

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER, 2022**



**MPULUNGU
TOWN**

**THE GATE WAY
TO THE GREAT
LAKE REGION.**

**LAKE
TANGANYIKA**

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

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**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

REPORT OF THE COUNCIL

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

Background and Location of the Council

Mpulungu District is located in the Northern Province of Zambia and it lies between latitude 9 degrees south of the equator and longitude 31 degrees east of the prime meridian. The District is one of the Ten (10) Districts found in Northern Province. The District covers a total land extent of about 10,174 square kilometers (Km²) with 7,788.3 square (Km²) being on the plateau while 2,372.53 square Kilometer (Km²) is on the valley/lake share part of the District.

The District has only one constituency (Mpulungu Constituency) with 17 wards. The District is accessible by all-weather road which is 210 km from the Provincial Head quarter Kasama and 1,168 Km from the Capital City Lusaka.

The District shares boundaries with Mbala in the east, Senga in the south east, and Lunte in the south, Mporokoso in the south west and Nsama in the west.

The District also shares international boundaries with the Republic of Tanzania and is the only link the national has to the Great Lakes Region (Democratic Republic of Congo, Tanzania and Burundi through Lake Tanganyika the second deepest lake before Lake Baikal in Russia.

According to the 2022 Census of Population and Housing, the population of Mpulungu stood at 153,564 with a growth rate of 3.9% per annum (75,467 males and 78,097 females).

Mpulungu Economy is predominately dependent on farming in the plateau and the lake in the valley (fishing and international trade) to and from the Great lakes' region, as the district boasts of hosting the only Port in Zambia. The District also boasts of being one of the hydro power producing Districts feeding the national grid through Lunzua Hydro Power Station.

The District has few large enterprises (Private Sector and Parastatals) and several small to medium Enterprises (SMEs). The District boasts of a fairly good road network in the urban areas with most roads being up to bituminous standards. However, in the more rural areas the roads are gravel and not in a good condition.

The Postal address for the council is as follows:

MPULUNGU TOWN COUNCIL,
NIAMUKOLO ROAD
CIVIC CENTRE BUILDING
P.O BOX 420120
MPULUNGU

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

REPORT OF THE COUNCIL

Composition of the Council

Mpulungu Town Council is a corporate body 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 Council is Composed of an elected Council Chairperson, seven (17) elected councillors from seven wards, 3 chiefs as provided for under article 153(2) (C) of the constitution of Zambia (Amendment) Act No. 2 of 2016 and two co-opted members of audit. The Current Council was elected into office in 2021 to serve a five-year term up to 2026.

The Councillors who held office during the year were:

S/N	NAME	GENDER	POSITION	WARD
1	Deo Sichilengwa	Male	Chairperson	Not applicable
2	Chalwe Simfunkwe	Male	Deputy Chairperson	Mpulungu Central
3	Joseph Chilako	Male	Councillor	Chisha
4	Siame Abel	Male	Councillor	Isoko
5	Pius Nkana	Male	Councillor	Chilumba
6	George Sikazwe	Male	Councillor	Lwambazi
7	John Nkana	Male	Councillor	Namukale
8	Boas Sindazi	Male	Councillor	Mumila
9	Geoffrey C. M. Kasongole	Male	Councillor	Kapembwa
10	Ronald Musonda	Male	Councillor	Musengezi
11	Alfred S. Mbao	Male	Councillor	Chitimbwa
12	Chifunda Simon	Male	Councillor	Iyendwe
13	Future C. Sikazwe	Male	Councillor	Chibulula
14	Genesis Kasitu	Male	Councillor	Vyamba
15	Pride Chizu	Male	Councillor	Itimbwa
16	Given I. Lupinda	Male	Councillor	Tanganyika
17	Samuel M. Chikombo	Male	Councillor	Isunga
18	Chomba Kanjela	Female	Councillor	Makonga
19	Methews Kakungu	Male	Senior Chief Tafuna	His Own Palace
20	Dennis K. L. Sikazwe	Male	Chief Chinakila	His Own Palace
21	Edward Chitimbwa	Male	Chief Chitimbwa	His Own Palace

The district also has One (1) elected Members of Parliament for Mpulungu Central Constituency. The Member of Parliament that held office during the year was:

S/N	NAME	GENDER	CONSTITUENCY
1	Hon Leonard Mbao	Male	Mpulungu Central

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

REPORT OF THE COUNCIL

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr. Geared Sikazwe was the District Commissioner for Mpulungu district.

