18	-	-
Loan Repayments	19	-	-
Other Payments	20	5,954,794	11,520,600
TOTAL PAYMENTS		39,729,530	40,713,731
Increase/(decrease) in Cash		13,476,605	5,233,245
Foreign Exchange Losses	21	-	-
Cash at beginning of the year		7,904,453	2,671,208
Cash at the end of the year	22	21,381,059	7,904,453

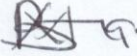
Incorporated in the payments recognised in this Statement are those for Local Government Equalisation and Constituency Development Funds. However, the details of payments under each of these Funds are presented separately in each Fund's own Statement of Cash Receipts and Payments.

Signature..... 

Position : Council Chairperson

Signature..... 

Position : Council Treasurer

Signature..... 

Position : Council Secretary

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	% Performance	Variance Kwacha	% Variance
RECEIPTS							
Local Taxes	16,141,381	-	16,141,381	3,862,322	24%	(12,279,059)	-76%
Fees and Charges	17,255,420	-	17,255,420	7,025,722	41%	(10,229,698)	-59%
Licences	3,685,063	-	3,685,063	3,265,733	89%	(419,330)	-11%
Levies	2,430,356	-	2,430,356	834,810	34%	(1,595,546)	-66%
Permits	3,607,309	-	3,607,309	2,159,327	60%	(1,447,982)	-40%
Local Government Equalisation Fund	14,344,512	-	14,344,512	11,920,437	83%	(2,424,075)	-17%
Constituency Development Fund	25,700,000	-	25,700,000	24,061,266	0%	(1,638,734)	-6%
Other Grants	-	-	-	-	0%	-	0%
Borrowings	-	-	-	-	0%	-	0%
Commercial Venture	306,000	-	306,000	-	0%	(306,000)	-100%
Other Receipts	228,000	-	228,000	76,518	34%	(151,482)	-66%
TOTAL RECEIPTS	83,698,042	-	83,698,042	53,206,135	64%	(30,491,907)	-36%
PAYMENTS							
Personal Emoluments	23,524,966	-	23,524,966	20,907,864	89%	2,617,102	11%
Use of Goods and Services	51,247,865	-	51,247,865	8,067,111	16%	43,180,754	84%
Financial Charges	-	-	-	-	0%	-	0%
Social Benefits	-	-	-	-	0%	-	0%
Non-Financial Assets Acquisition	7,572,073	-	7,572,073	4,799,761	63%	2,772,312	37%
Financial Assets	-	-	-	-	0%	-	0%
Loan Repayments	-	-	-	-	0%	-	0%
Other Payments	1,353,138	-	1,353,138	5,954,794	440%	(4,601,656)	-340%
TOTAL PAYMENTS	83,698,042	-	83,698,042	39,729,530	47%	43,968,512	53%
Increase/(Decrease in Cash)	(1)	-	(1)	13,476,605		-	

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

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT
EQUALISATION FUND (LGEF) FOR THE YEAR ENDED 31ST DECEMBER 2022**

		2022	2021
		Kwacha	Kwacha
RECEIPTS			
Funding	7(a)	11,920,437	13,533,609
Non-LGEF (Receipts)		825,353	825,353
TOTAL RECEIPTS		11,920,437	14,358,962
PAYMENTS			
Operational Expenditure Payments: 7(b)			
Salaries and Wages		11,109,040	10,375,887
Terminal Benefits		-	-
Utility bills		-	-
Service Provision		-	-
Goods and Services		-	-
Administrative Costs		-	-
Other Costs(Councillors Allowances)		742,765	451,000
Sub-Total		11,851,805	10,826,887
Capital Expenditure Payments: 7(c)			
Infrastructure Development		607,176	656,818
Rehabilitation Works		-	490,572
Asset Acquisition		1,767,000	146,575
Other Costs		10,635	378,930
Sub-Total		2,384,811	1,672,895
TOTAL PAYMENTS		14,236,616	12,499,782
Increase/(decrease) in cash		(2,316,179)	1,859,180
Cash at beginning of the year		2,789,675	930,495
Cash at the end of the year		473,496	2,789,675

