

KAMPALA CITY COUNCIL
ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2003
TOGETHER WITH THE REPORT AND OPINION THEREON
BY THE AUDITOR GENERAL

1 INTRODUCTION

The accounts for each division were prepared separately in compliance to section 87 of the Local Government Act, 1997. The divisional accounts were subsequently consolidated with Headquarter accounts to reflect the results of council as a whole.

2 OPINION:

The above accounts have been audited under my direction in accordance with article 163 of the constitution as amplified by section 87 & 88 of the Local Government Act 1997. I obtained all information and explanation that I required to perform the audit. Subject to the observations contained in the report below, the accounts show, in my opinion, a true and fair view of the council's state of affairs for the Financial Year ended 30th June 2003.

REPORT:

3 CONSOLIDATED ACCOUNTS.

3.1 Revenue Performance:

Kampala City Council through the five divisions planned to collect a total of Shs. 30,613,486,000 in local revenue. Total collections (actual) amounted to Shs.15, 069,820,566=(50.8%), creating a shortfall of Shs.15, 543,665,434= Major sources of Local revenue, which registered poor performance, include Trading Licences, Land premium, and property taxes.

There is need to strengthen the Revenue unit by devolving the now centralised role of this unit to the divisions currently with no such units. Positions of Revenue accountants should be created and filled at the divisions to effectively monitor revenue collections and closely supervise the Cashiers.

Overall Divisions' performance is as follows:

| Division | Budgeted | Actual Collections | Shortfall | % performance |
|----------|----------------|--------------------|-----------------|---------------|
| Nakawa | 5,962,123,000 | 2,355,261,143 | 3,606,861,857 | 39.5 |
| Cental | 14,869,201,000 | 8,775,774,034 | 6,093,426,966 | 59.0 |
| Makindye | 4,180,533,000 | 1,268,914,471 | 2,911,618,529 | 30.4 |
| Lubaga | 1,919,692,000 | 1,145,271,304 | 774,420,696 | 59.7 |
| Kawempe | 3,681,937,000 | 1,524,599,614 | 2,157,337,386 | 41.4 |
| Total | 30,613,486,000 | 15,069,820,566= | 15,543,665,434= | 50.8 |

3.2 Management of Debtors and Creditors

Majority of the debtors have accrued over years and now stand at shs 20,248,954,228. The bulk of this figure is constituted of property rates from which Council planed to collect shs 14,713,516,000 but realised only shs

985,485,754 (6.7%). Poor performance of this nature indicates that unless deliberate efforts are made towards recovery of these debtors, it highly doubted whether Council is able to settle its liabilities that have increased from shs 5,166,207,398 reported in the previous financial year to shs 7,977,823,770 in year under review.

Meanwhile, bad debts continued to be provided for at a flat rate of 30% on the global figure of debtors. As stated in my previous reports, this blanket provision is unrealistic and contrary to the law. Provisions should be made for specific debtors based on aged schedules and after all reasonable steps to recover have been taken and proved futile.

3.3 Deposits:

Deposits are composed of funds accumulated and payable to statutory authorities and other bodies as a result of various forms of deductions made from salaries and wages paid to council employees.

However due to shortages in cash flows, net salaries/wages are paid out to the employees, and Council only remits these deductions to the relevant bodies and authorities when the cash flows improve. By June 30th, a total of shs. 612,582,258 remained unremitted to these authorities and bodies, an act likely to attract penalties.

| | | |
|--------------------|---|---------------------------|
| PAYE | - | 495,485,588 |
| NSSF | - | 12,744,657 |
| Union dues | - | 2,844,971 |
| KCCC Coop. Society | - | 712,000 |
| Pension scheme | - | <u>100,795,042</u> |
| | | <u>612,582,258</u> |

3.4 **Capital Outlay and Reserves.**

Fixed assets in the Balance sheet are stated after taking into account the accumulated depreciations. The net value of Capital Outlay of shs 23,304,604,628 appearing in the balance sheet is based on the 1988 revaluation and subsequent acquisitions.

Although another revaluation exercise was recently conducted and put the value of the assets at 78.55bn, the results are yet to be incorporated in the Balance Sheet. Because of this, the negative trend of the capital reserves has not reversed, as would be expected if the revaluation results were included in the financial statements.

3.5 **Reported Losses of Revenue:**

Council carried out an internal investigation on alleged misappropriation of revenue collection from plans submission fees in all its Divisions. It was discovered that the receipting programme in the Ledger Works was being manipulated and figures altered on the duplicate receipts for revenue received from this source of local revenue.

A special audit conducted confirmed this malpractice through which Council lost well over 236m.

The cashiers involved were all interdicted and by the time of writing this report, Council Management was yet to take further action.