The Council Secretariat

The Secretariat of Mpulungu 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) heads of departments responsible for Finance, Planning, Works, Human Resource and Administration and two 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 as listed in the annex part 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

	2022	2021
	Kwacha	Kwacha
Cash Receipts	38,864,244	14,332,240
Payments	<u>17,045,649</u>	<u>15,037,551</u>
Increase/(decrease) in Cash and Cash Equivalents	<u>21,818,595</u>	<u>(705,311)</u>

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 K935,280

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 during the year was 133. The total amount spent on employees' remuneration and welfare during the year was K 8,879,634.

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.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

REPORT OF THE COUNCIL


Recreation

The Council during the financial year incurred nothing towards sponsoring various sporting activities.

Auditors

In line with Article 250 of the Constitution of Zambia (Amendment) Act No.2 of 2016, the Council is audited by the Auditor-General.

By order of the Council

Sign.....
Name. SICHILENGWE DEO
Council Chairperson
Date ...14.12.2023...

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Mpulungu Town Council is responsible for preparing the financial statements for the year ended 31st December, 2022 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) of October 2019, and then applied them consistently, making 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 11.

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 Mpulungu 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 Mpulungu Town Council for the financial year ended 31st December, 2022

Signed on behalf of the Council by:

Name... Priscilla M-Ngoma
Signature... 
Position: Treasurer
Name... SICHENAUWE DEO
Signature... 
Position: Council Chairperson

Name... BENSON BENSON
Signature... 
Position: Council Secretary



**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

INDEPENDENT AUDITOR'S REPORT



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

**STAND No. 7951
INDEPENDENT AUDITOR'S
REPORT HAILE SELASSIE
AVENUE LONGACRES
P.O BOX 50071
LUSAKA, ZAMBIA**

E-mail: auditorg@ago.gov.zm

Website: www.ago.gov.zm

Telephone: +260252611/252771

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

Report on the Audit of the Financial Statements of Mpulungu Town Council

Qualified Opinion

I have audited the financial statements of Mpulungu Town Council for the financial year ended 31st December, 2022 which comprise the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) and a summary of significant accounting policies and other explanatory information on pages 16 to 35.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements of Mpulungu Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December, 2022 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
INDEPENDENT AUDITOR'S REPORT



REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

Basis for Qualified Opinion

- **Variations between the Statements and the Notes**

Annex 2 of the LAAPs requires that closing cash amounts recognised in the Statements of Cash Receipts and Payments should equal closing cash amounts disclosed in the Notes to the Financial Statements. However, there were variances amounting K5,153,022 between the amounts recognised in the Statements of Cash Receipts and Payments and amounts disclosed in the notes. **See table 1 below:**

Table 1: Variations between the Statements and the Notes

Item	Statement	Note 22	Note 7b	Note 2	Note 12	Variance
Cash at the beginning	2,166,048	2,178,153				12,105
Cash at the end	21,785,165	23,984,644				2,199,479
Cash at the beginning (LGEF)	64,874	40,486				24,388
Cash at the end (LGEF)	2,011,841	1,662,109				349,732
Local Taxes	1,176,432			1,012,788		163,644
Other Receipts	671,906				179,198	492,708
Capital Expenditure	101,948		2,012,914			1,910,966
Total						5,153,022

- **Variations in Comparative Figures**

Prior year figures are supposed to be reflected in the current year financial statement as comparatives and should match figures in the prior year financial statements. However, there were variances amounting to K1,391,973.

Table 2: Variations in Comparative Figures

Financial Statement (FS) Item	2021 FS	2022 FS	Variance
Cash at the end (Main Statement)	1,874,031	2,166,048	292,017
Cash at the end (LGEF)	1,133,681	64,874	1,068,807
Cash at the end (CDF)	1,802,356	1,771,207	31,149
Total			1,391,973

- **Inclusion of Refunds and Unpaid Allowances as Income**

The Council included refunds and unpaid allowances in other income when thereby overstating other income by K35,375.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
INDEPENDENT AUDITOR'S REPORT



REPUBLIC OF ZAMBIA
OFFICE OF THE AUDITOR GENERAL

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 Mpulungu 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 qualified opinion.