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31ST DECEMBER 2022

		2022	2021
		Kwacha	Kwacha
RECEIPTS			
Funding	8(a)	23,739,911	1,600,000
Other sources	8(b)	321,355	63,554
TOTAL RECEIPTS		<u>24,061,266</u>	<u>1,663,554</u>
PAYMENTS			
Infrastructure Development	8(c)	1,212,831	542,939
Rehabilitation Works	8(d)	158,754	-
Asset Acquisition	8(e)	954,600	-
Bursaries -Secondary & Skills	8(f)	549,584	-
Empowerment Grants	8(g)	1,837,640	-
Empowerment Loans	8(h)	-	-
Administrative Costs	8(i)	774,960	2,980
Other payments	8(j)	-	33,743
TOTAL PAYMENTS		<u>5,488,369</u>	<u>579,662</u>
Increase/(decrease) in Cash		<u>18,572,897</u>	<u>1,083,892</u>
Cash at beginning of the year		<u>2,926,224</u>	<u>1,842,332</u>
Cash at the end of the year		<u>21,499,121</u>	<u>2,926,224</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of the Preparation of the Financial Statements

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

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

The accounting policies have been applied consistently throughout the period.

1.1 Migration to Accrual Basis Financial Reporting

Kafue Town Council is required, under the Local Government Act No. 2 of 2019 to produce 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 No. 13 of 2008 requires the adoption of Accrual Basis of Accounting by public entities by 31st December 2025. The Council is preparing to adopt Accrual Basis IPSASs on 1st January 2025.

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ii. Local Authorities shall use Part 2 of Cash Basis IPSAS which requires extra disclosures called ‘Encouraged Additional Disclosures’ in Cash Basis financial statements for the years ending 31st December 2019 up to 2024.
- 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 2022 and should end on 31st December, 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

Based on these guidelines, the Council has not yet commenced production of Accrual Basis financial statements required by the Local Government Act 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 Kafue Town Council (KTC). 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 Equalisation Fund in the district.

1.3 Authorisation Date

The financial statements were authorized for issue by the Ordinary/Special Council.

1.4 Revenue

Revenue is recognised 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 Kafue Town 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 No. 3 of 2014, a system of local taxes which Local Authorities can raise by passing by-laws imposing levies on:

- Leivable persons owning or occupying property or premises situated within the area of the District;
- Leivable 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 No. 3 of 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 consists 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Kafue Town 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 Kafue Town Council. These do not constitute cash receipts and payments by the Council. They include payments for goods and services made by multilateral and bilateral aid agencies and non-governmental organizations and are included in the disclosures of external assistance.

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

Local Tax Type	2022	2021
	Kwacha	Kwacha
Residential Rates	1,708,110	1,035,478
Industrial / Commercial Rates	2,014,907	1,603,251
Mining Rates	-	-
Personal Levy	139,305	136,730
	-	-
TOTAL	<u>3,862,322</u>	<u>2,775,459</u>

The Council relied on the 2009-2014 Valuation Roll to determine the property rates receivable. As at 31st December 2022 the updated 2018 Valuation Roll had not yet been awarded.

3. Fees and Charges

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

	2022	2021
	Kwacha	Kwacha
Fees and charges	3,985,110	6,732,709
Land Development Charges	3,040,612	6,848,333
Total	<u>7,025,722</u>	<u>13,581,042</u>