Summary of the losses

| | |
|-------------------|---------------------------|
| Central Division | 64,225,074 |
| Kawempe Division | 19,053,568 |
| Makindye Division | 12,398,870 |
| Nakawa Division | 109,666,232 |
| Rubaga Division | <u>31,082,681</u> |
| | <u>236,426,425</u> |

There is need to strengthen internal controls in all the Divisions to stop reoccurrence of such malpractice. Major weaknesses identified during the course of audit and need to be addressed include the following:

- Non-retention of assessment documents at cash offices.
- Absence of periodic reconciliations between cash offices and assessment sections.
- Understaffed Internal Audit department.
- Management of information Technology in Council.

4. HEADQUARTERS

4.1 Uncollected revenue from the Taxi park/parking operations:

Taxi park operations continued to be managed by UTODA while street-parking contract was re-advertised and awarded to Multiplex Ltd.

(i) Taxi Park

By end of the financial year under consideration, a total of shs. 557,293,000 remained unremitted by UTODA in relation to the debt outstanding as reported in my previous report of 2001/02 financial year.

Although this debt was reduced to shs 335,293,000 between Nov 2003 and Feb 2004, it was noted that the contract for UTODA to manage the Taxi Park operations expired in Sept. 2003. At the time of writing this report, UTODA continued to manage the Taxi Park without any contractual agreement with council.

In their meetings August and October 2002 respectively, the Finance committee and full council meetings recommended that "No tender should be given to contractors with arrears". This stand has not changed although the Tender Board

has not taken any action to review and advertise for management of the Taxi parks.

(ii) **Street Parking:**

Although the new contractors for management of Street Parking, Multiplex Ltd. seemed to have offered "better" terms in both amount and terms of payment i.e. shs. 80m per month payable in advance, this worked for only one month. Payment for the month June 2003 remained outstanding by end of the financial year, thus defaulting on its bid/offer terms.

Meanwhile, shs. 70 million remained uncollected from Green Boat Entertainment, the firm formerly contracted to manage Street parking. This is in addition to a waiver of shs. 90m by Council made under unclear terms.

4.2 Non -deduction of statutory taxes

4% Withholding tax amounting to shs. 9,016,978 were not deducted at source from payments to suppliers of goods and services made to Council.

Although the Accounting Officer stated that Council still owed money to these suppliers and agreed to deduct the amount from the subsequent payments, this was yet to be implemented at the time of writing this report.

Council is advised to desist from this practice as it may attract penalties from the tax authorities.

4.3 Book keeping in UPE Schools

Standards of book keeping in a number of UPE Schools within City Council require improvement in a number of areas.

(i) A number of schools still mixed up the UPE funds together with school funds such as PTA and SFG. This mix up created complications for the schools while preparing accountabilities for the different funds.

- (ii) Cashbooks are not balanced and reconciled to the bank statements on a monthly basis as required.
- (iii) There is need to implement the legal requirement for Sub Accountants at the divisions to carry out inspections of UPE records and books of account in the schools.

5 CENTRAL DIVISION.

5.1 Uncollected Revenue from Markets.

In a bid to enhance revenue collections, Council contracted out management and collection of revenue from markets. During the financial year 2002/03, the division did not collect an amount of shs. 570,166,260 from the firms and individuals who were contracted to collect revenue from a number of markets. No justifiable reasons were given why the amount remained uncollected from the contractors by end of the financial year.

5.2 Non-deduction of Withholding tax 4%.

The Division made payment to various suppliers of goods and services without deducting withholding tax to the tune of shs. 6,320,658. The accounting officer stated that there were delays in remitting the amount to URA due to cash flow problems and that remittances were made later. However, this could not be confirmed, as there was no receipt from the tax authority.

5.3 Uncompleted project under LGDP

A local firm, Park Build (U) Ltd. was contracted by the Division to construct a multi-purpose school shade in Civic Centre Parish during the Financial Year at a contract sum of shs 11,278,610.

The firm was paid an amount of shs 13,622,683, leading to an over payment of shs 2,344,073, and yet the shade remained uncompleted. The Accounting Officer was advised to compel the firm complete the works and also recover the over paid funds.

6. MAKINDYE DIVISION

6.1 Payments for untendered supplies

A total amount of shs. 21,450,000 spent on goods and services procured by the Division during the financial year under review lacked Tender Board Authority. Although the accounting officer submitted that he had written to the Tender Board requesting for ratification of the transactions, no minute was available from the Board at the time of writing this report.

6.2 Non-deduction of 4% Withholding tax.

The Division made payments to various firms for supply of goods and services without deducting the mandatory 4% withholding tax to the tune of shs. 1,143,614. The accounting officer explained that the payment made to the firm was partial payments and that the tax would be deducted from the subsequent payment and remitted to the tax authority. This was yet to be implemented at the time of writing this report.

