



KAFUE TOWN COUNCIL

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st
DECEMBER 2023**

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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 2023 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 Zambia Statistics Agency in 2022 revealed that the population of Kafue District had reached 219,574. 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 2023 were;

| | | | | |
|----|-------------------------|--------|---------------------|---|
| 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 Kajiye | Male | Councillor | Chitende |
| 16 | Kelly Liwanga | Male | Councillor | Mungu |
| 17 | Robby Berejena | Male | Councillor | Kambale |
| 18 | Micheal Sinkala | Male | Councillor | Matanda |
| 19 | Luvious Maiya Malikopo | Male | Councillor | Shikoswe |
| 20 | Elizabeth Mullenje | Female | Councillor | H.R.H Sr Chieftainess Nkomesha Mukamambo |
| 21 | 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

| | 2023 | 2022 |
|--|-------------------------|--------------------------|
| | Kwacha | Kwacha |
| Cash Receipts | 71,898,829 | 53,206,135 |
| Payments | 67,161,805 | 39,729,530 |
| Increase in Cash and Cash Equivalents | <u>4,737,024</u> | <u>13,476,605</u> |

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 K13,917,532. The total expenditure of K13,917,532 was incurred on Non Current Assets however expenditure amounting to K9,347,276 was related to Constituency Development Funds projects such as Schools, Clinics and Police Station which were completed and handedover to respective Ministries. The balance of K4,570,256 was expenditure incurred on the Grader, Tipper Track, office Furniture and Office Equipment which are in the custodian of the Council.

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 K23,004,746.

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 K1,435,511.36 towards sponsoring various sporting activities.

REPORT OF THE COUNCIL

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: 

Name: *Dr Benjamin Malando*

Position: Council Chairperson

Date: *7/10/23*

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Kafue Town Council is responsible for preparing the financial statements for the year ended 31st December 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 judgment and estimates that were reasonable and prudent.

The Council is also responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Auditor-General has audited the financial statements and his report is shown on pages 8 to 10.

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

The Council further accepts responsibility:

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

Nothing has come to the attention of the Council to indicate that the 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 2023.

Signed on behalf of the Council onby;

Name: Dr. Bwambwa Malonso

Signature: [Signature]

Position: Council Chairperson

Name: BRENDA MACHA

Signature: [Signature]

Position: Council Treasurer

Name: BUPE MUTANYA

Signature: [Signature]

Position: Council Secretary



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 & Rural Development

Report on the Audit of the Financial Statements for Kafue Town Council for the Financial Year Ended 31st December 2023

Opinion

I have audited the financial statements for Kafue Town 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 Kafue Town 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 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.



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.



REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

- 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.

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.

A handwritten signature in black ink, appearing to read 'Ron M. Mwambwa'.

Dr. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE


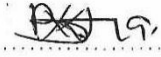
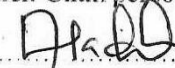
ACTING AUDITOR GENERAL

DATE: 14/10/2024

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

| | Note | 2023 Kwacha | 2022 Kwacha |
|------------------------------------|------|-------------------|-------------------|
| RECEIPTS | | | |
| Local taxes | 2 | 10,227,532 | 3,862,322 |
| Fees and Charges | 3 | 9,660,148 | 7,025,722 |
| Licences | 4 | 3,149,826 | 3,265,733 |
| Levies | 5 | 1,035,255 | 834,810 |
| Permits | 6 | 3,348,590 | 2,159,327 |
| Local Government Equalisation Fund | 7 | 12,943,067 | 11,920,437 |
| Constituency Development Fund | 8 | 28,995,876 | 24,061,266 |
| Other Grants | 9 | 2,453,922 | - |
| Borrowings | 10 | - | - |
| Commercial Venture | 11 | 15,930 | - |
| Other Receipts | 12 | 68,682 | 76,518 |
| TOTAL RECEIPTS | | 71,898,829 | 53,206,135 |
| PAYMENTS | | | |
| Personnel Emoluments | 13 | 23,004,746 | 20,907,864 |
| Use of goods and services | 14 | 11,704,922 | 8,067,111 |
| Financial Charges | 15 | - | - |
| Social benefits | 16 | 6,705,880 | - |
| Non-financial assets acquisition | 17 | 13,917,532 | 4,799,761 |
| Financial Assets | 18 | 5,269,075 | - |
| Loan Repayments | 19 | - | - |
| Other payments | 20 | 6,559,650 | 5,954,794 |
| TOTAL PAYMENTS | | 67,161,805 | 39,729,530 |
| Increase/(decrease) in Cash | | 4,737,024 | 13,476,605 |
| Foreign Exchange Losses | 21 | - | - |
| Cash at beginning of the year | 22 | 21,381,059 | 7,904,453 |
| Cash at the end of the year | 22 | 26,118,083 | 21,381,059 |