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

Fees and Charges Type	2022	2021
	Kwacha	Kwacha
Consent fees	49,000	15,600
Survey fees	240,993	419,504
Building & Other inspection-fees	253,690	338,505
Plans scrutiny fee	253,640	390,137
Container/Ntemba fees	-	5,165
Rent/lease of Council Properties	196,597	157,046
Application forms fees	97,760	248,991
Rentals from houses	-	30,000
Search fees	8,125	9,790
Notice board advert fees	28,600	4,150
Market fees	138,162	582,939
Parking fees	-	4,219
Bus station fees	38,719	76,573
Affidavit fees	1,400	1,085
Hire of hall	13,500	19,591
Hire of chairs	0	1,022
Hire of grounds/stadia	11,000	350
Refuse disposal fees	192,770	54,046
exhibitions for commercial and non commercial	1,500	-
Library membership fees	2,145	2,062
Notice of marriage fees	136,930	115,019
Registration of clubs and societies	101,910	19,900
Toilet fees	101,522	53,105
Farm produce levy	128,489	539,976
Communication mast levy	135,000	240,000
Illegal Parking of vehicles	1,750	
Land record to Occupancy licence	673,358	852
Billboards and banners	208,000	210,305
Lease of council transport & Other council equipment	3,100	-
Penalties	92,360	97,914
Lodging fees	-	89,005
Ground Rent	61,792	886,605
Change of ownership of plot	399,430	611,938
Other Fees and Charges/other income	413,868	1,507,315
TOTAL	3,985,110	6,732,709

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges:

Charges Type	2022	2021
	Kwacha	Kwacha
Service charges - Residential Plots	2,387,223	6,684,729
Service charges - Industrial plots	600,000	163,604
Other Charges	53,389	
TOTAL	3,040,612	6,848,333

4. Licences

A total of K3,265,733 cash receipts was raised from issuance of various licences.

Licence Type	2022	2021
	Kwacha	Kwacha
Retail licence	1,367,054	145,312
Wholesale licence	15,663	22,378
Occupancy licence	1,203,716	2,555,222
Hawkers licence	-	175
Peddlers licence	-	100
Stall licence	334	334
Liquor licence	40,868	86,569
Firearm and ammunition licence	27,000	82,200
Petroleum licence	570,700	223,935
Restaurant licence	39,648	48,797
Dog licence	750	1,900
Other licences	-	1,125,465
TOTAL	3,265,733	4,292,387

NOTES TO THE FINANCIAL STATEMENTS

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2022	2021
	Kwacha	Kwacha
Livestock Levy	4,485	4,152
Bird Levy	48	7
Fish Levy	167,499	383,226
Pole Levy	-	392
Charcoal Levy	-	1,485
Sand Levy	628,686	1,215,995
Business Levy	-	-
Opaque Beer Levy	3,500	3,500
Miscellaneous levies	30,592	16,143
TOTAL	834,810	1,624,899

6. Permits

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

Type of Permit	2022	2021
	Kwacha	Kwacha
Health Permit	1,063,831	621,768
Herbalist Permit	-	50
Opaque beer	-	-
Fire Certificates	970,825	834,960
Nursery, Pre School	-	-
Burial Permits and Grave sites	89,790	138,796
Public permits	13,050	630
Extension of Business hours	14,581	600
Other Permits	7,250	45,796
TOTAL	2,159,327	1,642,600

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalization Fund

a. Funding

	2022	2021
	Kwacha	Kwacha
1st Funding(January)	1,137,902	1,070,316
2nd Funding(February)	1,052,327	1,115,081
3rd Funding(March)	1,080,554	1,113,337
4th Funding(April)	448,750	1,153,337
5th Funding(May)	603,576	1,111,902
6th Funding(July)	1,077,360	1,121,902
7th Funding(July)	1,088,360	1,119,744
8th Funding(August)	1,115,677	1,126,954
9th Funding(September)	1,093,820	1,118,182
10th Funding(October)	1,093,820	1,161,902
11th Funding(November)	1,047,311	1,160,476
12th Funding(December)	1,080,979	1,160,477
TOTAL	<u>11,920,437</u>	<u>13,533,609</u>

b. Operational Expenditure

The Council applied amounts totalling K11,851,805 of LGEF receipts towards meeting operational expenses representing 99% of the total LGEF funding for the reporting period. Additionally, K1,572,690 was borrowed to meet operational costs. 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 K2,384,811 of LGEF receipts towards meeting capital expenditure representing 20% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

