



Zimba Town Council

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## ZIMBA TOWN COUNCIL

### FINANCIAL REPORT FOR THE YEAR ENDED 31<sup>ST</sup> 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 31<sup>st</sup> December, 2022 which disclose the sources, utilization and balances of cash for Zimba Town Council during the period under review.

### **Background and Location of the Council**

The Council is located in Zimba District in Southern Province of Zambia on Great North Road. The District is about 80 Km North of Livingstone City, the tourist capital of Zambia and 400 Km south of the Nation's capital, Lusaka. The latitudinal and longitudinal position of Zimba District is 26<sup>0</sup> and 27<sup>0</sup> east and 16<sup>0</sup> and 17<sup>0</sup> south respectively.

Zimba District has a total area of 5000 Square Kilometres (Km<sup>2</sup>). The Census of Population undertaken by the Central Statistics Office in 2022 revealed that the population of Zimba District had reached 108, 316 making it the least most populous district in the province after all the twelve districts respectively. The district has (2) Chiefs namely Simwatachela and Sipatunyana.

The name 'Zimba' is derived from a small stream that runs from Treasure Compound in Zimba to Katapazi in Kazungula District. The stream runs behind Zimba Mission Hospital and feeds into Siachifwa Dam located in Namadula compound about 2 Kilometers (Km) away from the Civic Centre. It is believed that the stream was named by the local people from Simwatachela Chiefdom which is about 80 Km – 120 Km from Zimba Town Central Business area.

These people from Simwatachela used to walk the said long distance to the Town centre in search of opportunities and access to the road and Railway line. Due to long distances covered on foot, they experienced swollen legs and they spent their nights next to the stream as a strategic point for refreshment on their way to Bulawayo, Livingstone, Copperbelt, Hwange and Nyawa.

In Tonga, the swelling of legs is referred to as '*kuzimbamaulu*'. Hence, each time they reached the stream they would say, "*twazimbamaulu*" translated from Tonga to English as, "*our legs are swollen*". During the rule of Zambia under the British Southern African Company (BSAC) in the early 1920s, Treasure Compound was highly regarded as an Administrative Centre for North Western Rhodesia where various chiefs met to discuss governance issues affecting the country. To date the eleven (11) chalets still exist in Treasury (now known as Treasure) Compound that were used as accommodation for the chiefs and District Administrators. When Kalomo District was the Capital City of Zambia during the Native Authority Regime, before Zambia attained its independence in 1964, Zimba as an administrative sub centre of Kalomo was used as a place for National Assembly. The first parliament building of Zambia is the current Zimba Town Council Chamber.

Zimba was declared a District in 2012 by His Excellency the late Republican President of Zambia, Michael Chilufya Sata through the amendment No. 3 Order 2012 of the Provincial and District Boundaries Act (Volume 16, Cap 286 of the Laws of Zambia).

The address of the registered office of Zimba Town Council (ZTC) is as follows:

The Civic Centre

Great North Road

P.O Box 610100

Zimba

### Composition of the Council

Zimba 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 Zimba District.

The Council is composed of an elected Chairperson, twelve (12) elected Councillors from twelve (12) 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 to office in 2021 to serve a five-year term up to 2026. The Vice Council Chairperson was elected from among the Councillors in 2021 for the period of two and half years.

The Councillors' who held office during the year were:

S/No	Name	Gender	Position	Ward
1	Loveness Chigora	Female	Council Chairperson	Not Applicable
2	Siabasimbi Lweendo	Male	Vice Chairperson	Kanyanga
3	Michelo Simweemba	Male	Councillor	Chundwe
4	Charles Sichaabi	Male	Councillor	Mulamfu
5	Michael Majuba	Male	Councillor	Siamafumba
6	Stanford Bbeule	Male	Councillor	Chalimongela
7	Edgar Meleki	Male	Councillor	Mbwiko
8	Tobias Kenabanyama	Male	Councillor	Simwatachela
9	Abbson Sekeleti	Male	Councillor	Chidi
10	Agent Munenge	Male	Councillor	Luyaba
11	Ann Mutunda	Female	Councillor	Zimba
12	Douglas Maunga	Male	Councillor	Mangonda
13	Mabby Siachibaka	Male	Councillor	Mafumba
14	Timothy Masaka	Male	Chief Sipatunyana	Not Applicable
15	Boswell Sialeka	Male	Chief Simwatachela	Not Applicable

The District also has one (1) elected Member of Parliament for Mapatizya constituency. The Members of Parliament who held office during the year were;

S/N	NAME	GENDER	CONSTITUENCY
1	Hon. Emeldah Munashabantu	Female	Mapatizya

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr. Robson Mulamfu was the District Commissioner for Zimba District.