7. KAWEMPE DIVISION

7.1 Uncollected Revenue.

As a policy of council, all revenue collection from all markets was privatized and for Kawempe Division, the tenders were awarded to various firms and individuals and required to remit a fixed sum per month. A total shs. 71,427,200 was not collected from the tenderers who defaulted on the payment terms. The accounting officer stated that efforts were being made to recover the money although no other details were available at the time of writing this report.

Meanwhile 74 stalls in Wandegeya B market are let out at a monthly fee of only shs. 5,000 per month, a rate considered to be below the market value of the stalls in such a prime location.

Adjacent to this Market (Wandegeya B), Council owns a plot on which unknown individuals constructed a total of 43 lockup shops (Bermuda Triangle). Each shop is let out at an average rate of shs. 100,000 per month. The legal status of the shops is not clear and no benefit accrues to Council.

7.2 Untendered Supplies.

The division made payments totaling to shs. 10m in respect of supplies of goods and services without the authority of the Tender Board.

In his submission, the accounting officer stated that it was not deemed necessary to seek Tender Board Authority because the funds were from a different programme, (The City Community Challenge) meant to improve the social welfare of slum dwellers. The explanation given is not satisfactory to justify the expenditure without the Tender Board authority.

8. RUBAGA DIVISION

8.1 Uncollected Revenue

(i) Rent from Kisingiri Housing Estate.

Following the policy by the ministry of Defence to divest itself of the responsibility to pay rent for officers who were residing outside the Barracks, in June 1999, the Division officials were advised to enter into tenancy agreement directly with the officers occupying the houses. However the Division failed to enter into tenancy agreements with the concerned officers, as a result of which a total of shs. 94,850,000 remained uncollected from the tenants by the end of 2002/03 financial year.

(ii) Market Revenues.

Markets are one of the privatized sources of local revenue for Council. Although the tenderers are contracted to collect revenue from the markets and remit to Council, on a monthly basis a fixed sum of money, the tenderes of Nateete and Nakolongo markets did not remit a total of Shs.29,311,916 to the Division.

8.2 Payment of Garage Bills.

The Division made payments totaling to Shs.6,022,000= to various garage workshops for repair of its vehicles. However, the payments were neither supported by local purchase orders nor completion certificates. One of the garages (Kawalya garage) was not among the Tender Board approved list of garages to carry out repairs on council vehicles during the financial year.

8.3 Expenditure on hire vehicles.

A total of Shs.34,200,000= was incurred in respect of hire of vehicles for use by division officials (Shs.11,880,000= was paid and Shs.22,320,000= remained as outstanding bills).

The 2002/03 budget did not provide for hire of vehicles and the expenditure was wrongfully charged on the code for purchase of a vehicle.

The rate of hire of an old vehicle from a local firm at the rate of Shs.80,000= (division separately provided fuel & oils and servicing), lacked authority from the Tender Board and was not backed by any contract agreement between the Division and the firm.

9 NAKAWA DIVISION

9.1 Uncollected Revenue.

Revenue collection in the Division from Markets was contracted out to private individuals and firms in a bid to enhance revenue collection from this source. However, a total of Shs. 123,512,000 remained uncollected from markets located in the division. Part of this revenue may prove difficult to collect as contracts for some of the markets were terminated. The Division accounting officer attributed this to conflicts of ownership of plots where the markets are allocated. The division does not own most of these plots, thus the Landlords always want all the revenue collected. It is recommended that Council buys/leases plots for establishing its own markets where the division can have full control over ownership and revenue collection.

Note 1(a)