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.....  Signature..... 
Name: Dr. Bumba Malanda Names: BUPE MUTANYA
Position : Council Chairperson Position : Council Secretary
Signature..... 
Name: BRENDA MAETLA Position : Council Treasurer

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

| | Kwacha | Kwacha | Kwacha | Kwacha | | Kwacha | |
|------------------------------------|-------------------|--------|-------------------|-------------------|------------|---------------------|-------------|
| RECEIPTS | | | | | | | |
| Local Taxes | 12,737,216 | - | 12,737,216 | 10,227,532 | 80% | (2,509,684) | -20% |
| Fees and Charges | 15,407,567 | - | 15,407,567 | 9,660,148 | 63% | (5,747,419) | -37% |
| Licences | 3,441,621 | - | 3,441,621 | 3,149,826 | 92% | (291,794) | -8% |
| Levies | 3,314,332 | - | 3,314,332 | 1,035,255 | 31% | (2,279,077) | -69% |
| Permits | 3,939,972 | - | 3,939,972 | 3,348,590 | 85% | (591,382) | -15% |
| Local Government Equalisation Fund | 14,044,512 | - | 14,044,512 | 12,943,068 | 92% | (1,101,444) | -8% |
| Constituency Development Fund | 28,313,902 | - | 28,313,902 | 28,995,876 | 0% | 681,974 | 2% |
| Other Grants | 150,000 | - | 150,000 | 2,453,922 | 0% | 2,303,922 | 0% |
| Borrowings | - | - | - | - | 0% | - | 0% |
| Commercial Venture | 2,623,019 | - | 2,623,019 | 15,930 | 0% | (2,607,090) | -99% |
| Other Receipts | - | - | - | 68,682 | 0% | 68,682 | 0% |
| TOTAL RECEIPTS | 83,972,142 | - | 83,972,142 | 71,898,829 | 86% | (12,073,312) | -14% |
| PAYMENTS | | | | | | | |
| Personal Emoluments | 20,668,508 | - | 20,668,508 | 23,004,746 | 111% | (2,336,239) | -11% |
| Use of Goods and Services | 28,587,957 | - | 28,587,957 | 11,704,922 | 41% | 16,883,035 | 59% |
| Financial Charges | - | - | - | - | 0% | - | 0% |
| Social Benefits | 5,531,498 | - | 5,531,498 | 6,705,880 | 121% | (1,174,382) | -21% |
| Non-Financial Assets Acquisition | 18,138,918 | - | 18,138,918 | 13,917,532 | 77% | 4,221,386 | 23% |
| Financial Assets | 3,227,785 | - | 3,227,785 | 5,269,075 | 163% | (2,041,290) | -63% |
| Loan Repayments | - | - | - | - | 0% | - | 0% |
| Other Payments | 7,817,476 | - | 7,817,476 | 6,559,650 | 84% | 1,257,826 | 16% |
| TOTAL PAYMENTS | 83,972,142 | - | 83,972,142 | 67,161,805 | 80% | 16,810,336 | 20% |
| Increase/(Decrease in Cash | (0) | - | (0) | 4,737,024 | | - | |

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 2023**

| | | 2023 | 2022 |
|--|------|--------------------------|---------------------------|
| | | Kwacha | Kwacha |
| RECEIPTS | | | |
| Funding | 7(a) | 12,943,067 | 11,920,437 |
| Non-LGEF (Receipts) | | | |
| TOTAL RECEIPTS | | <u>12,943,067</u> | <u>11,920,437</u> |
| PAYMENTS | | | |
| Operational Expenditure Payments: | 7(b) | | |
| Salaries and Wages | | 11,299,437 | 11,109,040 |
| Terminal Benefits | | - | - |
| Utility bills | | - | - |
| Service Provision | | - | - |
| Goods and Services | | - | - |
| Administrative Costs | | - | - |
| Other Costs(Councillors Allowances) | | 720,000 | 742,765 |
| Sub-Total | | <u>12,019,437</u> | <u>11,851,805</u> |
| Capital Expenditure Payments: | 7(c) | | |
| Infrastructure Development | | 157,247 | 607,176 |
| Rehabilitation Works | | 408,723 | - |
| Asset Acquisition | | - | 1,767,000 |
| Other Costs | | 2,955 | 10,635 |
| Sub-Total | | <u>568,925</u> | <u>2,384,811</u> |
| TOTAL PAYMENTS | | <u>12,588,361</u> | <u>14,236,616</u> |
| Increase/(decrease) in cash | | <u>354,706</u> | <u>- 2,316,179</u> |
| Cash at beginning of the year | | <u>473,496</u> | <u>2,789,675</u> |
| Cash at the end of the year | | <u>828,202</u> | <u>473,496</u> |