### The Council Secretariat

The Secretariat of Zimba 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 the Deputy Council Secretary and Four (4) Heads of Department responsible for Administration, Treasury, Planning, and Works 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.

### Financial Results

	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash Receipts	40,506,417	35,484,802
Payments	38,047,944	18,248,568
<b>Increase /Decrease in Cash and Cash Equivalents</b>	<b><u>2,458,473</u></b>	<b><u>17,236,233</u></b>

### Key Policies Adopted During the Year

The Council adopted the following policies during the year:

- Engagement of Ward Development Committees on Revenue Collection.

### 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 K12,226,597.

No property, plant and equipment were disposed of during the year ended 31<sup>st</sup> December, 2023.

### 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 106 and 113 at the end of the year. The total amounts spent on employees' remuneration and welfare during the period under review was K8,195,827.

### 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 to 31<sup>st</sup> December, 2023 incurred K63,836 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

**Signature:**.....

**Name:** .....

**Position:** Council Chairperson

**Date:**.....

## STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Zimba Town Council is responsible for preparing the financial statements for the year ended 31<sup>st</sup> 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 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 Cap 281 of the Laws of Zambia, 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 Zimba 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 31<sup>st</sup> December, 2023.

Signed on behalf of the Council .....

Name:.....Name:.....

Signature:.....Signature:.....

**Position: Council Chairperson**

**Position: Council Secretary**

Name:.....

Signature.....

**Position: Treasurer**

## INDEPENDENT AUDITOR'S REPORT





**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2023**

	Note	2023 Kwacha	2022 Kwacha
<b>RECEIPTS</b>			
Local taxes	2	128,665	65,757
Fees and Charges	3	1,802,093	1,196,523
Licences	4	87,261	19,022
Levies	5	478,570	595,369
Permits	6	200,434	149,173
Local Government Equalisation Fund	7	9,134,563	9,097,867
Constituency Development Fund	8	27,261,470	23,739,911
Other Grants	9	728,343	396,462
Borrowings	10	-	-
Commercial Venture	11	(113)	2,168
Other Receipts	12	685,131	222,550
<b>TOTAL RECEIPTS</b>		<b>40,506,417</b>	<b>35,484,802</b>
<b>PAYMENTS</b>			
Personnel Emoluments	13	8,195,827	7,031,369
Use of goods and services	14	4,948,897	3,001,068
Financial Charges	15	-	-
Social benefits	16	10,405,217	3,720,590
Non-financial assets acquisition	17	14,305,172	4,274,902
Financial Assets	18	-	-
Loan Repayments	19	-	-
Other payments	20	192,831	220,640
<b>TOTAL PAYMENTS</b>		<b>38,047,944</b>	<b>18,248,569</b>
<b>Increase/(decrease) in Cash</b>		<b>2,458,473</b>	<b>17,236,232</b>
<b>Foreign Exchange Losses</b>	21	-	-
Cash at beginning of the year		20,417,264	3,181,032
<b>Cash at the end of the year</b>	22	<b>22,875,738</b>	<b>20,417,264</b>

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

Signature:.....

Signature:.....

Position: Council Chairman

Position: Council Secretary

Signature:.....

Position: Council Treasurer

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

	<b>Original Budget Kwacha</b>	<b>Adjustments Kwacha</b>	<b>Final Budget Kwacha</b>	<b>Actual Amounts Kwacha</b>	<b>% Performance</b>	<b>Variance Kwacha</b>	<b>% Variance</b>
<b>RECEIPTS</b>							
Local taxes	1,720,587	1,315,854	404,733	128,665	32%	(276,068)	-68%
Fees and Charges	2,625,782	200,540	2,425,242	1,802,093	74%	(623,149)	-26%
Licences	68,369		68,369	87,261	128%	18,892	28%
Levies	696,255	-	696,255	478,570	69%	(217,685)	-31%
Permits	196,950	-	196,950	200,434	102%	3,484	2%
Local Government Equalisation Fund	9,520,480	-	9,520,480	9,134,563	96%	(385,917)	-4%
Constituency Development Fund	28,300,000	-	28,300,000	27,261,470	96%	(1,038,530)	-4%
Other Grants	200,000	-	200,000	728,343	364%	528,343	264%
Borrowings	-	-	-	-		-	
Commercial Venture	43,345	-	43,345	(113)	0%	(43,458)	-
Other Receipts	50,000	-	50,000	685,131	1370%	635,131	1270%
<b>TOTAL RECEIPTS</b>	<b>43,421,767</b>	<b>1,516,394</b>	<b>41,905,373</b>	<b>40,506,417</b>	<b>97%</b>	<b>(1,398,956)</b>	<b>-3%</b>
<b>PAYMENTS</b>							
Personnel Emoluments	9,654,242	(1,576,018)	8,078,223	8,195,827	101%	(117,604)	-1%
Use of goods and services	3,909,429	59,624	3,969,053	4,948,897	125%	(979,844)	-25%
Financial Charges	-	-	-	-		-	
Social benefits	10,795,283	-	10,795,283	10,405,217		390,066	4%
Non-financial assets acquisition	18,646,813	-	18,646,813	14,305,172	77%	4,341,642	23%
Financial Assets	-	-	-	-		-	
Loan Repayments	-	-	-	-		-	
Other payments	416,000		416,000	192,831	46%	223,169	54%
<b>TOTAL PAYMENTS</b>	<b>43,421,767</b>	<b>(1,516,394)</b>	<b>41,905,373</b>	<b>38,047,944</b>	<b>91%</b>	<b>3,857,429</b>	<b>9%</b>
<b>Increase/(Decrease in Cash</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(2,458,473)</b>		<b>2,458,473</b>	