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

	2022	2021
Constituency	Kwacha	Kwacha
Kafue	23,739,911	1,600,000
Total Funding	23,739,911	1,600,000

b) Other CDF Sources of Funding

	2022	2021
Constituency	Kwacha	Kwacha
Bank interest earned	293,605	63,554
Sale of bids	27,750	
Total	321,355	63,554

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

c) Infrastructure Development

	2022	2021
Constituency	Kwacha	Kwacha
Construction of Primary schools	592,583	
Construction of Secondary schools	33,290	-
Rehabilitation of Roads	-	123,090
Construction of Police post	6,936	-
Procurement of Five HDPE 500Microns UV Treated pond Liner for fish ponds in Shantumbu	2,960	80,260
Construction of a bus Station	316,107	122,883
Construction of Clinics/Rural Health Posts	122,491	192,415
Construction of Staff houses	-	-
Construction of Market Shelters	32,042	24,291
Construction of Culverts/Bridges	56,157	-
Drilling of a borehole	50,265	-
TOTAL	1,212,831	542,939

Infrastructure development works included construction of buildings, roads and drilling of a borehole.

NOTES TO THE FINANCIAL STATEMENTS

d) Rehabilitation Works

	2022	2021
Constituency	Kwacha	Kwacha
Rehabilitation of primary schools	-	-
Rehabilitation of Feeder roads	158,754	-
Total Rehabilitation payments	<u><u>158,754</u></u>	<u><u>-</u></u>

Rehabilitation works included payments towards rehabilitation of feeder roads.

e) Asset Acquisition

	2022	2021
Constituency	Kwacha	Kwacha
Kafue		
Purchase of motor vehicles	-	
Equipment	-	
Desks for Mungu Primary School	48,750	
Procurement of motor Grader for CDF	744,930	
Procurement of two boats for Chisakila ward	155,120	
Branding of 2 new boarts	5,800	
Total Asset Acquisition Payments	<u><u>954,600</u></u>	<u><u>-</u></u>

f) BURSARIES SECONDARY SCHOOLS AND SKILL DEVELOPMENT

	2022	2021
Constituency	Kwacha	Kwacha
Kafue	549,584	-
Total Asset Bursaries Payments	<u><u>549,584</u></u>	<u><u>-</u></u>

g) Empowerment Grants Youth and Women

	2022	2021
Constituency	Kwacha	Kwacha
Youth Empowerment loans	-	-
Women empowerment loans	1,837,640	-
Community empowerment loans	-	-
SMEs	-	-
Total Empowerment Payments	<u><u>1,837,640</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS

h) Empowerment Loans Youth and Women

	2022	2021
Constituency	Kwacha	Kwacha
Kafue	-	-
Total Empowerment loans Payments	<u>-</u>	<u>-</u>

i) Administrative Costs

	2022	2021
Constituency	Kwacha	Kwacha
Kafue		
Logistics for Meetings	597,188	-
Fuels	64,283	-
Bank Charges	1,200	-
Stationery	112,289	-
Other	-	2,980
Total	<u>774,960</u>	<u>2,980</u>

j) Other Payments

	2022	2021
Constituency	Kwacha	Kwacha
Kafue	-	-
Transfer of interest earned on CDF	-	33,743
	-	-
	-	-
Other	-	-
Total	<u>-</u>	<u>33,743</u>

9. Other grants

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

Revenue Source	2022	2021
	Kwacha	Kwacha
Grants in Lieu of Rates	-	150,000
Grants from Cooperating Partners	-	-
Other	-	-
TOTAL	<u>-</u>	<u>150,000</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Borrowings

During the period under review the Council did not make any borrowings except the renewal of the Bank overdraft held with Zanaco, Kafue Branch.

11. Council Commercial Venture

The Council did not make any profit from the commercial venture during the period under review as it was not fully operational.