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

| | | 2023 Kwacha | 2022 Kwacha |
|-------------------------------|------|-------------------|-------------------|
| RECEIPTS | | | |
| Funding | 8(a) | 28,198,221 | 23,739,911 |
| Other sources | 8(b) | <u>797,655</u> | <u>321,355</u> |
| TOTAL RECEIPTS | | <u>28,995,876</u> | <u>24,061,266</u> |
| PAYMENTS | | | |
| Infrastructure Development | 8(c) | 5,327,284 | 1,212,831 |
| Rehabilitation Works | 8(d) | 2,903,917 | 158,754 |
| Asset Acquisition | 8(e) | 4,483,086 | 954,600 |
| Bursaries -Secondary & Skills | 8(f) | 4,536,080 | 549,584 |
| Empowerment Grants | 8(g) | 2,169,800 | 1,837,640 |
| Empowerment Loans | 8(h) | 5,267,800 | - |
| Administrative Costs | 8(i) | 1,597,251 | 774,960 |
| Other payments | 8(j) | 284,362 | - |
| Disaster Contingency | 8(k) | <u>550,105</u> | <u>-</u> |
| TOTAL PAYMENTS | | <u>27,119,685</u> | <u>5,488,369</u> |
| Increase/(decrease) in Cash | | 1,876,191 | 18,572,897 |
| Cash at beginning of the year | | <u>21,499,121</u> | <u>2,926,224</u> |
| Cash at the end of the year | | <u>23,375,313</u> | <u>21,499,121</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:

- 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 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 | 2023 | 2022 |
|-------------------------------|--------------------------|-------------------------|
| | Kwacha | Kwacha |
| Residential Rates | 2,989,187 | 1,708,110 |
| Industrial / Commercial Rates | 7,089,982 | 2,014,907 |
| Mining Rates | - | - |
| Personal Levy | 148,363 | 139,305 |
| | - | - |
| TOTAL | <u><u>10,227,532</u></u> | <u><u>3,862,322</u></u> |

The Council relied on the 2017-2021 Valuation Roll to determine the property rates receivable. As at 31st December 2023 the updated 2022 Valuation Roll had not yet been approved.

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 | 3,725,465 | 3,985,110 |
| Land Development Charges | 5,934,683 | 3,040,612 |
| Total | <u><u>9,660,148</u></u> | <u><u>7,025,722</u></u> |

a. Fees and charges

The Council generated the following fees:

NOTES TO THE FINANCIAL STATEMENTS

| Fees and Charges Type | 2023 | 2022 |
|--|-------------------------|-------------------------|
| | Kwacha | Kwacha |
| Consent fees | 22,375 | 49,000 |
| Survey fees | 83,000 | 240,993 |
| Building & Other inspection-fees | 140,200 | 253,690 |
| Plans scrutiny fee | 208,700 | 253,640 |
| Change of Premise use | 8,000 | - |
| Rent/lease of Council Properties | 267,233 | 196,597 |
| Application forms fees | 105,220 | 97,760 |
| Sketch Plan | 200 | - |
| Search fees | 21,600 | 8,125 |
| Notice board advert fees | - | 28,600 |
| Market fees | 155,612 | 138,162 |
| Bus station fees | 73,644 | 38,719 |
| Affidavit fees | 1,175 | 1,400 |
| Hire of hall | 14,200 | 13,500 |
| Body remains(Inspection fees) | 1,850 | - |
| Hire of chairs | 350 | - |
| Hire of grounds/stadia | 13,915 | 11,000 |
| Refuse disposal fees | 281,556 | 192,770 |
| exhibitions for commercial and non commercial | - | 1,500 |
| Library membership fees | 3,202 | 2,145 |
| Notice of marriage fees | 137,203 | 136,930 |
| Abattoir/meat inspection fees | 70 | - |
| Registration of clubs and societies | 55,910 | 101,910 |
| Toilet fees | 87,690 | 101,522 |
| Farm produce levy | 350,368 | 128,489 |
| Communication mast levy | 285,000 | 135,000 |
| Illegal Parking of vehicles | - | 1,750 |
| Land record to Occupancy licence | 650 | 673,358 |
| Billboards and banners | 163,108 | 208,000 |
| Lease of council transport & Other council equ | - | 3,100 |
| Penalties | 136,110 | 92,360 |
| Ground Rent | 547,828 | 61,792 |
| Change of ownership of plot | 234,800 | 399,430 |
| Other Fees and Charges/other income | 324,696 | 413,868 |
| TOTAL | <u>3,725,465</u> | <u>3,985,110</u> |