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

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL  
GOVERNMENT EQUALISATION FUND (LGEF) FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER, 2023**

		<b>2023</b>	<b>2022</b>
		<b>Kwacha</b>	<b>Kwacha</b>
<b>RECEIPTS</b>			
Funding	7(a)	9,134,563	9,097,868
<b>TOTAL RECEIPTS</b>		<b>9,134,563</b>	<b>9,097,868</b>
<b>PAYMENTS</b>			
<b>Operational Expenditure Payments:</b> 7(b)			
Salaries and Wages		8,112,529	7,391,486
Terminal Benefits		35,119	5,000
Utility Bills		1,000	7,000
Service Provision		521,861	305,399
Goods and Services		481,304	195,526
Administrative Costs		-	-
Other Costs		-	-
<b>Sub-Total</b>		<b>9,151,813</b>	<b>7,904,411</b>
<b>Capital Expenditure Payments:</b> 7(c)			
Infrastructure Development		146,337	-
Rehabilitation Works		276,762	324,651
Asset Acquisition		217,430	1,355,279
Other Costs		199,210	19,656
<b>Sub-Total</b>		<b>839,739</b>	<b>1,699,585</b>
<b>TOTAL PAYMENTS</b>		<b>9,991,552</b>	<b>9,603,997</b>
<b>Increase/(decrease) in cash</b>		<b>-856,989</b>	<b>- 506,129</b>
Cash at beginning of the year		856,982.62	1,363,112
<b>Cash at the end of the year</b>		<b>-6</b>	<b>856,983</b>

Note 7 explains the composition and other details relating to the various elements included in this Statement.

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY  
DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

		<b>2023</b>	<b>2022</b>
		<b>Kwacha</b>	<b>Kwacha</b>
<b>RECEIPTS</b>			
Funding	8(a)	27,261,470	23,739,911
Other sources	8(b)	489,798	24,367
<b>TOTAL RECEIPTS</b>		<b>27,751,268</b>	<b>23,764,278</b>
<b>PAYMENTS</b>			
Infrastructure Development	8(c)	8,843,473	1,507,791
Rehabilitation Works	8(d)	-	-
Asset Acquisition	8(e)	2,861,840	-
Social Benefits	8(f)	7,832,899	1,946,000
Bursaries	8(g)	2,572,318	1,774,590
Administrative Costs	8(h)	2,078,575	1,066,309
<b>TOTAL PAYMENTS</b>		<b>24,189,104</b>	<b>6,294,690</b>
<b>Increase/(decrease) in Cash</b>		<b>3,562,163</b>	<b>17,469,588</b>
Cash at beginning of the year		19,201,962	1,732,374
<b>Cash at the end of the year</b>		<b>22,764,125</b>	<b>19,201,962</b>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of the Preparation of the Financial Statements

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

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

The accounting policies have been applied consistently throughout the period.