KAMPALA CITY COUNCIL CONSOLIDATED ACCOUNTS FOR 2002/2003
BALANCE SHEET AS AT 30TH JUNE 2003

| DESCRIPTION | CENTRAL | NAKAWA | MAKINDYE | RUBAGA | KAWEMPE | H./QTRS | ADJUSTMENTS | CONSOLIDATED | CONSOLIDATED |
|------------------------------|----------------------|----------------------|--------------------|----------------------|--------------------|-----------------------|---------------|-----------------------|-----------------------|
| | | | | | | | | 2003 | 2002 |
| Fixed Assets(FA) | | | | | | | | | |
| Capital Outlay | 1,156,494,431 | 1,103,119,868 | 648,751,400 | 169,767,337 | 174,678,578 | 20,051,793,014 | | 23,304,604,628 | 24,563,483,822 |
| Other long term outlay | 600,513,688 | 719,229,410 | - | 1,169,922,146 | 753,361,208 | 57,493,843,788 | | 60,736,870,240 | 57,144,013,237 |
| | 1,757,008,119 | 1,822,349,278 | 648,751,400 | 1,339,689,483 | 928,039,786 | 77,545,636,802 | | 84,041,474,868 | 81,707,497,059 |
| Current Assets(CA) | | | | | | | | | |
| Cash at hand - 30/06/2003 | 29,869,957 | 16,792,437 | - | 1,971,000 | 1,456,000 | - | | 50,089,394 | 75,980,096 |
| Cash at bank | 657,629,971 | 129,783,563 | 243,609,080 | 86,086,857 | 237,573,569 | 1,149,296,651 | | 2,503,979,691 | 3,256,382,884 |
| Debtors (less provisions) | 6,390,058,167 | 4,172,125,324 | 5,131,372,808 | 2,370,467,952 | 2,841,402,840 | 1,208,290,292 | 1,864,763,355 | 20,248,954,028 | 22,324,125,413 |
| Debtors (others) | - | | | | | | | - | 1,293,049,122 |
| Investments-Fixed | | | | | | | | | |
| Deposits | 200,000,000 | | | | | | | 200,000,000 | |
| Intrest on fixed deposits | 2,847,466 | | | | | | | 2,847,466 | |
| Deposit on Pick-ups | 30,000,000 | | | | | | | 30,000,000 | |
| Stocks | 56,934,855 | - | - | - | - | 188,657,759 | | 245,592,614 | 75,331,037 |
| Advances | 10,992,500 | - | - | - | - | 14,150,209 | | 25,142,709 | 64,013,635 |

| | | | | | | | | | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|------------------------|
| Prepayment VAT | - | - | 385,962 | - | - | - | - | 385,962 | 519,441 |
| | 7,378,332,916 | 4,318,701,324 | 5,375,367,850 | 2,458,525,809 | 3,080,432,409 | 2,560,394,911 | 1,864,763,355 | 23,306,991,864 | 27,089,401,628 |
| Current Liabilities(CL) | | | | | | | | | |
| Creditors | 876,351,809 | 195,238,548 | 218,289,673 | 239,224,885 | 353,592,446 | 7,344,899,745 | 1,249,773,536 | 7,977,823,570 | 5,166,207,398 |
| Deposits | 2,190,324 | - | - | - | - | 610,391,934 | - | 612,582,258 | 1,239,435,606 |
| Unremitted funds to Hqs | 614,989,819 | - | - | - | - | - | 614,989,819 | - | - |
| Accrued Wages | - | - | - | - | - | - | - | - | 60,903,948 |
| Overdraft & Loans | - | - | 12,540,367 | 7,374,697 | - | 750,000,000 | - | 769,915,064 | 914,653,972 |
| Other Current Liabilities | 572,573,331 | - | - | 135,000,000 | - | - | - | 707,573,331 | 157,400,000 |
| Earmarked Funds LGDP | - | - | - | 50,706,082 | 206,880,824 | 876,058,698 | - | 1,133,645,604 | - |
| | 2,066,105,283 | 195,238,548 | 230,830,040 | 432,305,664 | 560,473,270 | 9,581,350,377 | 1,864,763,355 | 11,201,539,827 | 7,538,600,924 |
| Net Current Assets | 5,312,227,633 | 4,123,462,776 | 5,144,537,810 | 2,026,220,145 | 2,519,959,139 | - 7,020,955,466 | - | 12,105,452,037 | 19,550,800,704 |
| NET ASSETS | 7,069,235,752 | 5,945,812,054 | 5,793,289,210 | 3,365,909,628 | 3,447,998,925 | 70,524,681,336 | - | 96,146,926,905 | 101,258,297,763 |
| REPRESENTED BY: | | | | | | | | | |
| Housing reserve surplus/Deficit | - | 9,210,615 | - | - | - | - | - | 9,210,615 | 78,610,839 |
| Capital discharged | 4,912,398,844 | 4,054,014,310 | 680,069,202 | 1,341,066,538 | 871,706,908 | 29,882,955,451 | - | 41,742,211,253 | 94,953,293,749 |
| Revaluation account - 1988 | - | 341,216,000 | - | - | - | 3,282,098,000 | - | 3,623,314,000 | 3,623,314,000 |

| | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------|-----------------------|------------------------|
| General Reserve Account/Surplus/Deficit | - | - | - | - | - | - | - | - | - |
| Capital Receipts/Unapplied | 6,669,983,014 | 2,416,480,122 | 3,882,556,958 | 374,071,314 | 1,512,455,233 | - | 7,298,329,974 | 19,128,966,149 | - 18,553,907,349 |
| Capital Reserves | 171,280,994 | 132,235,205 | - | - | - | - | - | 303,516,199 | 1,199,836,267 |
| UFUP Loans | 8,655,538,928 | 3,825,616,046 | 8,995,776,966 | 2,398,914,404 | 1,063,836,784 | - | 6,849,666,141 | 18,090,016,987 | - 28,460,016,303 |
| | | | | | | | 51,507,624,000 | 51,507,624,000 | 48,417,166,560 |
| TOTAL CAPITAL | 7,069,235,752 | 5,945,812,054 | 5,793,289,210 | 3,365,909,628 | 3,447,998,925 | 70,524,681,336 | | 96,146,926,905 | 101,258,297,763 |