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges:

| Charges Type | 2023 | 2022 |
|-------------------------------------|------------------|------------------|
| | Kwacha | Kwacha |
| Service charges - Residential Plots | 5,208,883 | 2,387,223 |
| Service charges - Industrial plots | 702,200 | 600,000 |
| Other Charges | 23,600 | 53,389 |
| TOTAL | 5,934,683 | 3,040,612 |

4. Licences

A total of K3,149,826 cash receipts was raised from issuance of various licences.

| Licence Type | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| | Kwacha | Kwacha |
| ✓ Retail licence | 1,644,525 | 1,367,054 |
| ✓ Wholesale licence | 29,664 | 15,663 |
| ✓ Occupancy licence | 633,625 | 1,203,716 |
| ✓ Hawkers licence | - | - |
| ✓ Peddlers licence | - | - |
| ✓ Stall licence | - | 334 |
| ✓ Liquor licence | 95,815 | 40,868 |
| ✓ Firearm and ammunition licence | 26,700 | 27,000 |
| ✓ Petroleum licence | 645,950 | 570,700 |
| ✓ Restaurant licence | 34,814 | 39,648 |
| Manufacturers Licences | 32,500 | - |
| ✓ Dog licence | 1,300 | 750 |
| Other licences | 4,933 | - |
| TOTAL | 3,149,826 | 3,265,733 |

NOTES TO THE FINANCIAL STATEMENTS

5. Levies

The Council generated cash receipts by charging levies as follows:

| Type of Levy | 2023 | 2022 |
|----------------------|-------------------------|-----------------------|
| | Kwacha | Kwacha |
| Livestock Levy | 21,195 | 4,485 |
| Bird Levy | - | 48 |
| Fish Levy | 59,164 | 167,499 |
| Pole Levy | - | - |
| Charcoal Levy | - | - |
| Sand Levy | 800,615 | 628,686 |
| Business Levy | 154,281 | - |
| Opaque Beer Levy | - | 3,500 |
| Miscellaneous levies | - | 30,592 |
| TOTAL | <u>1,035,255</u> | <u>834,810</u> |

6. Permits

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

| Type of Permit | 2023 | 2022 |
|--------------------------------|-------------------------|-------------------------|
| | Kwacha | Kwacha |
| Health Permit | 1,746,787 | 1,063,831 |
| Herbalist Permit | 2,000 | - |
| Opaque beer | - | - |
| Fire Certificates | 1,464,638 | 970,825 |
| Nursery, Pre School | - | - |
| Burial Permits and Grave sites | 107,685 | 89,790 |
| Public permits | 4,860 | 13,050 |
| Extension of Business hours | 7,750 | 14,581 |
| Other Permits | 14,870 | 7,250 |
| TOTAL | <u>3,348,590</u> | <u>2,159,327</u> |

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalization Fund

a. Funding

| | 2023 | 2022 |
|------------------------|--------------------------|--------------------------|
| | Kwacha | Kwacha |
| 1st Funding(January) | 1,082,623 | 1,137,902 |
| 2nd Funding(February) | 1,082,623 | 1,052,327 |
| 3rd Funding(March) | 1,042,070 | 1,080,554 |
| 4th Funding(April) | 1,084,203 | 448,750 |
| 5th Funding(May) | 1,090,501 | 603,576 |
| 6th Funding(July) | 1,079,125 | 1,077,360 |
| 7th Funding(July) | 1,086,787 | 1,088,360 |
| 8th Funding(August) | 1,091,067 | 1,115,677 |
| 9th Funding(September) | 1,091,067 | 1,093,820 |
| 10th Funding(October) | 1,086,787 | 1,093,820 |
| 11th Funding(November) | 1,042,699 | 1,047,311 |
| 12th Funding(December) | 1,083,515 | 1,080,979 |
| TOTAL | <u>12,943,067</u> | <u>11,920,437</u> |