#### 1.1 Migration to Accrual Basis Financial Reporting

Zimba Town Council is required, under the Local Government Act No.2 of 2019 to produce a Statement of Comprehensive Income and a Statement of Financial Position. The production of these statements entails adoption and application of Accrual Basis of Accounting in financial reporting. However, the Act does not specify which particular accrual basis of accounting to use. In applying Cash Basis of Accounting, the Council followed guidance listed below:

- (a) Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.  
This standard provides that public sector entities adopting Accrual Basis for the first time may apply Cash Basis IPSAS provisions as an intermediate step to assist them in the transition to Accrual Basis IPSASs. In this vein, the Council has produced these financial statements under Cash Basis IPSAS as part of its transition to Accrual Basis of Accounting.
- (b) Accounting Pronouncement: 2018/3 – Applicability of International Public Sector Accounting Standards (IPSASs).  
This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act, 2008 requires the adoption of Accrual Basis of Accounting by public entities by 31<sup>st</sup> December, 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1<sup>st</sup> January, 2022
- (c) Treasury and Financial Management Circular No. 10 of 2019 issued by the Secretary to the Treasury pursuant to the Public Financial Management Act, No. 1 of 2018. The Treasury and Financial Management Circular provides as follows:
  - i. That in order to have a standard financial reporting framework, all Local Authorities should adopt the International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting as a first step in migration to IPSASs Accrual Basis of Accounting.
  - ii. Local Authorities shall use Part 2 of Cash Basis IPSAS which requires extra disclosures called ‘Encouraged Additional Disclosures’ in Cash Basis financial statements for the years ending 31<sup>st</sup> December 2019 up to 2022.

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1<sup>st</sup> January, 2022 by following the guidelines provided in IPSAS 33 – “First Time Adoption of Accrual Basis IPSASs”.
- iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1<sup>st</sup> January, 2022 and should end on 31<sup>st</sup> December, 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

Based on these guidelines, the Council has not yet commenced production of Accrual Basis financial statements required by the Local Government Act, 2019. However, the Council has adopted Part 2 Cash Basis IPSAS, *Financial reporting under the Cash Basis of Accounting* to help it transition its financial reporting to Accrual Basis IPSASs.

### **1.2 Reporting Entity**

The Financial Statements are prepared for Zimba town Council (ZTC). The financial statements encompass the Council as specified in the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No.2 of 2019, and the Public Finance Management Act No.1 of 2018. It also includes projects and activities of the Constituency Development Fund and the Local Government Equalization Fund in the district.

### **1.3 Authorization Date**

The financial statements were authorized for issue by the ordinary Council.

### **1.4 Revenue**

Revenue is recognized when cash is received. It is generated from various sources as explained below:

#### **a. Local Taxes**

Article 161 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 authorizes Zimba 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 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.

#### **b. Fees and Charges**

Section 27(1) of the Local Government Act No.2 of 2019 empowers Local Authorities, subject to the Business Regulatory Act, 2014, to impose fees or charges payable to the Council:

- For any license or permit issued under any regulation or by-law made under the Act. These may include health permits, fire certificate licences, burial permits and extension of business hours permits;

- For any service or facility provided or goods or documents supplied by the local authority in pursuance of or in connection with the performance of any function of the local authority. These may include survey fees, consent fees, building inspection fees, waste collection fees and parking fees.

### **1.5 Expenditure**

Expenditure is recognized when payment is made for expenses incurred. The Council incurs expenditure relating to the discharge of its functions which includes expenses relating to personal emoluments, use of goods and services, social benefits and acquisition of non-financial assets.

Items of a capital nature are expensed at the time of payment and such transactions are depicted in the appropriate class and heading in the financial statements. Since capital expenditure is expensed when incurred, neither depreciation nor amortization is charged on non-current assets.

### **1.6 Reporting on Gross Basis**

Transactions are reported on gross basis without netting off similar classes of receipts and payments. However, transactions may be reported on net basis when they relate to transactions the Council administers on behalf of other entities recognised in the Financial Statements

### **1.7 Cash in hand at the Beginning and the End of the Year**

Cash at the beginning and end of the year consist of cash on hand, demand deposits and cash equivalents held at such dates.

Cash on hand refers to notes and coins held by the Council at the reporting date and it includes petty cash and cash collections not yet deposited into bank accounts. Demand deposits consist of reconciled balances held in the Council's bank accounts which it can use on demand. Cash equivalents, on the other hand, refer to short term high liquid investments that can easily be converted to known amounts of cash and are subject to insignificant risk of change in values. The Council recognises all short-term high liquid investments having maturities of three months or less as cash equivalents.

### **1.8 Local Government Equalization Fund**

Article 163(2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 provides that Parliament shall annually appropriate monies to the Local Government Equalization Fund

which shall be disbursed by the Ministry responsible for finance to Local Authorities. Receipts under LGEF supplement revenue generated by the Council. The Council uses at least 20% of the funds received from the equalization fund, in any financial year, to finance capital expenditure and the balance to meet operational expenses.

### **1.9 Constituency Development Fund**

The Constituency Development Fund (CDF) was established under Article 162(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016.

The fund was set up to finance micro-community projects for poverty reduction in communities and it is financed by monies appropriated by Parliament.