(a) Inkanga Lodge

	2022	2021
	Kwacha	Kwacha
Receipts		
Restaurant Sales Receipts	-	10,156
Lodging receipts	-	1,400
Food and beverages sales receipts	-	18,904
Others	-	70,256
Total	<u>-</u>	<u>100,716</u>
Payments		
Restaurant purchaes	-	6,600
Beer and beverages	-	16,401
wages	-	-
Others	-	28,845
Total	<u>-</u>	<u>51,846</u>
Surplus/Deficit	<u>-</u>	<u>48,870</u>

NOTES TO THE FINANCIAL STATEMENTS

(b) Kafue Community Radio Station

	2022	2021
	Kwacha	Kwacha
Receipts		
Radio Adverts	-	70,635
Radio Programming	-	144,700
Radio Preaching	-	7,700
Radio Announcements	-	1,140
Total	<u>-</u>	<u>224,175</u>
Payments		
Subscription fees	-	13,000
Electricity Charges	-	6,000
Serving & Repairing	-	3,630
Presenters fees	-	14,200
Bank Charges	-	1,620
Total	<u>-</u>	<u>38,450</u>
Surplus/Deficit	<u>-</u>	<u>185,725</u>

12. **Other Receipts**

Other receipt amounting to K76,518 includes Donations and sale from Somap Shop.

	2022	2021
	Kwacha	Kwacha
Donations	37,600	14,709
Other Income	38,918	641,426
ECZ	-	5,792,697
TOTAL	<u>76,518</u>	<u>6,448,832</u>

NOTES TO THE FINANCIAL STATEMENTS

13. Personal Emoluments

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

Grade	2022	2021
	Kwacha	Kwacha
Salaries Division 1	3,236,784	2,685,410
Salaries Division 2	3,593,366	3,389,840
Salaries Division 3	4,646,596	3,843,293
Wages- Division 4	7,742,526	7,132,170
Other Allowances(Settling in & Leave travel)	407,253	259,704
NAPSA	753,379	1,125,931
Local authorities Superannuation Fund	167,931	249,030
Other Contributions (Madison & Nhima)	356,529	101,825
Union Contributions	3,500	-
TOTAL	<u>20,907,864</u>	<u>18,787,203</u>

14. Use of Goods and Services

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

Expenditure Type	2022	2021
	Kwacha	Kwacha
Office Running Costs	543,173	592,818
Building, Repair and Maintenance Costs	535,600	1,058,478
Plant, Machinery and Vehicle Running and Maintenance Cost	1,576,640	1,805,784
Other Administrative operating costs	2,304,255	1,461,093
Requisites	369,246	439,074
Services	1,085,741	1,844,359
Travel expenses	1,446,346	902,880
Training	10,524	117,061
Medical costs	-	7,202
Other costs	-	-
Registration & Subscription	145,585	81,479
Legal Costs	50,000	80,000
TOTAL	<u>8,067,111</u>	<u>8,390,228</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Financial Charges

The Council did not pay any financial charges during the year under review.

	2022	2021
	Kwacha	Kwacha
Zanaco Plc		354,827
Other Interest	-	-
TOTAL	<u>-</u>	<u>354,827</u>

16. Social Benefits

During the period under review the Council did not spend anything towards Social benefits.

	2022	2021
	Kwacha	Kwacha
Social Benefit	-	14,750
TOTAL	<u>-</u>	<u>14,750</u>

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	2022	2021
	Kwacha	Kwacha
Construction of various Infrastructure	1,834,405	972,116
Fixture and Fittings	-	-
Purchase of computer peripherals and Equipments	-	-
Office Equipments	165,818	283,539
Office Furniture	39,870	204,021
Rehabilitation Works	-	-
Purchase of Computer software	38,068	40,052
Purchase of Motor Vehicle	1,767,000	-
Other Machinery and Equipments	954,600	146,575
TOTAL	<u>4,799,761</u>	<u>1,646,303</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Financial Assets

The Council did not acquire financial assets during the period.

	2022	2021
	Kwacha	Kwacha
Purchase of Long term investments	-	-
Collections from debtors	-	-
Other financial asset acquisition	-	-
TOTAL	-	-

19. Loan Repayments

The Council did not make any Loan repayment during the period under review:

20. Other Payments

Other payments amounting to K5,954,794 relate to the following items.