b. Operational Expenditure

The Council applied amounts totalling **K12,019,437** of LGEF receipts towards meeting operational expenses representing **87%** of the total LGEF funding for the reporting period. Additionally, **K1,448,279** 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 **K568,925** of LGEF receipts towards meeting capital expenditure representing **4%** 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 |
| Kafue | 28,198,221 | 23,739,911 |
| Total Funding | <u>28,198,221</u> | <u>23,739,911</u> |

b) Other CDF Sources of Funding

| | 2023 | 2022 |
|----------------------|----------------|----------------|
| Constituency | Kwacha | Kwacha |
| Bank interest earned | 566,321 | 293,605 |
| Loan repayment | 231,334 | 27,750 |
| Total | <u>797,655</u> | <u>321,355</u> |

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

c) Infrastructure Development

| | 2023 | 2022 |
|---|------------------|------------------|
| Constituency | Kwacha | Kwacha |
| Construction of Primary schools | 2,035,071 | 592,583 |
| Construction of Secondary schools | - | 33,290 |
| Rehabilitation of Roads | - | - |
| Construction of Police post | 2,536,123 | 6,936 |
| Procurement of Five HDPE 500Microns UV Treated pond Liner for fish ponds in Shantumbu | - | 2,960 |
| Construction of a bus Station | 73,739 | 316,107 |
| Construction of Clinics/Rural Health Posts | 378,243 | 122,491 |
| Construction of Staff houses | - | - |
| Construction of Market Shelters | 6,000 | 32,042 |
| Construction of Culverts/Bridges | - | 56,157 |
| Drilling of a borehole | 298,108 | 50,265 |
| TOTAL | <u>5,327,284</u> | <u>1,212,831</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

d) Rehabilitation Works

| | 2023 | 2022 |
|--------------------------------------|-------------------------|-----------------------|
| Constituency | Kwacha | Kwacha |
| Rehabilitation of primary schools | - | - |
| Rehabilitation of Feeder roads | 2,903,917 | 158,754 |
| Total Rehabilitation payments | <u>2,903,917</u> | <u>158,754</u> |

Rehabilitation works included payments towards rehabilitation of feeder roads.

e) Asset Acquisition

| | 2023 | 2022 |
|---|-------------------------|-----------------------|
| Constituency | Kwacha | Kwacha |
| Kafue | | |
| Purchase of motor vehicles | - | - |
| Equipment | - | - |
| Furniture | 183,820 | 48,750 |
| Plant & Machinery | 4,299,266 | 744,930 |
| Procurement of two boats for Chisakila ward | - | 155,120 |
| Branding of 2 new boards | - | 5,800 |
| Total Asset Acquisition Payments | <u>4,483,086</u> | <u>954,600</u> |

f) Bursaries -Secondary Schools and Skill Development

| | 2023 | 2022 |
|---------------------------------------|-------------------------|-----------------------|
| Constituency | Kwacha | Kwacha |
| Kafue | 4,536,080 | 549,584 |
| Total Asset Bursaries Payments | <u>4,536,080</u> | <u>549,584</u> |

g) Empowerment Grants Youth and Women

| | 2023 | 2022 |
|-----------------------------------|-------------------------|-------------------------|
| Constituency | Kwacha | Kwacha |
| Youth Empowerment | - | - |
| Women empowerment | 2,169,800 | 1,837,640 |
| Community empowerment | - | - |
| SMEs | - | - |
| Total Empowerment Payments | <u>2,169,800</u> | <u>1,837,640</u> |

NOTES TO THE FINANCIAL STATEMENTS

h) Empowerment Loans Youth and Women

| Constituency | 2023 Kwacha | 2022 Kwacha |
|---|------------------|----------------|
| Kafue | 5,267,800 | - |
| Total Empowerment loans Payments | 5,267,800 | - |

i) Administrative Costs

| Constituency | 2023 Kwacha | 2022 Kwacha |
|---------------------------|------------------|----------------|
| Kafue | | |
| Logistics for Meetings | 165,933 | 597,188 |
| Fuels | 78,001 | 64,283 |
| Monitoring of civil works | 228,902 | - |
| Allowances | 515,615 | - |
| Transport | 32,024 | - |
| Office equipment | 26,120 | - |
| Bank Charges | 179,531 | 1,200 |
| Stationery | 198,844 | 112,289 |
| Other | 172,281 | - |
| Total | 1,597,251 | 774,960 |

j) Other Payments

| Constituency | 2023 Kwacha | 2022 Kwacha |
|------------------------------------|----------------|----------------|
| Kafue | | |
| Transfer of interest earned on CDF | 284,362 | - |

k) Disaster Contingency

| Constituency | 2023 Kwacha | 2022 Kwacha |
|---------------------|----------------|----------------|
| Kafue | | |
| Others (Blown Roof) | 550,105 | - |
| Total | 550,105 | - |