The administration of CDF is regulated by the Constituency Development Fund Act No. 11 of 2018. The Council maintains separate bank accounts for each constituency. Transfers are made



**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.

The key management personnel of the Council are:

- (a) The 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.

Zimba 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 Zimba 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	57,006	26,753
Industrial / Commercial Rates	17,899	-
Mining Rates	-	-
Personal Levy	53,760	39,004
<b>TOTAL</b>	<b><u>128,665</u></b>	<b><u>65,757</u></b>

The Council relied on the Kalomo Valuation Roll to determine the property rates receivable.

### 3. Fees and Charges

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

	2023	2022
	Kwacha	Kwacha
Fees and charges	1,115,965	971,273
Land Development Charges	686,128	225,250
<b>Total</b>	<b><u>1,802,093</u></b>	<b><u>1,196,523</u></b>

**a. Fees and charges**

The Council generated the following fees:

	<b>Kwacha</b>	<b>Kwacha</b>
Consent Fees	-	-
Survey Fees	-	-
Building Inspection fees	11,855	5,500
Plan Scrutiny Fees	44,899	21,750
Ntemba/Container Fees	24,693	-
Rentals/Lease of Council's properties	76,500	91,350
Application Form Fees	148,571	51,925
Rentals from Houses	10,500	65,000
Notice Board Advert fees	1,200	250
Sketch Fees	-	-
Search Fees	650	-
Market Fees	98,385	82,987
Parking Fees	265,330	216,376
Bus Station Loading & Taxis Fees	36,886	30,441
Affidavit Fees	980	1,280
Grave Reservation	-	-
Refuse Disposal Fees	12,250	22,500
Notice of Marriage	550	2,150
Abattoir/Meat Inspection Fees	990	67,530
Farm Produce Levy	226,892	152,289
Communication Mast Levy	80,000	80,000
Land Record	-	-
Billboard and Banner	25,513	44,430
Lease of Council Transport	-	-
Illegal Vending Fees	-	-
Penalties	7,452	27,310
Site Rent	-	-
Hire of hall	7,300	3,000
Registration of Clubs	18,400	-
Change of ownership of plot	12,250	-
Other Fees and Charges/other income	3,920	5,205
<b>TOTAL</b>	<b><u>1,115,965</u></b>	<b><u>971,273</u></b>

**b. Land Development Charges**

The Council collected the following land development related charges:

<b>Charges Type</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Service charges - residential plots	-	-
Service charges - Industrial plots	-	-
Premium plots - Residential	282,050	190,800
Premium plots - Commercial	379,978	34,200
Lease charges	-	-
Other	24,100	250
<b>TOTAL</b>	<b><u>686,128</u></b>	<b><u>225,250</u></b>

**4. Licenses**

A total of K87,261 cash receipts was raised from issuance of various licenses.

	<b>Kwacha</b>	<b>Kwacha</b>
Liquor licence	3,847	2,912
Firearm and ammunition licence	15,100	16,100
Petroleum licence	62,182	-
Manufacturing licence	3,000	-
Restaurant licence	-	-
Dog licence	-	-
Other licences	3,132	10
<b>TOTAL</b>	<b><u>87,261</u></b>	<b><u>19,022</u></b>

**5. Levies**

The Council generated cash receipts by charging levies as follows:

Livestock Levy	94,754	153,179
Bird Levy	17,202	15,444
Fish Levy	16	1,685
Pole Levy	-	-
Charcoal Levy	5,581	7,725
Sand Levy	29,205	30,855
Business levy	324,509	386,481
Filling Station Levy	6,500	-
Quarry levy	-	-
Other levies	803	-
<b>TOTAL</b>	<b><u>478,570</u></b>	<b><u>595,369</u></b>

## 6. Permits

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

Health Permit	75,100	53,505
Opaque Beer Permit	3,414	-
Burial Permits and Grave sites	1,150	1,627
Fire Certificates	68,820	36,944
Extension of business hours permits	5,250	450
Herbalist	200	2,300
Meat transportation fee	45,370	51,027
Public Gathering Permit (Road Shows)	100	-
Other Permits	1,030	3,320
<b>TOTAL</b>	<b><u>200,434</u></b>	<b><u>149,173</u></b>

## 7. Local Government Equalization Fund

### a. Funding

	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
1st Funding	763,058	758,690
2nd Funding	768,158	772,799
3rd Funding	746,233	783,560
4th Funding	761,733	729,345
5th Funding	764,233	743,072
6th Funding	761,233	745,072
7th Funding	766,233	745,072
8th Funding	761,233	769,855
9th Funding	763,233	767,330
10th Funding	762,232	770,732
11th Funding	761,843	757,650
12th Funding	755,143	754,690
<b>TOTAL</b>	<b><u>9,134,563</u></b>	<b><u>9,097,868</u></b>