	2022	2021
	Kwacha	Kwacha
Subriptions	-	-
Legal Costs	-	-
Staff debtors	-	-
Zulawu	105,337	18,872
Others(Madison Insurance & NHIS)	-	245,724
Domestic creditors	-	-
Zambia Revenue Authority	-	-
National Pension Scheme Authority	103,632	139,864
Local Authorities Superannuation Fund	-	177,917
Staff creditors	-	-
Terminal Benefits	1,795,187	889,517
Salary Arrears	40,000	226,171
Leave Travel Benefits	57,951	98,275
Other Accrued Expenses	3,852,687	3,931,566
ECZ	-	5,792,697
TOTAL	5,954,794	11,520,600

NOTES TO THE FINANCIAL STATEMENTS

21. Foreign Exchange Losses

There were no foreign exchange transaction the year.

22. Cash Balances

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

	2022	2021
	Kwacha	Kwacha
Cash on hand	-	2,150
Demand Deposits	21,381,059	7,902,303
Cash equivalents	-	-
TOTAL	<u><u>21,381,059</u></u>	<u><u>7,904,453</u></u>

a. Cash on hand

The Council's cash on demand was made of cash collections and petty cash:

	2022	2021
	Kwacha	Kwacha
Cash collections undeposited	-	-
Petty Cash	-	-
TOTAL	<u><u>-</u></u>	<u><u>-</u></u>

b. Demand Deposits – Bank Balances

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

NOTES TO THE FINANCIAL STATEMENTS

Account Name	Account No	2022 Kwacha	2021 Kwacha
District Fund A/c	Zanaco -0023711300190	248,817	519,289
Salaries A/c	Zanco -0023964300139	(1,096,050)	- 1,590,959
Capital Fund A/C	Zanaco -0023712300102	473,496	2,789,676
Development A/C	Zanaco -0246940300187	- 133,801	701,455
Investment Indo A/C	Indo Zambia -027020000011	78,110	148,370
Investment Zanaco A/C	Zanaco-0604210300164	33,999	629,631
Bus A/c	Zanaco-0023713300111	- 3,219	99,186
Land agency	Indo Zambia -027020000015	146,028	154,303
CDF Main	Zanaco-0250618300115	20,757,821	2,926,224
CDF Revolving Fund	Indo	741,300	
Kafue Fire	Zanaco-0023711300493	65,732	587,897
Chiefs Affairs A/C		229	-
NRWSS	Zanaco-001037783300108	400	725,598
NRWSS Community	Zanaco-001711767300166	44,090	25,907
Community Radio Station	Zanaco-005772776500195	24,108	185,725
TOTAL		<u>21,381,059</u>	<u>7,902,303</u>

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved on 21st February, 2022 by the Minister responsible for Local Government and no adjustment were made.

- **Local Taxes**

The Council planned to generate K16,141,381 from Local taxes but only collected K3,862,322 resulting in a variance K12,279,059 representing 76%. The variance was due to challenges in the valuation roll arising from data inconsistencies. This made it difficult in locating properties and property owners hence most of the bills were not distributed.

- **Fees and Charges**

The Council planned to collect K17,255,420 from fees and charges but collected K7,025,722 resulting in a variance of K10,229,698 representing 59%. The variance is mainly attributed to fees charged for upgrading from land records to occupancy licences. Since 2021 everyone was required to only acquire occupancy licences and no was allowed to upgrade as was the case before, hence all fees under this budget being reflected in occupancy licences and none and land record upgrading. The other factors contributing to the adverse variances are attributed to delay in commencing the programme of charging motorists parking fees in the CBD area and low compliance levels on payment for council market stalls.

- **Levies**

The Council planned to collect K2,430,356 from levies but collected K834,810 resulting in a variance of K1,595,546 representing 66%. The variance was due to lack of awareness on the

NOTES TO THE FINANCIAL STATEMENTS

party of the general citizens and business community need to pay for various council Levies. Council has however intensified the sensitization on the need to comply in terms of paying all council levies.