NOTES TO THE FINANCIAL STATEMENTS

9. Other grants

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

| Revenue Source | 2023 | 2022 |
|----------------------------------|------------------|----------|
| | Kwacha | Kwacha |
| Grants in Lieu of Rates | 765,226 | - |
| Grants from Cooperating Partners | - | - |
| Other | 1,688,696 | - |
| TOTAL | 2,453,922 | - |

10. Borrowings

During the period under review the Council did not make any borrowings.

11. Council Commercial Venture

The Council made a surplus of K15,930 from the commercial venture during the period under review.

(a) Inkanga Lodge

| | 2023 | 2022 |
|-----------------------------------|----------------|----------|
| | Kwacha | Kwacha |
| Reciepts | | |
| Restaurant Sales Receipts | 349,859 | - |
| Lodging receipts | - | - |
| Food and beverages sales receipts | - | - |
| Others | 361 | - |
| Total | 350,220 | - |
| Payments | | |
| Restaurant purchaes | 344,020 | - |
| Beer and beverages | - | - |
| wages | - | - |
| Others | 24,270 | - |
| Total | 368,290 | - |
| Cash at the Beginingof the year | 33,999 | - |
| Surplus/Deficit | 15,930 | - |

NOTES TO THE FINANCIAL STATEMENTS

12. Other Receipts

Other receipt amounting to K68,682 includes Donations, Community contributions towards boreholes and utilised imprest.

| | 2023 | 2022 |
|-----------------------|----------------------|----------------------|
| | Kwacha | Kwacha |
| Donations | 5,460 | 37,600 |
| Other Income | 7,722 | 38,918 |
| Retirement of Imprest | 55,500 | - |
| TOTAL | <u>68,682</u> | <u>76,518</u> |

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 | 2023 | 2022 |
|--|--------------------------|--------------------------|
| | Kwacha | Kwacha |
| Salaries Division 1 | 3,747,273 | 3,236,784 |
| Salaries Division 2 | 5,579,937 | 3,593,366 |
| Salaries Division 3 | 4,575,434 | 4,646,596 |
| Wages- Division 4 | 8,217,024 | 7,742,526 |
| Other Allowances(Settling in & Leave travel) | 472,647 | 407,253 |
| NAPSA | - | 753,379 |
| Local authorities Superannuation Fund | - | 167,931 |
| Other Contributions (Madison & Nhima) | 412,432 | 356,529 |
| Union Contributions | - | 3,500 |
| TOTAL | <u>23,004,746</u> | <u>20,907,864</u> |

NOTES TO THE FINANCIAL STATEMENTS

14. Use of Goods and Services

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

| Expenditure Type | 2023 | 2022 |
|---|--------------------------|-------------------------|
| | Kwacha | Kwacha |
| Office Running Costs | 557,026 | 543,173 |
| Building, Repair and Maintenance Costs | 411,333 | 535,600 |
| Plant, Machinery and Vehicle Running and Maintenance Cost | 875,850 | 1,576,640 |
| Other Administrative operating costs | 1,191,652 | 2,304,255 |
| Requisites | 83,183 | 369,246 |
| Services | 6,678,436 | 1,085,741 |
| Travel expenses | 1,477,457 | 1,446,346 |
| Training | 428,301 | 10,524 |
| Medical costs | - | - |
| Other costs | - | - |
| Registration & Subscription | - | 145,585 |
| Legal Costs | 1,683 | 50,000 |
| TOTAL | <u>11,704,922</u> | <u>8,067,111</u> |

15. Financial Charges

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

16. Social Benefits

During the period under review the Council spend K6,705,880 towards Social benefits.