### b. Operational Expenditure

The Council applied the whole amount received as LGEF receipts towards meeting operational expenses representing 100% of the total LGEF funding for the reporting period. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

### c. Capital Expenditure

The Council did not set aside any amount of LGEF receipts towards meeting capital expenditure representing 0% of the total LGEF received. During the reporting year, a total amount of K839,739 was spent from the carried forward balance from the year 2022. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

## 8. Constituency Development Fund

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

### (a) CDF Funding

	<b>2023</b>	<b>2022</b>
<b>Constituency</b>	<b>Kwacha</b>	<b>Kwacha</b>
Mapatizya	<u>27,261,470</u>	<u>23,739,911</u>
<b>Total Funding</b>	<b><u>27,261,470</u></b>	<b><u>23,739,911</u></b>

### (b) Other CDF Sources of Funding

The council received a sum of K489,798 as interest earned on the CDF account and on soft loans, refund of overpayment on 2022 skills bursary and repayments of loan principal amounts during the period under review.

### (c) Infrastructure Development

	<b>2023</b>	<b>2022</b>
<b>Constituency</b>	<b>Kwacha</b>	<b>Kwacha</b>
Mapatizya	<u>8,843,473</u>	<u>1,507,791</u>
<b>Total Infrastructure development payment</b>	<b><u>8,843,473</u></b>	<b><u>1,507,791</u></b>

Infrastructure development works included construction of staff houses at various clinics and classroom blocks.

### (d) Rehabilitation Works

There were no rehabilitation works done in the period under review.

### (e) Asset Acquisition

The Council spent a sum of K2,861,840 on the acquisition of assets during the period under review.

<b>Type of Asset</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Office Furniture	658,300	-
School Desks	2,154,740	-
Other Assets	<u>48,800</u>	<u>-</u>
<b>TOTAL</b>	<b><u>2,861,840</u></b>	<b><u>-</u></b>

**(f) Social Benefits**

<b>Mapatizya Constituency</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Your Empowerment Grants	-	-
Womwen Empowerment Grants	-	-
Life and business Skills training	-	-
Productivity Grants	-	-
Soft Loans	5,609,909.12	-
Community Empowerment Grants	2,222,990.00	1,946,000.00
<b>Total</b>	<b>7,832,899</b>	<b>1,946,000</b>

**(g) Secondary School and Skills Development Bursaries**

<b>Mapatizya Constituency</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Skills Development	1,354,093	671,030
Secondary Boarding Schools	1,218,225	1,103,560
<b>Total</b>	<b>2,572,318</b>	<b>1,774,590</b>

**(h) Administrative Costs**

<b>Constituency</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Mapatizya	2,078,575	1,066,309
<b>Total</b>	<b>2,078,575</b>	<b>1,066,309</b>

**9. Other grants**

During the year, the Council received the following grants:

<b>Revenue Source</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Grants in Lieu of Rates	390,227	240,000
Grants from Cooperating Partners	-	156,462
Other	338,116	-
<b>TOTAL</b>	<b>728,343</b>	<b>396,462</b>

**10. Borrowings**

During the year the Council did not have any borrowings.

**11. Council Commercial Venture**

This consists of receipts and payments relating to operations of Trekkers rest house owned by the Council

	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
<b>Receipts</b>		
Restaurant Sales Receipts	439,423	261,722
Lodging receipts	260,200	306,350
Food and beverages sales receipts	994,414	420,357
Others	127,800	32,954
<b>TOTAL</b>	<b><u>1,821,837</u></b>	<b><u>1,021,383</u></b>
<b>Payments</b>		
Purchases	1,536,797	585,072
wages	84,454	260,256
Others	200,699	173,887
<b>TOTAL</b>	<b><u>1,821,950</u></b>	<b><u>1,019,215</u></b>
<b>Surplus/de ficit</b>	<b><u>(113)</u></b>	<b><u>2,168</u></b>

### 12. Other Receipts

The Council received amounts totaling K203,333 from community contributions for drilling of bore holes, sale of SOMAP spares, shower fees, budget and IDP support, project supervision support, unutilized funds, refunds and bank interest received.