City Treasurer
2nd April 2004

Town Clerk
2nd April 2004

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Note 1(b)

KAMPALA CITY COUNCIL CONSOLIDATED ACCOUNTS FOR 2002/2003
GENERAL RESERVE ACCOUNT FOR YEAR ENDING
JUNE 2003

| DESCRIPTION | CENTRAL | NAKAWA | MAKINDYE | RUBAGA | KAWEMPE | H/QTRS | ADJUSTMENTS | CONSOLIDATED | CONSOLIDATED |
|-----------------------|---------------|---------------|---------------|-------------|---------------|--------|-------------|----------------------|----------------|
| | | | | | | | | 2002 | 2001 |
| Surplus from Rev. A/c | 2,103,196,637 | 1,388,475,857 | 1,082,234,781 | 564,958,989 | 838,194,545 | - | 570,668,938 | 5,406,391,871 | 10,981,452,921 |
| Less: | | | | | | | | | |
| Depreciation | - | - | - | - | - | - | - | - | 2,543,307,361 |
| Bad debts | 2,713,139,241 | 1,647,402,788 | 2,084,814,890 | 850,470,027 | 1,228,931,086 | - | - | 8,524,758,032 | 7,308,633,014 |

| | | | | | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|---------------|---------------|-----------------|------------------|------------------|
| Net Surplus/(Deficit) | - 609,942,604 | - 258,926,931 | - 1,002,580,109 | - 285,511,038 | - 390,736,541 | - 570,668,938 | - 3,118,366,161 | 1,129,512,546 |
| Bal. Brought Forward | - 6,115,716,490 | - 2,221,996,672 | - 2,893,724,160 | - 98,091,506 | 1,867,935,155 | - 9,092,313,676 | - 18,553,907,349 | - 19,683,419,895 |
| Add :Depreciation adjust. 2002 | 55,676,080 | 64,443,481 | 13,747,311 | 9,531,230 | 35,256,619 | 2,364,652,640 | 2,543,307,361 | |
| Bal. Carried Forward | - 6,669,983,014 | - 2,416,480,122 | - 3,882,556,958 | - 374,071,314 | 1,512,455,233 | - 7,298,329,974 | - 19,128,966,149 | - 18,553,907,349 |

City Treasurer
2nd April 2004

Town Clerk
2nd April 2004

KAMPALA CITY COUNCIL CONSOLIDATED ACCOUNTS FOR 2002/2003
CAPITAL DISCHARGED ACCOUNT FOR YEAR ENDING
JUNE 2003

| DESCRIPTION | CENTRAL | NAKAWA | MAKINDYE | RUBAGA | KAWEMPE | H/QTRS | ADJUSTMENTS | CONSOLIDATED 2003 | CONSOLIDATED 2002 |
|---------------------------|---------------|---------------|-------------|-------------|-------------|----------------|-------------|----------------------|----------------------|
| Capital Discharged b/f | 4,217,179,499 | 3,834,358,163 | 385,661,112 | 597,095,125 | 487,803,350 | 85,431,196,500 | | 94,953,293,749 | |

| | | | | | | | |
|----------------------------------|---------------|---------------|-------------|---------------|-------------|----------------|----------------|
| Less: Depreciation 2002 | 55,676,080 | 64,443,481 | 13,747,311 | 9,531,230 | 35,256,619 | 2,364,652,640 | 2,543,307,361 |
| Depreciation 2003 | 54,088,051 | 60,362,766 | 18,079,130 | 6,602,257 | 12,050,319 | 2,129,509,625 | 2,280,692,148 |
| Add : Current Capital Discharged | 804,983,476 | 344,462,394 | 326,234,531 | 760,104,900 | 431,210,496 | 2,581,687,062 | 5,248,682,859 |
| | 4,912,398,844 | 4,054,014,310 | 680,069,202 | 1,341,066,538 | 871,706,908 | 83,518,721,297 | 95,377,977,099 |
| Less: Assets from FUP Loan | - | | | | | 53,635,765,846 | - |
| Capital Discharged to Bal. Sheet | 4,912,398,844 | 4,054,014,310 | 680,069,202 | 1,341,066,538 | 871,706,908 | 29,882,955,451 | 53,635,765,846 |
| | | | | | | | 41,742,211,253 |