Emphasis of Matter

I draw attention to part 1.1 of the summary of significant accounting policies to the financial statements which describes the roadmap of the Council to adoption of Accrual Basis Financial Reporting Framework as result of which the Council has not produced Accrual Basis type of financial statements required by the Local Government Act No. 2 of 2019.

My opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis International Public Sector Accounting Standard, the Local Government Act No. 2 of 2019, the Public Finance Management Act No. 1 of 2018 and Local Authorities Accounting Policies (LAAPs), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

INDEPENDENT AUDITOR'S REPORT



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

DATE: 28/12/2023

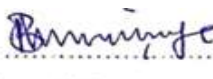
**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

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

	Note	2022 Kwacha	2021 Kwacha
RECEIPTS			
Local taxes	2	571,504	1,176,432
Fees and Charges	3	1,112,755	936,341
Licences	4	335,603	364,997
Levies	5	588,962	393,430
Permits	6	162,364	26,700
Local Government Equalisation Fund	7	10,064,572	9,097,354
Constituency Development Fund	8	23,739,911	1,600,000
Other Grants	9	2,217,534	50,000
Borrowings	10	-	-
Commercial Venture	11	(13,738)	15,080
Other Receipts	12	84,777	671,906
TOTAL RECEIPTS		38,864,244	14,332,240
PAYMENTS			
Personnel Emoluments	13	8,879,633	10,232,057
Use of goods and services	14	7,225,521	4,411,294
Financial Charges	15	-	8,020
Social benefits	16	-	2,000
Non-financial assets acquisition	17	935,280	266,376
Financial Assets	18	-	-
Loan Repayments	19	-	-
Other payments	20	5,214	117,804
TOTAL PAYMENTS		17,045,648	15,037,551
Increase/(decrease) in Cash		21,818,596	(705,311)
Foreign Exchange Losses	21		
Cash at beginning of the year	22	2,166,048	2,871,359
Cash at the end of the year	22	23,984,644	2,166,048

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

Signature: 
Position: Council Chairperson

Signature: 
Position: Council Secretary

Signature: 
Position: Council Treasurer



MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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

	Original Budget		Adjustments	Final Budget	Actual Amounts		%	Variance	
	Kwacha		Adjustments	Kwacha	Kwacha		Performa nce	Kwacha	% Variance
RECEIPTS									
Local taxes	2,787,728			2,787,728	571,504		21	(2,216,224)	(79)
Fees and Charges	4,709,804			4,709,804	1,112,755		24	(3,597,049)	(76)
Licences	1,872,600			1,872,600	335,603		18	(1,536,997)	(82)
Levies	1,218,810			1,218,810	588,962		48	(629,848)	(52)
Permits	1,337,500			1,337,500	162,364		12	(1,175,136)	(88)
Local Govt Equalisation Fund	9,347,601			9,347,601	10,064,572		108	716,971	8
Constituency Devpment Fund	25,700,000			25,700,000	23,739,911			(1,960,089)	
Other Grants	563,655			563,655	2,217,534			1,653,879	
Borrowings	2,771,188			2,771,188				(2,771,188)	
Commercial Venture				-	(13,738)			(13,738)	
Other Receipts	115,057			115,057	84,777		74	(30,280)	(26)
TOTAL RECEIPTS	50,423,943		-	50,423,943	38,864,244		77	(11,559,699)	(23)
PAYMENTS									
Personnel Emoluments	14,610,697			14,610,697	8,879,634		61	(5,731,063)	(39)
Use of goods and services	32,328,543			32,328,543	7,225,521		22	(25,103,022)	(78)
Financial Charges				-	-		-	-	-
Social benefits				-	-		-	-	-
Non-financial assets acquisition	2,313,515			2,313,515	935,280		40	(1,378,235)	(60)
Financial Assets				-	-		-	-	-
Loan Repayments				-	-		-	-	-
Other payments				-	5,214		-	5,214	-
TOTAL PAYMENTS	49,252,755		-	49,252,755	17,045,649		35	(32,207,106)	(65)
Increase/(Decrease in Cash	1,171,188		-	1,171,188	21,818,595			20,647,407	

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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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