| | 2023 | 2022 |
|-----------------------------------|-------------------------|-----------------|
| | Kwacha | Kwacha |
| CDF Empowerment Grants | 2,169,800 | |
| CDF Bursaries -Secondary & Skills | 4,536,080 | |
| TOTAL | <u>6,705,880</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

| | 2023 | 2022 |
|--|--------------------------|-------------------------|
| | Kwacha | Kwacha |
| Construction of various Infrastructure | 6,011,263 | 1,834,405 |
| Fixture and Fittings | - | - |
| Purchase of computer peripherals and Equipments | - | - |
| Office Equipments | 87,170 | 165,818 |
| Office Furniture | 183,820 | 39,870 |
| Rehabilitation Works | 3,037,904 | - |
| Purchase of Computer software | - | 38,068 |
| Boreholes, Pumps & Other Water Reticulation Material | 298,108 | 1,767,000 |
| Other Machinery and Equipments | 4,299,266 | 954,600 |
| TOTAL | <u>13,917,532</u> | <u>4,799,761</u> |

18. Financial Assets

The Council did acquire financial assets during the period under review.

| | 2023 | 2022 |
|-----------------------------------|-------------------------|-----------------|
| | Kwacha | Kwacha |
| Purchase of Long term investments | 1,275 | - |
| Empowerment CDF Loans | 5,267,800 | - |
| Other financial asset acquisition | - | - |
| TOTAL | <u>5,269,075</u> | <u>-</u> |

19. Loan Repayments

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

NOTES TO THE FINANCIAL STATEMENTS

20. Other Payments

Other payments amounting to **K6,559,650** relate to the following items.

| | Kwacha | Kwacha |
|---------------------------------------|-------------------------|-------------------------|
| Subriptions | - | - |
| Legal Costs | - | - |
| Staff debtors | - | - |
| Zulawu | 145,000 | 105,337 |
| Others(Madison Insurance & NHIS) | - | - |
| Domestic creditors | - | - |
| Zambia Revenue Authority | 60,000 | - |
| National Pension Scheme Authority | 2,747 | 103,632 |
| Local Authorities Superannuation Fund | - | - |
| Staff creditors | - | - |
| Terminal Benefits | 2,002,421 | 1,795,187 |
| Salary Arrears | - | 40,000 |
| Leave Travel Benefits | - | 57,951 |
| Other Accrued Expenses | 4,349,482 | 3,852,687 |
| ECZ | - | - |
| TOTAL | <u>6,559,650</u> | <u>5,954,794</u> |

21. Foreign Exchange Losses

There was no foreign exchange transaction the year.

22. Cash Balances

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

| | 2023 | 2022 |
|------------------|--------------------------|--------------------------|
| | Kwacha | Kwacha |
| Cash on hand | - | - |
| Demand Deposits | 26,118,083 | 21,381,059 |
| Cash equivalents | - | - |
| TOTAL | <u>26,118,083</u> | <u>21,381,059</u> |

NOTES TO THE FINANCIAL STATEMENTS

a. Cash on hand

The Council had no cash on hand at the end of the year.

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2023:

| Account Name | Account No | 2023 Kwacha | 2022 Kwacha |
|-------------------------|---------------------------|-------------------|-------------------|
| District Fund A/c | Zanaco -0023711300190 | 332,501 | 248,817 |
| Salaries A/c | Zanco -0023964300139 | 270,442 | - 1,096,050 |
| Capital Fund A/C | Zanaco -0023712300102 | 2,134 | 473,496 |
| Development A/C | Zanaco -0246940300187 | 509 | - 133,801 |
| Investment Indo A/C | Indo Zambia -027020000011 | 6,993 | 78,110 |
| Investment Zanaco A/C | Zanaco-0604210300164 | 15,930 | 33,999 |
| Bus A/c | Zanaco-0023713300111 | 989,836 | - 3,219 |
| Land agency | Indo Zambia -027020000015 | 350 | 146,028 |
| CDF Main | Zanaco-0250618300115 | 22,112,174 | 20,757,821 |
| CDF Revolving Fund | Indo-0270200000026 | 1,263,139 | 741,300 |
| Kafue Fire | Zanaco-0023711300493 | 190,119 | 65,732 |
| Chiefs Affairs A/C | Zanaco-1708394500133 | - | 229 |
| NRWSS | Zanaco-001037783300108 | 46,791 | 400 |
| NRWSS Community | Zanaco-001711767300166 | 39,389 | 44,090 |
| Community Radio Station | Zanaco-005772776500195 | 12,167 | 24,108 |
| Capital Indo | Indo-0272020000012 | 828,202 | - |
| Kfue Basket | Zanaco-5338919300255 | 7,406 | - |
| TOTAL | | 26,118,083 | 21,381,059 |

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved on 2nd March, 2023 by the Minister responsible for Local Government and no adjustment were made.