City Treasurer
2nd April 2004

Town Clerk
2nd April 2004

KAMPALA CITY COUNCIL CONSOLIDATED ACCOUNTS FOR 2002/2003
REVENUE ACCOUNT FOR THE YEAR ENDING JUNE

| 2003 | | | | | | | | | |
|--------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|
| | CENTRAL | NAKAWA | MAKINDYE | RUBAGA | KAWEMPE | HEADQUARTERS | ADJUSTMENTS 2003 | CONSOLIDATED 2003 | CONSOLIDATED 2002 |
| 1. GENERAL INCOME | | | | | | | | | |
| Grants | 334,417,014 | 347,660,815 | 812,300,405 | 517,248,820 | 637,483,487 | 17,452,217,428 | - 2,649,110,541 | 17,452,217,428 | 15,546,804,825 |
| Unconditional Grants | | | | | | 2,416,117,966 | | 2,416,117,966 | 2,378,950,271 |
| Graduated Tax | 1,542,970,100 | 707,712,948 | 574,726,550 | 438,171,600 | 775,045,000 | | | 4,038,626,198 | 3,336,082,755 |
| Rates & Ground Rent | 4,680,953,801 | 1,655,870,000 | 1,526,117,278 | 533,306,131 | 866,876,440 | | | 9,263,123,650 | 11,976,537,054 |
| Fees and License | 2,350,434,139 | 397,512,213 | 484,817,758 | 538,697,453 | 373,894,000 | | | 4,145,355,563 | 3,900,772,718 |
| Markets | 1,433,551,692 | 220,379,900 | 61,977,000 | 92,394,924 | 74,782,500 | | | 1,883,086,016 | 1,774,857,883 |
| Car Parks | 353,258,000 | - | | | - | | | 353,258,000 | 727,977,739 |
| Sale of Assets (Housing) | - | | | | | 1,340,415,633 | | 1,340,415,633 | 4,441,159,065 |
| 30% from Headquarters | - | 328,185,486 | 258,804,732 | 329,250,013 | 333,533,105 | | - 1,249,773,336 | - | |
| Miscellaneous | 475,202,354 | 818,060,107 | 47,941,006 | 413,326,645 | 242,091,797 | 4,220,898,865 | - 612,766,399 | 5,604,754,375 | 4,318,896,584 |
| Retirement of fixed Deposits | | | | | | | | - | - |
| Remittances from Divisions | | | | | | 7,614,077,904 | - 7,614,077,904 | - | - |
| 30% retained by divisions | | | | | | - | - | - | |
| Taxi Parks -UTODA | | | | | | 3,120,000,000 | | 3,120,000,000 | 3,129,102,000 |
| Total Revenue Collected | 11,170,787,100 | 4,475,381,469 | 3,766,684,729 | 2,862,395,586 | 3,303,706,329 | 36,163,727,796 | - 12,125,728,180 | 49,616,954,829 | 51,531,140,894 |
| Less: | - | - | | | | | | | |

| | | | | | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|---|----------------------|-----------------------|-----------------------|
| Less: 50% remittance to Headquarters | 4,507,563,165 | 955,252,911 | 1,249,288,202 | 410,667,413 | 491,306,213 | | - | 7,614,077,904 | - | - |
| Other remittances | 108,689,535 | 48,400,505 | 62,124,407 | - | 6,817,500 | - | - | 226,031,947 | - | - |
| Headquarters Small Works | 80,860,000 | - | - | - | - | - | - | 80,860,000 | - | 571,006,413 |
| HQ VAT Account | 269,083,244 | 22,183,814 | - | 5,558,479 | 9,048,915 | | - | 305,874,452 | - | |
| Medical Charges | - | - | - | - | | | - | | - | |
| | 4,966,195,944 | 1,025,837,230 | 1,311,412,609 | 416,225,892 | 507,172,628 | | - | 8,226,844,303 | - | 571,006,413 |
| | | | | | | | | | - | |
| Divisional Revenue | 6,204,591,156 | 3,449,544,239 | 2,455,272,120 | 2,446,169,694 | 2,796,533,701 | 36,163,727,796 | - | 3,898,883,877 | 49,616,954,829 | 50,960,134,481 |