		2022	2021
		Kwacha	Kwacha
RECEIPTS			
Funding	7(a)	10,064,572	9,097,354
TOTAL RECEIPTS		10,064,572	9,097,354
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		8,015,658	7,277,883
Terminal Benefits		-	-
Utility bills		-	-
Service Provision		-	-
Goods and Services		-	-
Administrative Costs		-	-
Other Costs		-	-
Sub-Total		8,015,658	7,277,883
Capital Expenditure Payments:	7(c)		
Infrastructure Development		6,450	-
Rehabilitation Works		-	344,781
Asset Acquisition		95,498	266,376
Other Costs		-	74,633
Sub-Total		101,948	685,790
TOTAL PAYMENTS		8,117,605	7,963,673
Increase/(decrease) in cash		1,946,967	1,133,681
Cash at the beginning of the year		64,874	(1,068,807)
Cash at the end of the year		2,011,841	64,874

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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

		2022	2021
		Kwacha	Kwacha
RECEIPTS			
Funding	(a)	23,739,911	1,600,000
Loan repayment	(b)	-	-
Other receipts	(c)	51,521	15,564
TOTAL RECEIPTS		<u>23,791,432</u>	<u>1,615,564</u>
PAYMENTS			
Infrastructure Development	(d)	-	1,380,594
Rehabilitation Works	(e)	-	-
Asset Acquisition	(f)	-	-
Rural electrification	(g)	-	-
Socail Benefits	(h)	972,200	114,771
Loans	(i)	-	-
Secondary & Skill Developemr	(j)	1,756,510	-
Administrative Costs	(k)	803,087	185,000
Disaster Contingent	(l)	63,859	-
TOTAL PAYMENTS		<u>3,595,656</u>	<u>1,680,365</u>
Increase/(decrease) in Cash		<u>20,195,776</u>	<u>(64,801)</u>
Cash at beginning of the year		<u>1,771,207</u>	<u>1,836,008</u>
Cash at the end of the year	(m)	<u><u>21,966,983</u></u>	<u><u>1,771,207</u></u>

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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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

Mpulungu 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 the 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 an 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 an Accrual Basis of Accounting by public entities by 31st December 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1st January 2025
- (c) Treasury and Financial Management Circular 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. 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 the migration to IPSASs Accrual Basis of Accounting.
 - ii. Local Authorities shall use Part 2 of Cash Basis IPSAS which requires extra disclosures called ‘Encouraged Additional Disclosures’ in Cash Basis financial statements for the years ending 31st December 2019 up to 2024.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1st January, 2025 by following the guidelines provided in IPSAS 33 – “First Time Adoption of Accrual Basis IPSASs”.
- iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1st January, 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, 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 Mpulungu Town Council (MMC). 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 in by the ordinary 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 Mpulungu 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Fees and Charges

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

- For any licence 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 recognised 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 Equalisation 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The key management personnel of the Council are:

- (a) the Mayor/Chairperson, elected councillors, co-opted members of the Audit and Procurement Committees, chiefs who are part of the council representing other chiefs in the district, and
- (b) The Principal Officers and Chief Officers.

Spouses, children and grandchildren, grandparents, brothers, sisters, parents in law, brothers in law, and sisters in law of key management personnel are related parties to the Local Authority

The Council discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements. Such transactions may include remuneration, loans and contracts awarded to key management personnel and their close relatives.

v. External Assistance

External assistance comprises loans and grants from multilateral and bilateral agencies provided under agreements specifying the purposes for which the assistance will be utilized.

Mpulungu 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 Mpulungu 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.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

	2022	2021
	Kwacha	Kwacha
Residential	76,313	144,220
Commercial/Industrial	467,437	856,670
Personal Levy	27,755	11,899
TOTAL	<u>571,504</u>	<u>1,012,788</u>

The Council relied on the Valuation Roll updated for the period 2013 – 2018 to determine the property rates receivable.

3. Fees and Charges

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

	2022	2021
	Kwacha	Kwacha
Fees and charges (a)	1,031,855	936,341
Land Development Charges (b)	80,900	-
Total	<u>1,112,755</u>	<u>936,341</u>

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

	2022	2021
	Kwacha	Kwacha
Consent fees	2,920	85,753
Survey fees	-	21,490
Building inspection-fees	67,396	58,320
Plan scrutiny fee	-	19,810
Change of premise use	-	54,515
Container/Ntemba fees	-	43,754
Rentals/lease of Council's properties	85,800	27,995
Application forms fees	21,990	4,750
Rentals from houses	-	3,600
Notice board advert fees	-	40,832
Market fees	68,409	122,897
Parking fees	334,347	32,900
Bus station fees	99,409	275,317
Affidavit fees	21,715	6,520
Hire of chairs	-	6,450
Registration of suppliers	680	2,346
Hire of halls	5,735	1,160
Notice of marriage fees	2,640	37,600
Registration of clubs and societies	68,770	167
Farm produce levy	31,150	36,200
Communication mast levy	18,000	-
Repairs Of Cars /Garages/Truck Levy	-	-
Bill Boards & Banners	-	23,116
Penalties and Fines	-	3,490
Other Fees & Charges	202,894	27,359
TOTAL	1,031,855	936,341