• Local Taxes

The Council planned to generate K12,737,216 from Local taxes but only collected K10,227,532 resulting in a variance K2, 509,684 representing 20%. 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.

NOTES TO THE FINANCIAL STATEMENTS

- **Fees and Charges**

The Council planned to collect K15,407,567 from fees and charges but collected K 9,660,148 resulting in a variance of K 5,747,419 representing 37%. 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 was allowed to upgrade as was the case before, hence all fees under this budget being reflected in occupancy licences and none 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 K3,314,332 from levies but collected K1,035,255 resulting in a variance of K2, 279,077 representing 69%. The variance was as a result of Kafue fisheries which stopped fish farming at a large scale.

- **Other Grants**

The Council planned to collect K150,000 from other Grants but received K2, 453,922 resulting in a favorable variance of K2, 303,922 representing 1,536%.

- **Commercial Ventures**

The Council planned to generate K2, 623,019 from commercial venture but did collect K 15,930 resulting into a variance of K 2,607,090 representing 100%. The variance is attributed to delay in operationalizing the council Commercial Ventures, which was being renovated.

- **Use of Goods and Services**

The Council planned to spend K28,587,957 on Use of Goods and Services but spent K11,704,922 resulting in a variance of K 16,883,035 representing 59%. 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 Assets**

- The Council planned to spend K18,138,918 on Non Financial Assets but spent K13,917,532 resulting in a variance of K 4,221,386 representing 23%. This variance was attributed to the length procurement procedures and limited resources for capital expenditure to be procured under own source revenue.

- **Social Benefits**

The Council planned to spend K5,531,498 on Social benefits but spent K6,705,880 resulting in a negative variance of K 1,174,382 representing 21%. This variance was attributed to the expenditure which was incurred in 2023 for the previous year's funding.

NOTES TO THE FINANCIAL STATEMENTS

• **Financial Assets**

The Council planned to spend K3,227,785 on Financial assets but spent K5,269,075 resulting in a negative variance of K 2,041,290 representing 63%. This variance was attributed to the expenditure which was incurred in 2023 for the previous year's funding.

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 | 2023 Kwacha | 2022 Kwacha |
|--|--------------------------|-------------------------|
| Consultancy, Studies, Fees, Technical Assist | | |
| Short Term | - | 140,244 |
| Printing | 10,024 | - |
| Official Entertainment | 220,662 | - |
| Advertisement and Publicity | - | 42,261 |
| Public Functions and Ceremonies | 303,478 | 242,697 |
| Boards, Councils and Committees expenses | 140,837 | 195,718 |
| Relief, Repatriation and Burial of Destitute | 4,910 | 17,220 |
| Community Welfare and Recreation | 1,435,511 | 1,072,413 |
| Land Demarcation and Survey | 64,359 | - |
| Valuation of properties | 657,270 | 705,392 |
| Labour Day Expenses and Awards | 29,782 | 64,299 |
| Cycle maintenance-Regravelling ,Resealing and (| 781,386 | 65,915 |
| Conferences, Seminars and Workshops | 82,950 | - |
| Waste and Refuse Collection | 543,569 | - |
| Provision of fire services | 90,256 | - |
| Creation of Dump sites | - | 40,000 |
| Market Facility | 269,280 | - |
| Establishment and Maintenance of Street Lights : | 15,324 | 89,613 |
| Ward Development Fund | - | 3,708 |
| Bank Charges | 150,366 | - |
| Other Services | 8,584,252 | 653,079 |
| | <u>13,384,216</u> | <u>3,332,558</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at **K25,768,342**.

| | Land and Buildings Kwacha | Plant & Machinery Kwacha | Motor vehicles Kwacha | Office Fixtures & Equipment Kwacha | Fittings Kwacha | Intangible Assets Kwacha | TOTAL Kwacha |
|------------------------|---------------------------------|--------------------------------|-----------------------------|--|--------------------|--------------------------------|-------------------|
| Opening balance | 8210430 | 3847385 | 6657721 | 2010244 | 415159 | 57147 | 21,198,086 |
| Additions | 9,347,276 | 4,299,266 | - | 87,170 | 183,820 | - | 13,917,532 |
| Revaluation | - | - | - | - | - | - | - |
| Re-classification | - | - | - | - | - | - | - |
| Disposal | - 9,347,276 | - | - | - | - | - | - 9,347,276 |
| Closing balance | 8,210,430 | 8,146,651 | 6,657,721 | 2,097,414 | 598,979 | 57,147 | 25,768,342 |

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 | K720,000 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

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

External Assistance

29.

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.