<b>Revenue Source</b>	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Other Receipts	<u>203,333</u>	<u>198,183</u>
<b>TOTAL</b>	<b><u>203,333</u></b>	<b><u>198,183</u></b>

### 13. 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:

<b>Grade</b>	<b>2023</b>	<b>2021</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Salaries Division 1	1,962,916	1,861,705
Salaries Division 2	1,742,665	1,638,352
Salaries Division 3	2,167,038	1,435,336
Wages- Division 4	2,267,844	1,881,514
Allowances	-	-
Other Costs	55,365	214,462
<b>TOTAL</b>	<b><u>8,195,827</u></b>	<b><u>7,031,369</u></b>

#### 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	114,103	101,108
Building, Repair and Maintenance Costs	147,082	97,530
Plant, Machinery and Vehicle Running and Maintenance Co:	873,482	208,455
Other Administrative operating costs	645,519	568,330
Requisites	30,989	78,661
Services	1,561,083	653,078
Travel expenses	1,231,284	775,889
Training	342,935	512,917
Medical costs	-	-
Other costs	2,420	5,100
<b>TOTAL</b>	<b>4,948,897</b>	<b>3,001,066</b>

#### 15. Financial charges

The council did no incur any financial charges during the period under review.

#### 16. Social Benefits

During the financial year, the local authority paid funds totalling to K10,405,217.12 under Constituency Development Fund on social benefits.

	2023	2022
	Kwacha	Kwacha
Empowerment	7,832,899	1,946,000
Skills Development	1,354,093	671,030
Secondary Boarding Schools	1,218,225	1,103,560
<b>Total</b>	<b>10,405,217</b>	<b>3,720,590</b>

#### 17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	Kwacha	Kwacha
Purchase of Computers and Printers	-	-
Purchase of Computer software	-	15,524
Air Conditioners	-	-
Refrigerator, TV, VCR, Camera	75,430	598
Infrastructure Development	-	2,573,650
Rehabilitation Works	301,754	333,989
Purchase of Eletronic & Electrical Equipment	-	428,900
Office Furniture	144,100	8,700
Purchase of Motor Cycle	-	913,541
<b>TOTAL</b>	<b>521,284</b>	<b>4,274,902</b>

### 18. Financial Assets

The council did not acquire any financial Assets.

### 19. Loan Repayments

The Council did not contract any loan.

### 20. Other Payments

These relate to Current Liabilities such as Trade, Statutory and staff Creditors amounting K192,830.61.

	<b>Kwacha</b>	<b>Kwacha</b>
Trade Creditors	40,000	-
Staff Creditors	82,372	55,699
Statutory Contributions	70,459	164,941
<b>TOTAL</b>	<b><u>192,831</u></b>	<b><u>220,640</u></b>

### 21. Foreign Exchange Losses

These arise from transactions made in other currencies and determined by reconciling opening cash to closing cash balances.

### 22. Cash Balances

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

	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash on hand	-	10,995
Demand Deposits	-	20,406,269
Cash equivalents	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>20,417,264</u></b>

#### a. Cash on hand

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

	<b>2023</b>	<b>2022</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash collections undeposited	-	10,995
Petty Cash	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>10,995</u></b>

#### b. Demand Deposits – Bank Balances

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

Account Name	Account No	2023 Kwacha	2022 Kwacha
General fund A/C	IZB - 0292020000032	12,318	18,678
Luyaba	IZB-0291030001062	2,442	3,761
Mbwiko	IZB-0291030001080	608	830
Mangonda	IZB-0291030001079	280	510
Siamafumba	IZB-0291030001073	-	274
Chalimongela	IZB-0291030001064	-	-
Mulamfu	IZB-0291030001104	-	-
Chidi	IZB-0291030001074	-	286
Kanyanga	IZB-0291030001063	457	682
Zimba	IZB-0291030001092	-	-
Simwatachela	IZB-0291030001093	1,749	1,943
Salaries A/c	IZB- 0292020000051	25,334	118,011
Plans and Works A/C	IZB-0292020000048	1,767	311
CDF A/C	IZB -0292020000026	21,968,725	16,243,245
CDF Revolving Fund A/C	IZB -02920200000163	795,400	2,958,717
District fund A/C	ATLAS MARA -100101244008 -	6	856,982
Commercial Venture	IZB -0292020000033	33,067	33,179
ECZ A/C	IZB -0292020000002	40	40
Basket Fund A/C	IZB -0292020000045	50	50
Rural Water	IZB -0292020000049	5,162	165,658
Somap	IZB -0292020000053	3,111	3,111
District Fund Indo A/C	IZB -0292020000169	24,385	-
DHAC A/C	IZB -0292020000167	850	-
Truckyard A/C	IZB -0292020000168	-	-
<b>TOTAL</b>		<b>22,875,739</b>	<b>20,406,269</b>

### c. Cash Equivalents

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

## 23. Budget Adjustments and Variances

### a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government and Rural Development on 2<sup>nd</sup> March, 2023. There were subsequent approved adjustments to the budgets by the Minister responsible for Local Government and Rural Development on 13<sup>th</sup> November, 2023.