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges

	2022	2021
	Kwacha	Kwacha
Premium Plot Commercial Charge	80,900	-
TOTAL	80,900	-

4. Licences

The Council received revenue from issuance of various licenses amounting to K335,603.

	2022	2021
	Kwacha	Kwacha
Business Permits	316,783	332,793
Liquor Licence	12,966	652
Firearm	5,854	300
Other Licences	0	31,252
TOTAL	335,603	364,997

5. Levies

The Council generated cash receipts by charging levies as follows:

	2022	2021
	Kwacha	Kwacha
Livestock Levy	40	-
Timber levy	-	150
Sand levy	27,160	6,677
Grany levy	-	27,511
Fish Levy	549,705	295,827
Crop levy	-	1,934
Other Levies	12,057	61,331
TOTAL	588,962	393,430

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

6. Permits

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

	2022	2021
	Kwacha	Kwacha
Health Permits	70,608	13,940
Marriage Certificates	-	1,160
Fire Certificates	83,906	7,350
Livestock	-	-
Extension of Business Hours	6,950	1,700
Public Permits (Social Gatherings, Etc)	900	-
Other Permits	-	2,550
	<u>162,364</u>	<u>26,700</u>

7. Local Government Equalization Fund

a. Funding

	2022	2021
	Kwacha	Kwacha
1st Funding	861,432	778,967
2nd Funding	785,419	-
3rd Funding	800,233	748,313
4th Funding	833,581	766,433
5th Funding	858,554	771,433
6th Funding	861,001	725,134
7th Funding	856,501	1,508,888
8th Funding	858,821	738,730
9th Funding	861,787	738,321
10th Funding	815,728	775,134
11th Funding	855,873	
12th Funding	815,642	1,546,002
TOTAL	<u>10,064,572</u>	<u>9,097,354</u>

b. Operational Expenditure

The Council applied for amounts totaling K8,051,658 LGEF receipts towards meeting operational expenses representing 80% 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.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

c. Capital Expenditure

The Council applied amounts totalling K2,012,914 of LGEF receipts towards meeting capital expenditure representing 20% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

8. Constituency Development Fund

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

(a) Funding

During the year, the Ministry received funding from the Treasury as follows:-

Funding	2022	2021
	Kwacha	Kwacha
1st Funding	635,000	1,600,000
2nd Funding	5,164,103	
3rd Funding	634,592	
4th Funding	6,259,116	
5th Funding	732,450	
6th Funding	6,434,979	
	3,879,671	
TOTAL	23,739,911	1,600,000

(b) Loan Repayments

The Council did not make any loan repayments during the period under review

(c) Other receipts

Receipts	2022	2021
	Kwacha	Kwacha
Deposits balance unpaid allowance	2,740	
Interest on revolving	17,631	
Other receipts	31,150	15,564
TOTAL	51,521	15,564

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

(d) Infrastructure Development

No infrastructure Development related payments were recorded in 2022.

Expenditure	2022	2,021.00
	Kwacha	Kwacha
Infrastructure related		1,380,594
TOTAL	-	1,380,594

(e) Rehabilitation Works

No rehabilitation related payments were recorded in 2022.

(f) Asset Acquisition

Acquisition of assets involved the following payments:-

(g) Rural Electrification

There were no expenses on rural during the period under review.

(h) Social Benefits

	2022	2021
	Kwacha	Kwacha
Community Empowerment	972,200	114,771
TOTAL	972,200	114,771

(i) Loan

There were no loans issued during the period under review.

(j) Secondary boarding school & skills development

	2022	2021
	Kwacha	Kwacha
Skills development	1,204,510	-
Secondary Boarding School	552,000	
TOTAL	1,756,510	-

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

(k) Administrative Costs

	2022	2021
	Kwacha	Kwacha
Bank charges	1,081	-
Monitoring of civil works	116,223	185,000
Refreshments for Meetings	10,240	-
Stationary	58,810	-
Allowances	418,692	-
Transport	87,782	-
Fuel	109,178	-
Others	1,081	-
TOTAL	<u>803,087</u>	<u>185,000</u>

(l) Disaster Contingent

	2022	2021
	Kwacha	Kwacha
Others	63,859	-
TOTAL	<u>63,859</u>	<u>-</u>

The administrative costs included project supervision costs and bank charges.