2. EXPENDITURE

| | | | | | | | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|---|----------------------|-----------------------|-----------------------|
| Finance Administration Committee | 1,099,009,523 | 606,604,911 | 362,390,374 | 255,381,354 | 807,151,545 | 3,314,707,103 | - | 6,445,244,810 | 3,510,740,446 | |
| Health and Environment | 539,018,920 | 374,257,556 | 320,356,613 | 316,473,562 | 127,304,948 | 2,468,190,311 | | 4,145,601,910 | 3,929,638,782 | |
| Education and Sports Committee | 60,025,398 | 61,307,617 | 25,964,252 | 40,225,408 | 15,036,979 | 10,344,430,822 | | 10,546,990,476 | 9,250,998,193 | |
| Works & Physical Planning | 1,701,869,575 | 432,547,777 | 200,844,789 | 144,239,662 | 395,168,757 | 1,591,748,814 | | 4,466,419,374 | 5,240,462,124 | |
| Gender & Community Services | 244,628,013 | 20,675,308 | 8,412,000 | 13,328,500 | 3,086,531 | 602,099,849 | | 892,230,201 | 751,224,812 | |
| Local Council Committee | 721,832,274 | 325,728,150 | 128,834,780 | 89,562,100 | 179,379,900 | 6,445,862,408 | - | 1,249,773,336 | 6,641,426,276 | |
| Management Support Services | | | | 261,895,219 | | 3,004,797,292 | - | 3,266,692,511 | 3,057,613,203 | |
| Expenditure- grants | | | | | | | - | 2,649,110,541 | - | |
| Total Revenue Expenditure | 4,366,383,703 | 1,821,121,319 | 1,046,802,808 | 1,121,105,805 | 1,527,128,660 | 27,771,836,599 | - | 2,649,110,541 | 33,755,495,017 | 28,500,833,042 |

| | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|-----------------------|-----------------------|
| Revenue Contribution to Capital Outlay | 352,121,018 | 53,948,000 | 31,454,000 | 450,000 | 20,273,500 | 2,581,687,062 | | 3,039,933,580 | 3,217,342,726 |
| Retooling under Capacity Build. | | | - | | | | | - | 3,699,298 |
| LGDP Contribution to Capital | 452,862,458 | 185,999,063 | 294,780,531 | 759,654,900 | 410,936,996 | - | | 2,104,233,948 | 859,811,780 |
| Counter funding - LGDP & NCRP | - | | | | | 3,290,415,633 | | 3,290,415,633 | 7,570,261,065 |
| Loss on forex loan translation | | | | | | 3,090,457,440 | | 3,090,457,440 | |
| Total Capital Expenditure | 804,983,476 | 239,947,063 | 326,234,531 | 760,104,900 | 431,210,496 | 8,962,560,135 | | 11,525,040,601 | 11,651,114,869 |
| Creditors Control | 1,069,972,660 | | | | | | | 1,069,972,660 | 337,596,617 |
| Total Expenditure | 4,101,394,519 | 2,061,068,382 | 1,373,037,339 | 1,881,210,705 | 1,958,339,156 | 36,734,396,734 | | 44,210,562,958 | 42,804,703,841 |
| Surplus transferred to General Reserve A/C | 2,103,196,637 | 1,388,475,857 | 1,082,234,781 | 564,958,989 | 838,194,545 | - 570,668,938 | | 5,406,391,871 | 10,981,452,921 |

City Treasurer
2nd April 2004

Town Clerk
2nd April 2004

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STATEMENT OF ACCOUNTING PRINCIPLES & NOTES:

The principles adopted in the preparation of the 2002/2003 Final Accounts are detailed below: -

1) **Accounting Concepts**

The Accounts have been prepared in accordance with the historical convention and on accrual basis.

2) **Exchange Rate**

For this report, especially on the First Urbana Project, 1\$ = 2,000 Uganda Shillings.

3) **Overdraft at Headquarters (Note 1)**

This has been maintained at shillings 750 million at Headquarters.

4) **Debtors (Note 3)**

These are for Headquarter managed contracts, which include, Street parking, taxi park operations and hire of city hall premises. They are reflected on actual expected amounts, as these are privatised sources. Notes for other contracts managed by the divisions are reflected in their respective booklets submitted. For Divisions it includes 30% from headquarters not remitted and for headquarters 50% not remitted by divisions.

5) **Creditors (Note 5)**

All supplies and services were accrued on the basis that the accounts reflect full years charge. Central Division includes 50% revenue collection un-remitted to headquarters.

6) **Deposits. (Note 7)**

These are salaries and wages deductions effected but not yet remitted e.g. PAYE, NSSF and National Insurance Pension Scheme Deductions, Union dues, KCC Coop Society and PAYE on Councillors and other statutory bodies.

7) **Earmarked Funds Under Current Liabilities. (Note 8 & B/S Note 10)**

The balance sheets recognise the bank balances of the LDGP Accounts in the Divisions and the Conditional grants at Head office as funds with specific purposes hence reported as earmarked funds under current liabilities.