### b. Budget Variances

#### • Local Taxes

The Council planned to generate K459,733 from Local taxes but collected K128,665 resulting in an adverse variance of K331,068 representing 72%. This variance was as a result of lack of cooperation from the rate payers who were introduced to the new tax on their properties.

- **Fees and Charges**

The Council planned to generate K2,370,262 from Fees and Charges but collected K1,802,093 resulting in an adverse variance of K568,169 representing 24%. This variance was as a result of non-collection of meat inspection fees as Government gave authority to the department of livestock to collect revenue from a private abattoir where the Council collect meat inspection fees.

- **Levies**

The Council budgeted to generate K696,255 from levies but managed to raise K478,570 resulting in an adverse variance of K217,685 representing 31%. The variance is attributed to the ban on the transportation of livestock following as a result of the outbreak of anthrax disease.

- **Use of Goods and Services**

The Council planned to spend a total sum of K3,969,054 in respect of Goods and Services but spent a total sum of K4,948,897 resulting in an adverse variance of K979,843 representing 25%. The negative variance was attributed to the facts that Council was not able to escape commitments especially Government programmes.

- **Other grants**

The Council planned to generate a total sum of K200,000 from other grants but collected K396,462 resulting in a favourable variance of K196,462 representing 98%. The adverse variance was as a result of extra funding of K20,000 for the grant in lieu of rates and another funding of K156,461 from the ministry for rural water projects.

- **Non-Financial Asset Acquisition**

The Council planned to spend a total sum of K26,720,816 on non-financial asset acquisition but instead spent a total sum of K4,274,902 resulting in variance of K22,445,914 representing 84%. This variance was due to the fact that funds for some CDF and other planned projects and empowerment had not yet been spent.

- **Other Payments**

The Council planned to spend a total sum of K694,300 in respect of other payments but only spent a total sum of K220,640 resulting in a favourable variance of K473,660 representing 68%. The positive variance was attributed to the facts that Council was not able to raise adequate local revenue to spend on service provision because of poor cash inflow during the year under review.

## 24. Provision of Services

Type of Service	2023	2022
	Kwacha	Kwacha
Public Functions and Ceremonies	66,258	51,628
Committee Expenses	217,917	660,024
Staff Welfare and Recreation	63,836	30,760
Cycle Maintenance - Regravelling	13,098	3,627
Market Facility	12,207	-
Gabbage Collection, Make Zambia Clean and Health Campaign	112,946	51,277
Borehole and Water Reticulation	3,914	61,606
Provision of Street Lights	149,780	6,000
Constituency Development Projects	24,189,104	6,294,240
Management of Council Buildings	99,636	97,530
HIV/Aids, Gender And Other Crosscutting Issues	25,474	-
Land Development and Management	103,818	38,552
Sanitation Facilities Supply	543,773	3,000
Indoor and Outdoor Spraying & Disinfection	-	4,240
Burial of Destitutes	953	1,325
Research and Feasibility Studies	54,450	18,031
Other Services	77,708	56,463
<b>TOTAL</b>	<b>25,734,871</b>	<b>7,378,304</b>

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

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 K27,496,000.

	Land and Buildings K'000	Plant & Machinery K'000	Motor vehicles K'000	Office Equipment K'000	Furniture & Fittings K'000	TOTAL K'000
Opening balance	6,516	4,687	3,536	297	234	15,269
Additions	9,145	-	-	75	3,006	12,227
Revaluation	-	-	-	-	-	-
Re-classification	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
<b>Closing balance</b>	<b>15,661</b>	<b>4,687</b>	<b>3,536</b>	<b>372</b>	<b>3,239</b>	<b>27,496</b>

## 26. Investments in Other Entities

The Council held shares in the following entities:

NAME OF ENTITY	PRINCIPAL ACTIVITY	PERCENTAGE SHAREHOLDING
Southern Water Supply and Sewerage Company	Water supply and sewerage services	2%

The Council did not receive any dividends from its investments during the period under review.

## 27. Administered Transactions

The Council did not administer any tax collection on behalf of Zambia Revenue Authority.

## 28. Related Party Disclosures

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

**a. Fringe benefits Disclosures**  
The Council Chairperson and the Council Secretary were provided with a personal-to-holder car, an office and personal secretary.

### b. Remuneration of the Councilors

The aggregate remuneration of members of the Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from Zimba Town Council are:

Aggregate Remuneration	K360,000
Number of persons	12

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	K1,931,519
Number of persons	9

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

There was no external assistance received by the Council during the year under review.

## 30. Third Party Payments

Zimba Town Council did not receive any payments made from third parties.