9. Other grants

During the year, the Council received the following grants:

Revenue Source	2022	2021
	Kwacha	Kwacha
Grants in Lieu of Rates	-	50,000
Grants from Cooperating Partners	193,560	-
Other-MLGRD/Water & Sanitation	2,023,974	-
TOTAL	<u>2,217,534</u>	<u>50,000</u>

10. Borrowings

During the year the Council did not receive any cash in form of a loan from any bank. At 31st December, 2022 the Council made no loan repayments as it had no loans to pay.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

11. Council Commercial Venture

The operations for the Council commercial venture were as follows:

MBITA REST HOUSE		
FINANCIAL REPORT FOR THE YEAR ENDED		
December 31, 2022		
	2022	2021
Receipts	Kwacha	Kwacha
Food And Beverage Sales Reciepts	109,041	173,530
TOTAL	109,041	173,530
Payments		
Beer and beverage purchases	122,779	158,450
TOTAL	122,779	158,450
Surplus/deficit	(13,738)	15,080

12. Other Receipts

	2022	2021
Reciepts	Kwacha	Kwacha
Deposits balance unpaid allowance	2,740	-
CDF Bursary refunds	31,150	-
ZESCO Wayleave	31,770	163,634
Interest (CDF)	17,631	-
Other refunds	1,486	15,564
TOTAL	84,777	179,198

Council did receive amounts totalling K84,777 in its various bank accounts.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

13. Personal Emoluments

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

Grade	2022	2021
	Kwacha	Kwacha
Management Scale	174,870	859,998
Salaries Div. I	1,896,661	-
Salaries Div. II	1,362,348	2,449,790
Salaries Div. III	1,562,478	2,348,605
Salaries - Part Time	325,242	401,654
Wages-Division IV	2,959,179	2,622,178
Other wages	598,854	1,549,832
TOTAL	8,879,633	10,232,057

14. Use of Goods and Services

General expenditure consists of expenditure incurred on administrative activities.

Expenditure Type	2022	2021
	Kwacha	Kwacha
Office Running Costs	334,096	231,189
Building, Repair and Maintenance Costs	335,390	344,781
Plant, Machinery and Vehicle Running and Maintenance Cost	516,674	186,286
Other Administrative operating costs	508,587	772,907
Requisites	377,966	146,030
Services	3,954,211	2,052,715
Travel expenses	1,070,322.32	611,478
Training	46,302.91	10,500
Medical costs	-	24,705
Other costs	81,973.78	30,703
TOTAL	7,225,521	4,411,294

15. Financial Charges

The Council did not incur any costs on financial charges.

16. Social Benefits

Social benefits include payments towards death on duty, burial, and other benefits. During the year, the Council made no social benefit payments.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	2022	2021
	Kwacha	Kwacha
Office Equipments	-	82,171
Furniture	-	148,594
Land & Buildings	85,280	-
Plant & Equipment	-	35,611
Purchase of Motor Vehicles	850,000	-
TOTAL	<u>935,280</u>	<u>266,376</u>

18. Financial Asset

There were no financial assets acquired during the period under review.

19. Loan Repayments

The Council did not make any payments as it held no loan facility with any bank at the time.

20. Other Payments

These relate to sundry items such as payments to Correction Centres for use of prisoners to help with roads clearing where the Council made payment of K 5,214

	2022	2021
	Kwacha	Kwacha
Other Payments	<u>5,214</u>	<u>117,804</u>
TOTAL	<u>5,214</u>	<u>117,804</u>

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.