- **Permit**

The Council planned to collect K3,607,309 from levies but collected K2,159,327 resulting in a variance of K1,447,982 representing 40%. The variance was due to lack of awareness on the party of the general citizens and business community need to pay for various council permits. Council has however intensified the sensitization on the need to comply in terms of paying all council permits.

- **Commercial Ventures**

The Council planned to generate K306,000 from commercial venture but did not collect anything resulting into a variance of K306,000 representing 100%. The variance is attributed to delay in operationalizing the council lodge, particularly the accommodation part which were being renovated and only partly became operational in the course of the year and also the Swimming pool whose construction of the modern bar and restraint has just commenced.

- **Other receipts**

The Council planned to receive K228,000 funds from ZESCO way leave however the council received K76,518 resulting into an over collection of K151,482 representing 66%. The under collection is attributed to non-award of the contract by Zesco for wayleave.

- **Use of Goods and Services**

The Council planned to spend K51,247,865 on Use of Goods and Services but spent K8,067,111 resulting in a variance of K43,180,754 representing 84%. This variance was attributed to the fact that the expenditure was limited to the funds available owing to the challenges highlighted in revenue above.

- **Non-financial Asset Acquisition**

The Council budgeted to spend K7,572,073 towards acquisition of non-current assets but spent K4,799,761 resulting in a variance of K2,772,312 representing 37%. The adverse variance was mainly due to the Council not being able to collect enough resources that could accommodate procurement of Non-financial assets.

- **Other Payments**

The Council budgeted to spend K1,353,138 towards other payments but spent K5,954,794 resulting in a variance of K4,601,656 representing 340%. The variance was mainly due to the Council settling outstanding payments.

NOTES TO THE FINANCIAL STATEMENTS

24. Provision of Services

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

Type of Services	2022 Kwacha	2021 Kwacha
Consultancy, Studies, Fees, Technical Assist Short Term	140,244	-
Printing		17,065
Advertisement and Publicity	42,261	35,738
Public Functions and Ceremonies	242,697	96,473
Boards, Councils and Committees expenses	195,718	-
Relief, Repatriation and Burial of Destitute	17,220	14,570
Community Welfare and Recreation	1,072,413	411,215
Land Demarcation and Survey		19,126
Valuation of properties	705,392	79,000
Labour Day Expenses and Awards	64,299	41,030
Cycle maintenance-Regravelling ,Resealing and General I	65,915	98,673
Waste and Refuse Collection		19,828
Provision of fire services		5,600
Creation of Dump sites	40,000	10,000
Establishment and Maintenance of Street Lights and Traff	89,613	8,450
Ward Development Fund	3,708	251,170
Drainage System		-
Other Services	653,079	750,991
	<u>3,332,558</u>	<u>1,858,929</u>

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

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K21,198,086.

	Land and Buildings Kwacha	Plant & Machinery Kwacha	Motor vehicles Kwacha	Office Fixtures & Equipment Kwacha	Fittings Kwacha	Intangible Assets Kwacha	TOTAL Kwacha
Opening balance	6376025	2892785	4890721	1766488	415159	57147	16,398,325
Additions	1,834,405	954,600	1,767,000	243,756	-	-	4,799,761
Revaluation	-	-	-	-	-	-	-
Re-classification	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Closing balance	8,210,430	3,847,385	6,657,721	2,010,244	415,159	57,147	21,198,086

NOTES TO THE FINANCIAL STATEMENTS

26. Investments in Other Entities

The Council did not hold shares in any other entities.

27. Administered Transactions

The Council did not administer any transactions on behalf other entities.

28. Related Party Disclosures

The following disclosures are made in the financial statements of Kafue Town Council:

a. Fringe benefits Disclosures

The Council Chairperson was provided with 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 Kafue Town Council are:

Aggregate Remuneration	K742,765
Number of persons	20

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

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	K1,602,112
Number of persons	11

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 amounts from External Assistant during the period under review.

30. Third Party Payments

Kafue Town Council did not receive any money from third parties.