8) **Valuation of Assets & Investments (Note 6)**

a) Capital Expenditure: -

Is stated at acquisition cost less any depreciation where applicable details refer to the schedule for Aggregate Capital Account. Capital expenditure involves the creation of assets the benefit of which will be available to future years. As indicated in another note below, assets acquired using grants sent at Division level have also been capitalised.

b) Stores & materials: -

All consumable stock (stores) brought into account has been valued at the acquisition cost.

c) Depreciation:

This has been computed at the following rates, and on a reducing balance basis.

| | | |
|-----------------------|---|-------|
| Buildings | - | 3% |
| Vehicles | - | 25% |
| Furniture & Equipment | - | 12.5% |

The depreciation charged has been netted off the surpluses made in order to recognise the loss of value of the assets during the year. Previously, depreciation was erroneously charged to General Reserve Account. This has now been corrected and an adjustment made for the previous one year. **(See Note 9)**

9) **Committees as Expenditure Centres: (Note 11)**

Expenditure has been grouped/summarised according to the relevant Expenditure Committees to give uniformity of format in presentation. Below is the composition of the relevant committees: -

(a) Finance, Planning, Production, Marketing & Administration Committee

This is composed of Town Clerk, Treasury, and Audit Department. Legal Department is under Management Support Services Committee, however the line political committee it reports to, is Finance, Planning, Production, Marketing and Administration Committee.

(b) Health and Environment Committee

Public Health Department and Environment Activities.

(c) Gender and Community Services Committee

Composed of Gender Welfare and Sports Department (not in schools).

(d) Education and Sports Committee

Education Department i.e. Teachers salaries, UPE, Classroom Construction, Sanitation in schools, Capitation, Pension and all Education related expenses and sports in schools.

(e) Technical Services and Works Committee

Engineering and Physical Planning Departments.

(f) Management Support Services Committee.

These are Personnel, Legal and Management expenses. However the line political committee is Finance, Planning and Economic Affairs.

(g) Council, Committees, Boards and Commissions.

This is used solely for the Councillors expenses at LC V and Council statutory boards namely: - Tender Board, Land Board, District Service Commission, Human Rights Committee and District Public Accounts Committee.

10) General Reserve Account

These have been adjusted to reflect the proper treatment of Depreciation.

11) Capital Discharged Account

These have also been adjusted to allow proper treatment of depreciation and current capital discharged.

12) First Urban Project: (Note 12)

This project ended on 30th June 2000 and it has paved way for the Nakivubo Channel Rehabilitation Project.

The loans of \$22,680,000 for IDA (International Development Association) and \$ 3,073,812 for NDF (Nordic Development Fund) were fully capitalised.

Loan repayment commenced on 15th April 2001 and 15th October 2001, by the Government of Uganda paying part of the loan passed over to KCC as a grant. KCC will be required to service the loans beginning with 15th April 2005 onwards for 30 years and the anticipated repayment amount is \$686,768 per instalment.

The FUP expenditure was capitalised to the tune of Shs. 53,635,765,846 as shown in Note 6(a). We reversed this expenditure from Capital Discharged as it was wrongly treated previously. This account will be charged as and when the loan is repaid.

The total loan amount outstanding as at 30th June 2003 is Shs. 51,507,624,000. (Note 14) after restating it at the current exchange rate of \$ 2,000 to a dollar. This created an exchange loss of Shs. 3,090,457,440 which has been charged to the headquarter Revenue and Expenditure account.

13) **Nakivubo Channel Rehabilitation Project (NCRP) and Local Government Development Programme Component 3. (Note 13)**

- a) **Nakivubo Channel Rehabilitation Project- CR 3203**, a total of SDR 16.5million (Equivalent to US \$ 22.37 million) IDA loan was extended as a grant to Kampala City Council by Government of Uganda. The funds are to improve drainage in and around Kampala City and to improve on the capacity of Kampala City Council in the delivery of services.

Under this agreement, KCC is to contribute to the project through the GOU, SDR 1.55Million (US\$ 2.5Million) as counterpart funds. These funds were to be obtained from the proceeds of the sale of KCC staff houses and housing estates. This year council contributed 1,320,691,340 to the project.

- b) **Local Government Development Programme- CR 3295**. The Government of Uganda got a loan from IDA and passed over a specific component (Component 3) of US \$ 15Million.

Under this component, Kampala City Council is required to contribute US\$ 1.67Million to counterpart fund the activities under this component. In addition KCC is required to put aside Shs. 330million every quarter, effective January 2001, under the project as operations and maintenance of solid waste activities as the project winds up. This year council contributed Shs. 1,950,000,000 to the project.