	2022	2021
	Kwacha	Kwacha
Cash on hand (a)	-	12,105
Demand Deposits (b)	21,785,165	2,166,048
Cash equivalents (c)	-	-
TOTAL	<u>21,785,165</u>	<u>2,178,153</u>

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

a. Cash on hand

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

	2022	2021
	Kwacha	Kwacha
Cash collections undeposited	-	12,105
Petty Cash	-	-
TOTAL	-	12,105

b. Demand Deposits – Bank Balances

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

Account Name	Account No	2022	2021
		Kwacha	Kwacha
Salaries (IndoZambia Bank)	0202020000044	1,557,644	7,785
Salaries (Atlasmara Bank)	0290870067004	18,849	3,023
Capital Account	0290479435009	85,616	29,678
Administration Account	0290873351004	39,963	24,388
Fire Account	0290873349013	2,580	2,479
NRWSSP	0160170000197	309,456	309,202
Mpulungu CDF	0295999676012	19,767,504	1,771,207
CDF Revolving fund	0296028102014	2,199,479	
Mbita Guest House	0290872273018	3,553	18,286
TOTAL		23,984,644	2,166,048

c. Cash Equivalents

The Council held no treasury bills at the end of the year.

23. Budget Adjustments and Variances

a. Budget Adjustments

There were no budget adjustments during the period under review

b. Budget Variances

• **Local Taxes**

The Council budgeted to collect K2,787,728 from local taxes but collected K571,504 resulting in a variance of K2,216,224 representing 79% of the budget. The negative variance on local taxes was due to delay in approving the new valuation roll

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

- **Fees and charges**

The council projected to collect from conversion of tenure and rentals however few applications were received due to reduced economic activity resulting in 76% negative impact on the budgeted amount.

- **Licences**

The council projected to collect licences in respect of liquor, dog and firearms, however few applications were received due to reduced economic activity resulting in 82% negative impact on the budgeted amount.

- **Levies**

The Council budgeted to collect K1,218,810 from levies but collected K588,962 resulting in a variance of K629,848 representing 52% of the budget. This was due to reduction in economic activities in the district as the result of depletion of fish in Lake Tanganyika.

- **Permit**

The council projected to collect revenue from business in respect of health and fire permits but due to reduced economic activity and Covid-19 restrictions. This had 88% negative impact on the budgeted amount.

- **Personal emoluments**

The council budgeted K14,610,697 however K8,879,634 was spent resulting in an under expenditure with a negative variance of 39%. This was due to insufficient funds to clear outstanding salary arrears.

- **Use of goods and services**

The council budgeted K32,328,543 however K7,225,521 was spent resulting in an under expenditure variance of 78%. This was due to insufficient funds to procure budgeted goods and services.

- **Non-financial Assets**

Due to low revenue generated during the year most of the planned asset's acquisition could not be financed resulting in 60% variance.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

24. Provision of Services

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

	2022	2021
	Kwacha	Kwacha
Services		
Printing	106,422	-
Advertisement and Publicity	2,940	-
Fire Prevention	150,000	51,077
Technical Equipment Repair & Maintenance	1,600	-
Solid Waste Management	577,549	336,790
Official Entertainment	124,323	-
Public Functions and Ceremonies	30,500	-
Accommodation	2,250	-
Boards, Councils and Committees expenses	12,720	-
Hire of Motor Vehicles	44,000	-
HIV/AIDS Prevention	-	25,000
Relief, Repatriation and Burial of Destitutes	4,750	-
Pool Transport	-	58,315
Land Demarcation and Survey	13,811	-
Valuation of properties	83,577	-
Labour Day Expenses and Awards	31,870	-
Mangement of Council Buildings	50,000	344,781
Water Treatment and Reticulation	19,800	-
Waste and Refuse Collection	10,550	-
Medical Fees/Charges	5,760	-
Management and Control of Markets	-	144,000
Conferences, Seminars and Workshops	4,600	-
Ward Development Fund Projects	-	145,000
Servicing of Plots	320	-
Bank Charges	11,309	-
Sanitation Supply	66,358	28,563
Drainage System	48,920	-
Market Facilities	2,500	-
Bus Terminus and Stations	47,925	-
CDF	2,495,656	-
Other Services	4,200	-
Total	3,954,211	1,133,526

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K4,714,494

	FREEHOLD LAND & BUILDINGS ZMK	OFFICE EQUIPMENT ZMK	MOTOR VEHICLES ZMK	FURNITURE & FITTINGS ZMK	PLANT EQUIPMENT ZMK	TOTAL ZMK
Opening Balance	2,837,850	395,364	288,000	258,000	-	3,779,214
Additions	85,280	-	850,000	-	-	935,280
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing Balance	2,923,130	395,364	1,138,000	258,000	-	4,714,494

26. Related Party Disclosures

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

a. Fringe benefits Disclosures

The 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 Mpulungu 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 K582, 858.94

Number of persons 5

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